



## **Fostering Economic Transformation through Inclusive Business: Innovate and Inspire**

**FIFI - 2019**

**Centre for Advanced Research in Financial Inclusion  
School of Management**

Manipal Academy of Higher Education, Manipal  
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Editors:

Dr Raveendranath Nayak | Dr Savitha Shelley

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# **FOSTERING INNOVATION IN FINANCIAL INCLUSION:**

## **Strengthening Responsible Finance in the digital Economy**

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*Editors*

**DR. RAVEENDRANATH NAYAK**

**DR. SAVITHA SHELLEY**

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# SCHOOL OF MANAGEMENT MANIPAL

*A constituent unit of Manipal University, Manipal*

## DIRECTOR'S MESSAGE

Centre for Advanced Research in Financial Inclusion is established within the School of Management (SOM), with an ambitious intention that it becomes a pre-eminent research Centre in the emerging fields of financial inclusion and financial literacy. Our erstwhile South Canara district has the



distinction for establishing five banks out of 27 nationalized banks of India. We have a proud history and tradition in banking and finance as if banking is in the DNA of our South Canara people. Therefore, it is appropriate that the highly respected B-School which is SOM, must establish a Centre that conducts and heralds cutting edge research in the area of financial inclusion. As envisaged, the Centre should attract the scholars and practitioners in financial inclusion and literacy, providing a fertile platform to debate, discuss, and investigate the related issues and challenges, and disseminate its knowledge and research outcomes to guide policymaking and decisions. Its contributions must result in the facilitation of the access of affordable banking and financial services at where the people work and live. The Centre must conduct conferences and seminars regularly and annually so all the stakeholders can meet, network and share their ideas, views and findings. It must educate the practitioners who are the coalface of the movement of financial inclusion and financial literacy. As the Director of SOM, which houses this Centre, I expect that the Centre would live up to its expectations, serving the larger community.

Regards,

**Dr. Raveendranath Nayak**

Director, School of Management

Manipal Academy of Higher Education, Manipal

## ACKNOWLEDGEMENT

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Our deep appreciation and gratitude to Manipal Academy of Higher Education for continuous support and encouragement in this endeavour, all authors for contributing their research output and sharing the ideas through their research articles. We thank Dr. Suraj Noronha and Mr Pradeep J Moolya for making this book a reality. We also place on record our appreciation for all the faculty and staff of School of Management for their support in putting together this edited e-book.

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# CUSTOMER SATISFACTION AND LOYALTY TO E-BANKING SERVICES AMONG UNDERGRADUATE STUDENTS

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**Asha T K and Ashwija**

Lecturer in Commerce, Saint Mary's Syrian College, Brahmavar,  
Assistant Professor of commerce, Government First Grade College  
Bhatkal

Email: *asha.tk48@gmail.com*, *ashwija40@gmail.com*

## **Abstract:**

The internet has become a vital part of people daily lives. It has changed consumer's behaviour in many ways, including financial transactions formerly requiring a visit to a bank branch to achieve. With the expanded use of internet-based technologies, it has eliminated the geographical boundaries. Banking sector is one of the first sectors to make global presence with the change in technologies adopted by banks. Several innovative products have been launched through internet banking. E – Banking basically refers to system that enables customers to access accounts and general information on bank products and services through computers or other intelligent devices like mobile and wireless devices. The study has been conducted to evaluate and examine the level of satisfaction towards internet banking services and service quality dimensions among under graduate students. This study also analyses the purpose of using E-banking and loyalty intentions among undergraduate students. The data for this study was compiled through questionnaire filled in by respondents.

**Key words:** Undergraduate Students, Internet Banking, Service quality Dimensions, Satisfaction, loyalty Intentions.

## **Introduction**

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E banking includes the system that enables financial institution, customer's individuals or business to access a/c, transact business or obtain information or financial products and services through a public or private network, including the internet.

Majority of the banks in India have introduced internet banking services which include electronic funds transfer, account balance enquiry and statement, automatic payroll deposits, bill payments, airtime purchases, cheque confirmation, salary advance request, investment and loans, standing order, foreign exchange transactions and feedback to customers. This provision has led to stiff competition amongst the banks.

### **Objectives of the study**

- To know the purpose of using E- Banking services among undergraduate students.
- To examine the customer satisfaction about the various internet banking service quality dimensions.
- To measure the level of satisfaction of students with the E- Banking and their loyalty intentions.

### **Research Methodology**

Survey method has been followed for the study. Both primary and secondary sources of data were used. The secondary data were collected from the books, journals web portals etc. The primary data was collected through well-structured questionnaire.

A well-structured questionnaire has been designed so as to take response from undergraduate students of different colleges who are using e- banking services. The sample size is 100. The study has been conducted in Brahmavar, Udupi district, Karnataka state, India. The questionnaire consists of demographics of respondents, purpose of using internet banking, level of satisfaction and loyalty intentions of respondents.

### **Literature Review**

Many studies have been extensively conducted to determine the influence of electronic service quality on customer satisfaction and loyalty intentions in continents such as Asia, Middle East, Europe and Africa.

Khan and Mahapatra (13) evaluated the quality of internet banking services from customer perspective. This study was done using a total of 1143 bank customers from the selected banks in India. The study employed seven internet service quality dimensions which include Reliability, Accessibility, Privacy, Efficiency, Responsiveness, Fulfilment and user

friendliness. Findings revealed that customers are highly satisfied with the Reliability, Accessibility, Privacy, Responsiveness, Fulfilment, but they were least satisfied with the user friendliness and efficiency.

A recent study carried out in Nigeria on internet banking amongst university students by Onaolapo and Anene [11] only evaluated the relationship between bank service quality and adoption of internet banking among selected students of tertiary institutions in Oyo State, Nigeria. The study revealed that the quality of a bank website is a significant attribute for determining customers' adoption of internet banking services.

Various research studies on consumer attitude and adoption of internet banking have shown that there are several factors influencing the consumer's attitude towards online banking such as person's demography, motivation and behavior towards different banking technologies and individual acceptance of new technology. It has been found that consumer's attitudes toward online banking are influenced by the prior experience of computer and new technology (Laforet and Li 2005).

Bernadette D.Silva et al., (2010) conducted an Analysis for internet banking that the bank corporate to understand that there are certain Parameters in e-banking which are affected by the demographic status like Gender, Income level and Educational Qualification etc., for opening internet bank account. Bank operations through internet can attract longer customer and it will enhance the brand image of banks for usage of sophisticated technology.

A major gap in study is that it focused on the level of satisfaction towards E- Banking and E-service quality demesnion. Beyond this, there is a need to understand reason for using E-Banking and loyalty intentions among the undergraduate students of internet banking users.

## **ANALYSIS AND DISCUSSION**

### **DEMOGRAPHIC PROFILE OF THE CUSTOMERS**

Customers' demography is the study of the composition of a social entity in term of its members' attributes. Demographic would include such factors as age, gender, courses and level of study.

**Table 1: Demographic Distribution of the respondents**

Sl.No	Variables	Categories	Number of respondents	Percentage
1	Gender	Male	60	60
		Female	40	40
2	Age	18-19	30	30
		20-24	70	70
3	Courses	B.A	15	15
		B.Com	65	65
		BCA	10	10
4	Level of Study	B.Sc	10	10
		Ist Year	25	25
		IInd Year	35	35
		IIIrd Year	40	40

As shown in Table 1, a large proportion of the respondents were male (60%). Respondents between the ages of 20-24 years made up the highest (70%) of the respondents, followed by those in the 18-19 years(30%);

Also, the distribution of respondents by their level of study showed 25% in first year, 35% in second year and 40% in third year respectively. Most of the respondents were from faculties of commerce. (65%)

### **Information Pertaining to E- Banking**

In this phase, E- banking sites used by respondents, Purpose of Using, duration of using e-banking, frequency of using, loyalty intensions and satisfaction with the service quality dimensions of internet banking were analysed with the help of percentage analysis.

**Table 2. Banks' internet banking sites used by respondents**

<b>Name of Bank</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Synadicate Bank	65	65
Canara Bank	25	25
State Bank of India	10	10

A higher number of the respondents (65%) were customer of Syndicate Bank, followed by Canara Bank (25%) and SBI (10%)

**Table 3. Duration of Account Holding**

<b>Duration</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Less than one year	20	20
2 to 5 years	50	50
More than 5 Years	30	30

The majority of the customers (50%) were keeping account for 2 to 5 years followed by 30% of the respondents availing banking services formore than 5 years and 20% of the customers having banking experience below 1 year.

**Table 4. Years of Experience in using Internet Banking**

<b>Years</b>	<b>Number of Respondents</b>	<b>Percentage</b>
--------------	------------------------------	-------------------

From one Years	10	10
2 to 4 years	75	75
More than 4 Years	15	15

The result presented in Table 4 reveals that majority of the respondents (75%) have used their banks' internet services from 4 years and below.

**Table 5. Frequency of Use of Internet Banking**

Frequency	Number of Respondents	Percentage
Daily	5	5
Weekly	20	20
Monthly	15	15
Rarely	40	40

The frequency of using internet banking reveals that (5%) of the customers were using daily, 20% of the customers were using weekly, 40% of the customers were using rarely and 15% of the customers were using it only once in a month.

**Table 6. Purpose of using Internet Banking Service**



<b>Internet Banking Services</b>	<b>Number of respondents</b>	<b>Percentage</b>
Online fund transfer	10	10
Online payment for goods	100	100
Regular Checking of bank statement	100	100
Payment of air time	80	80

A large percentage of the respondents (80%,) use the internet banking platform to buy airtime and all the students use the e banking to check their bank statement and to pay for goods. Only 10% of the respondents use the internet banking services transfer of funds.

**Table 7. Customer Satisfaction with E- Banking (E-Service quality Demension)**

<b>Variables</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Efficiency	60	60%
System availability	50	50%
Privacy	30	30%
Responsiveness	60	60%
Fulfilment	80	80%

### **Efficiency and Customer Satisfaction:**

The first variable according to frame of reference discussed in this research is the efficiency of internet system, which refers to the ease of getting into the website of the bank and finding their required products and services associated with it. From the above table it is clear that 60% of respondents are satisfied with the efficiency of the bank website.

### **System Availability and Customer satisfaction:**

System Availability refers to the correct technical functioning of the site. The analysis shows that 50% of the respondents are satisfied with the system availability of bank website.

**Privacy and customer satisfaction:**

Privacy is the major issue that banks are now a day's facing. Privacy includes providing security regarding their personal information, data should not be shared and credit card information should be kept secure. The study shows that only 30% of the respondents are satisfied with the privacy.

**Responsiveness and customer satisfaction:**

Responsiveness refers to the customer representative services offered to fulfil their requirements, handle their queries and solve complaints. It also involves the timeliness, i.e prompt action to the customers complaints, mailing transaction, slips immediately etc. Analysis shows that 60% of the respondents are satisfied with the responsiveness of client.

**Fulfillment and customer satisfaction**

Fulfillment is the extent to which the sites promises about order delivery and item availability are fulfilled. Analysis has shown that 80% of the respondents are satisfied with the fulfillment of site.

**Table 8. Extent of satisfaction with E- Banking**

Level	Number of Respondents	Percentage
Highly Satisfied	70	70
Satisfied	15	15
Neutral	7	7
Dissatisfied	8	8

Above table represents that 15% of people are satisfied, while 70% of the respondents were in the high level of satisfaction with internet banking, 7% of them are neutral and the rest are dissatisfied with their E banking services.

**Table 9. Assessment of Customers Loyalty Intentions**

<b>Customers Loyalty</b>	<b>Like</b>
How likely are you to say positive things about your banks E- Banking site to other people	60%
How likely are you to encourage friends and family to use yours bank site	70%
How likely are you to consider this site as your first choice for future transactions	75%
How likely are you to use yours banks site in the coming months of the year	80%

The result as observed in table 9 shows that a high percentage of respondents (60%) are likely to recommend their bank website to someone who seeks their opinion. Generally, respondents are loyal to their banks and intend to continue using their banks internet banking platform and 75% of the respondents reported that they are likely to consider their banks websites for future transactions.

## **DISCUSSION OF FINDINGS**

With respect to the different banking websites of Syndicate Bank, Canara Bank and SBI Banks used in the study, findings from this study showed that a high number of customers frequently use internet banking services for purchasing airtime/recharge phone, making balances enquiries and online purchase of goods.

The various dimension of the internet banking service quality that was taken into consideration while making the study was: efficiency, system availability, fulfilment, privacy and responsiveness. The study revealed that most of the students are satisfied only with the efficiency, fulfilment and responsiveness of E- banking and 85% of the respondents are satisfied with the overall e banking services, whereas in relation to privacy, majority of the undergraduate students are dissatisfied.

Findings in this study revealed that majority of the undergraduate students would continue to patronize their banks internet banking platform as long as these banks continue to deliver on

their promises truthfully and also be willing to recommend their banks websites to their circle of friends and family.

## **SUGGESTIONS**

- The banker should configure security system and firewalls to the highest security consistent with the level of protection according to customer requirements.
- The speed and quality of web pages should be up graded time to time by the bankers and have to set up the strategies to fulfil the requirements of the customers to satisfy them.

## **LIMITATIONS OF THE STUDY**

- The sample was small, and to obtain more reliable estimates it is recommended to replicate the study on a large scale.
- This study was carried out amongst the undergraduate students as internet banking customers; further studies can include the postgraduate students to facilitate a comparison of the two different groups.

## **CONCLUSION:**

This research paper aims make an original contribution to the existing knowledge by investigating the customer satisfaction about E-Banking service quality dimension and to know about the loyalty intension of customer towards e banking. This study revealed that majority of the students are satisfied with E- banking servicesand would continue to patronize their banks internet banking platform as long as these banks continue to deliver on their promises truthfully and also be willing to recommend their banks websites to their circle of friends and family. Therefore, bank managers and policy makers to undeviating efforts and resources most effectively and efficiently to increase the bank business in the long run and encourage new customers to adopt internet banking and to retain the existing ones.

However, although majority of respondents are satisfied with only three service quality dimensions. Hence banks must continuously work on their banking websites by focussing on these three dimensions as well as all other dimensions to ensure meeting and exceeding customers' expectations.

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## APPENDIX

### INTERVIEW SCHEDULE

- **Name :**

- **Gender:**                      **Male**                                      **Female**
  
- **Age:**                              **18-19**                                      **20-24**
  
- **Level of study :** **Ist Year**                                      **IInd Year**                                      **IIIRD Year**
  
- **Course:**                      **BA**                                      **B.Com**                                      **BCA**                                      **B.Sc**
  
- **Banks' internet banking sites used by respondents**

**Canara Bank**

**syndicate Bank**

**SBI**

- **Duration of Account Holding**

**Less than one year**

**2 to 5 years**

**More than 5 years**

- **Years of Experience in using Internet Banking**

**From one year**

**2 to 4 years**

**More than 4 year**

- **Frequency of Use of Internet Banking**

**Daily**

**weekly**

**Monthly**

**Rarely**

- **Purpose of Internet Banking Service used**

- **Online fund transfer**

- **Online payment for goods**

- **Regular checking of bank statements**
  - **Buy airtime**
  
  - **Customer Satisfaction with E- Banking ( E-Service quality Dimension )**
    - **Efficiency**
    - **Responsiveness**
    - **Fulfilment**
    - **Privacy**
    - **System Availability**
  
  - **Extent of satisfaction with E- Banking**
  - **Highly satisfied**
  - **Satisfied**
  - **Neutral**
  - **Dissatisfied**
  
  - **Assessment of Customers Loyalty Intentions**

<ul style="list-style-type: none"><li>• <b>How likely are you to encourage friends and family to use yours bank site</b></li><li>• <b>How likely are you to consider this site as your first choice for future transactions</b></li></ul>
<ul style="list-style-type: none"><li>• <b>How likely are you to use yours banks site in the coming months of the year</b></li><li>• <b>How likely are you to say positive things about your banks E- Banking site to other people</b></li></ul>
-

# DEVELOPMENT OF DIVERSE DIGITAL PAYMENT METHODS -THE CASE FOR AN INCLUSIVE FINANCIAL GROWTH MODEL FOR INDIA

---

**Dr. Anupama G**

Asst.Professor School of Commerce and Management Studies  
Dayananda Sagar University, Bengaluru, India

## **Abstract**

The financial inclusion growth endeavours in India, often considered to be the world's largest democracy has been supported by the development & execution of diverse digital payment methods across the entire country. India is considered to be second largest country globally in terms of population and is expected to benefit from its demographic dividend. The large population across the urban & rural areas is expected to provide enormous manpower resource and subsequently drive demand for products and services thus leading to the interest of many global commercial players who have evinced interest to be present in the emergent economic growth story playing out in the country. The economic development within the country has been enhanced with a lot of policy support initiatives that has encouraged inflow of foreign investments across a variety of sectors from agriculture to services thus leading to huge economic growth potential for the nation. The paper is part of a descriptive study delineating the case of the contemporary Indian financial inclusion growth story with digital initiatives. The current study highlights the different digital payment methods that have evolved in the country & which are impacting the financial inclusion mission of the country. The paper also highlights the case of outlining the model for holistically integrating the diverse financial needs of the country's population along with the development of payment platforms, service providers and technology enabling mechanisms to help exalt the knowledge economy into a fully functional



digitally empowered ecosystem that nurtures a financially inclusive society that can prove to be sustainable for the economic growth needs for the nation in the forthcoming decades. Key Words: *Financial inclusion, digital payment methods, payment platforms etc.*

## **Introduction**

India is an important emerging market of the world and is also known as the world's largest democracy. The country has also earned its reputation of being the seventh largest country globally based on its geographical expanse and is also well known for housing the world's second largest population. The country is considered to be an important nation among the emerging market economies and as it is home to a young population of millennials with a huge demographic dividend potential for the country. The domestic youth population for which the country has earned its reputation as having the potential to reap the benefit from its demographic dividend, is considered to be a source of versatile, skilled & English-speaking manpower base who are likely to be the driving force for triggering demand for many domestic and foreign brands. The range of economic activities in the country range from agriculture on one end of the spectrum of market offers, to providing services on the other end of the spectrum. The country has encouraged and invested in many projects to encourage the growth of technological advancements. There is a lot of impetus given on policy and regulatory aspects to foster active intervention of technology in different aspects of national life. The Indian contemporary business developments reflect various strategic investment initiatives encouraged by the many industrial establishments that have offered varied avenues of investment across a wide range of both established companies as well as new age entrepreneurial ventures. As per the latest report from the India Brand Equity Foundation (2018) the country has become known for its fast growth rate despite challenges like the global oil price rise and geo-political trade issues. The investment sentiment towards the national economy has been extremely positive as has been witnessed by the trend

witnessed in having different countries taking the decision to invest via the foreign direct investment (FDI) equity route. Some of the countries that have invested through the FDI equity route into the country mainly are from the South East Asian region, the United Arab Emirates (UAE), the European Union (EU) and the United States of America (USA). The Indian Banking Industry Report, released from Indian Brand Equity Foundation (IBEF) in its website ([www.ibef.org](http://www.ibef.org)) provides detailed information on the latest developments in the banking sector. The sectoral investment pattern of the FDI equity inflow have been found to have been done across the services sector, the telecommunications sector, computer hardware & software sectors, in constructions& real estate, in automobiles, trading, drugs and pharmaceuticals, chemicals and power etc. Transportation routes in the country for passenger and goods range from surface transport options like the road, railways, air and waterways. The IBEF estimates that the economic growth of the country has been around 8.2 per cent on a year-on-year (YOY) basis in the Financial Year (FY) 2018-19. Total FDI investment routed into the country has been estimated to be around USD 13 billion during April-June 2018. The Index of Industrial Production (IIP) for the period of April-October 2018 rose to 5.6 per cent as compared to the same period of the earlier fiscal. The sale of domestic passenger vehicles increased by around five percent during April-November 2018 as compared to the same period of FY 17. The country's wholesale price index (WPI) inflation grew by 0.1 per cent to 121.8 while the consumer price index (CPI) inflation decreased to 2.33 per cent in October 2018 from 3.38 of the same periods of FY 17. Thus, the economic scenario of the country appears to be conducive for facilitating greater growth opportunities that will positively impact the livelihood and living standards of the country's population. The real triumph of the national pride in harnessing the complete growth potential of its implicit economic growth potential will be achieved if financial inclusion is executed in the true spirit of intent and conduct such that the benefits of the economic growth achieved by the country reaches

each and every citizen of the country surpassing physical & psychological barriers of accessing banking & financial services sector benefits. The next section provides a brief background of the review of related literature in the domain of financial inclusion basis which the present study has been undertaken.

### **Review of Literature:**

Financial inclusion is aimed at ‘access to the formal financial sector for the marginalised and formal-finance deprived sections of society’ (RBI). The importance of pursuing to achieve financial inclusion across the globe was perceived to be important especially in the aftermath of the global financial crisis of 2008. Financial inclusion is also considered to be ‘welfare-enhancing’ (RBI) which thus encourages policy and legislative support across different countries to enable total financial inclusion. The Reserve Bank of India (RBI) outlines the contemporary initiatives given the immense importance of financial inclusion in the following manner, ‘The big push towards financial inclusion in India has emanated from the Pradhan Mantri JanDhan Yojana (PMJDY) in August 2014 and the Jan Dhan Aadhaar Mobile (JAM) trinity articulated in the Government’s Economic Survey 2014-15 as well as the special thrust on financial inclusion by the Financial Stability and Development Council (FSDC) that includes a Technical Group for dedicated attention to this issue.’ India is thus geared up to fully execute the national and international mandate for achieving financial inclusion among its population. The present study thus endeavours to capture the state of achievement of major financial inclusion metrics towards enabling formulation of an inclusive growth model for the country.

The Global Findex reports that around 1.2 billion adults globally have access to accounts as compared to the situation prevailing in 2011. Since the year 2014, around half the number of the aforementioned adults (515 million approximately) accessed accounts. Around seventy per cent of adults globally have been reported to have received access to some form of accounts, either with a financial service institution or through mobile money service. The developing economies of the world is expected to have around sixty per cent of their adult population accessing some account for conducting financial transactions. Demographically, women residing in the developing economies have been estimated to be lagging behind their male counterparts by around ten percentage points in having bank accounts. The World Bank goal of Universal Financial Access by the year 2020 is expected to be achieved on the robust

foundations of technology enabled financial access. Versatile digital payment options are expected to help in the achievement of the global objective of achieving financial inclusion especially in a country like India.

Financial inclusion is conceptually defined as ‘a state in which everyone who can use them has access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, with respect and dignity’ (Arun & Kamath, 2015).

Financial sector reforms across the world since the early eighties of the twentieth century have yielded varying levels of achievement in achieving financial inclusion. Financial inclusion initiatives are expected to provide impetus to the global economic growth if the unbanked population across various income levels in different countries can be provided financial services access (Arun & Kamath, 2015).

It has been reported that almost half of the global adult population does not have access to banking services (Jain, Zubenko et al., 2015) with some reports estimating that around two billion of the global adult population that remain outside the purview of accessing basic financial services (Patwardhan, 2018). Financial inclusion is expected to reap benefits for both Government institutions and the citizens of the country. Government institutions are expected to garner efficiency in their operations while the quality of life of the citizens are likely to become better with greater access to financial products and services. Financial inclusion is expected to enable both the unbanked and the underbanked sections of a nation’s populace to access the ‘physical, psychological and digital’ utility of money (Patwardhan, 2018).

Measuring financial inclusion outcomes makes the process of evaluating and developing a model of inclusive growth more tangible and provides the basis for highlighting strategies and inputs for both practitioners and decision makers of the domain on which the present study focusses. Some of the measures of financial inclusion attainment levels would be the actual ownership of accounts and usage of financial products (Jain, Zubenko et al., 2015). Usage of accounts across a prespecified period enables tracking the contemporary trends and recency levels of usage of the financial services including usage of digital payment methods for transactions and the extent of availing general utility services like debit cards, accessing banking services like the teller counter of banks etc. Product adoption for payment methods is considered to be the ownership of a secure transactional account to save and conduct monetary transactions. Examples of payment products include debit and credit cards, mobile money accounts and current accounts. Payment flows for customers would include both inward and

outward payment flows (Jain, Zubenko et al., 2015). Payment inflows into accounts are expected to constraint fund leakages from the financial system and it is also expected that accounts with monetary balances are likely to witness continued transactions for payment outflow requirements.

Currently, there is a comprehensive lack of data and analysis available to estimate the status of the financial inclusion levels achieved across the last couple of years in the country, leading up to the identification of the key areas of focus that must be targeted in order to reach the final goal of achieving and contributing to the Universal Financial Access goal aimed to be achieved by the year 2020. This is the research gap that the present study has identified and which is intended to be fulfilled by the data collection and analysis undertaken hereafter.

### **Research Problem:**

The research problem identified for the study is to determine the extent of financial inclusion achieved across different variables identified for measuring financial inclusion status in the country. The data collected on the variables chosen for the study will be discussed in details in the next section. The research problem identified for the study pertains to the year 2011 till 2017. The research data that was collected is available in the public domain on the Global Findex website.

### **Research Methodology:**

For the purpose of the present study, the research data collected available in excel sheet was accessed from the Global Findex database to attempt resolving the research questions identified for the study. The Global Findex database is available from the World Bank website and provides comprehensive data points for various metrics to measure financial inclusion (<https://globalfindex.worldbank.org/>). The entire database was accessed and the pertinent data for India was filtered out for study on select variables especially for the research questions that were of importance to the present study. The research done in 2011 was done with around 3518 interviews. In 2014 the interviews were restricted to 3000 and the same number of interviews prevailed for 2017. The sample excluded population from the North-eastern states and remote

islands of the country which reportedly account for lesser than ten per cent of the Indian population.

Some of the research interests of the study pertained to determining the trends of account ownership among people of different age groups in India, understand the penetration level of financial institutions and the accessibility of various technology enabled solutions towards achieving the financial inclusion objective for the country. The specific data for variables under investigation for India was analysed and interpreted to descriptively provide an insight with the aim of answering the research questions and aim in the formulation of the inclusive model as an outcome of the study that will be subsequently tested empirically with multivariate statistical tools as part of the subsequent research work.

Descriptive data analysis has been done on the variables pertaining to account ownership that was cross tabulated with demographic variables like age, occupation status and household characteristics. The questions that are of interest to the present study pertain to the extent to which financial inclusion has progressed since 2011 and to what extent digital interventions including digital payment methodologies have aided the endeavour of financial inclusion in India. Some of the research questions that are of importance for the present research work are outlined as follows:

RQ1: What has been the extent of financial accounts penetration among Indians?

The hypothesis for the first research question identified for the study may be states as follows:

H1: Indians are likely to express increasing patronage levels of financial accounts ownership.

The second research question that has been selected for the study involves the linkage of demographic trends in accessing services that foster financial inclusion. Thus, the second research question may be stated as follows:

RQ2: What demographic trends are observable across both men and women in accessing financial services in India?

The hypotheses identified for the study are about assuming that gender differences are expected to be seen in accessing financial services across the country. The hypothesis is stated as follows:

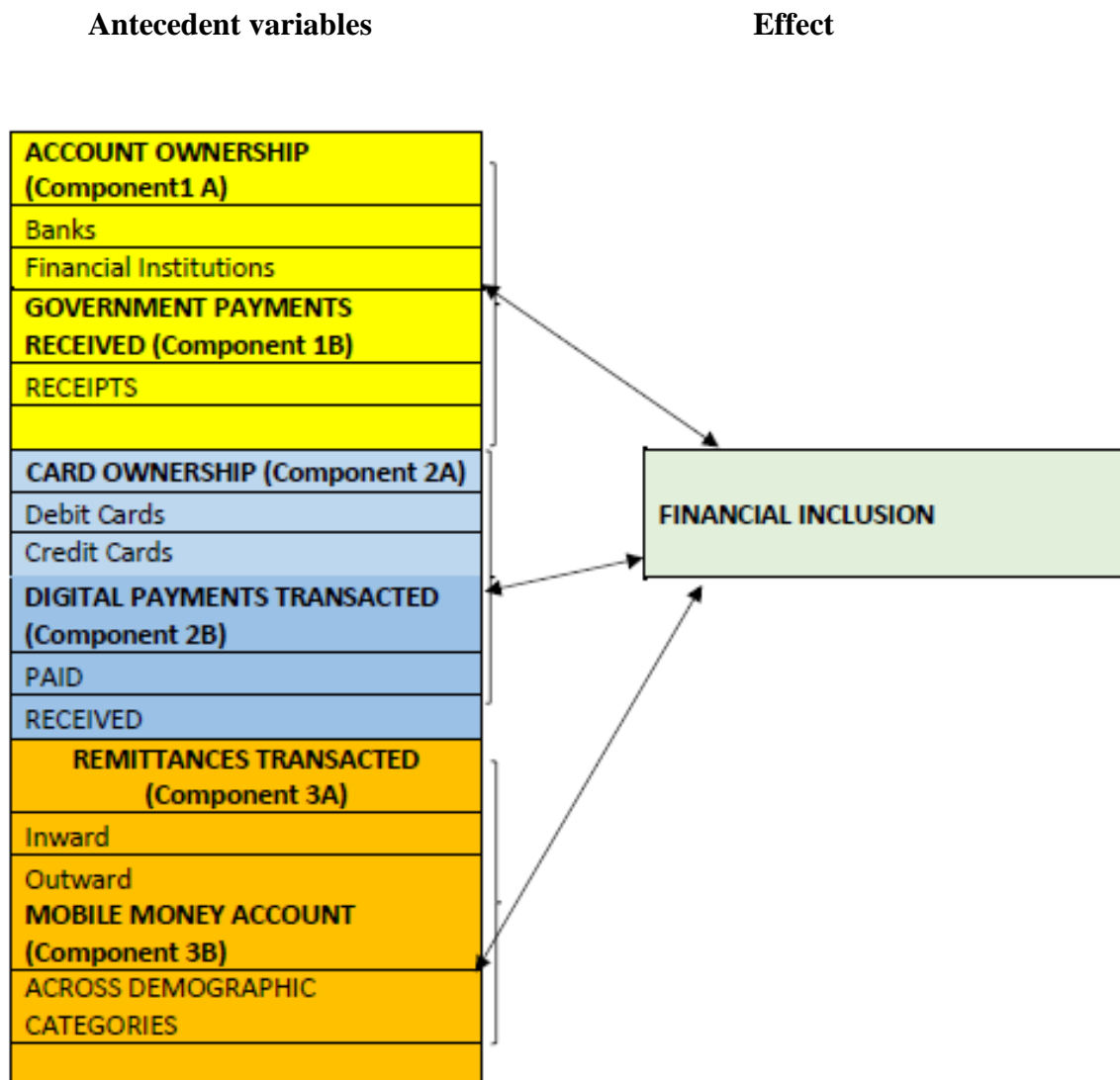
H1: Gender differences are likely to be witnessed in accessing financial services in the country.

RQ3: What kind of contemporary digital payment mechanisms have been adopted among Indians across different demographic groups?

The third research question intends to provide the patronage patterns of different contemporary digital payment mechanisms which is also indicative of achieving financial inclusion. It is expected that Indian respondents are likely to reveal an increasing patronage level for different digital payment modes since the year 2011. The present study analyses and highlights the extent to which financial technology (fintech) enables and empowers the financial inclusion growth story as part of the digital payment infrastructure being made for financial inclusion. Fintech encompasses the applications of both mobile telecommunication devices and internet for financial exchanges among different stakeholders.

The research questions selected for the study, provide ample scope for determining the relevant insights that can influence the development of the conceptual growth model depicting financial inclusion towards the aim of achieving Universal Financial Access on a global scale by the year 2020. The outcome of the analysis and inference from the present study will also provide inputs towards developing a robust financial inclusion model for the country towards contributing its national contribution to the global goal of Universal Financial Access as set out by the World Bank with the target year of 2020. Thus, the importance of the subject matter being dealt by the paper. The proposed conceptual model for the study pertaining to different variables being considered for the study is indicated in Figure 1 below:

Figure 1: Proposed Tripartite Growth Model for Financial Inclusion in India.



### Data Analysis, Interpretation & Discussion:

Based on the secondary data accessed from the Global Findex database following are some of the highlights for India for people surveyed who belong to more than 15 years of age. Around ninety-seven per cent of the Indians surveyed were found to have a national identity card in the year 2017. Almost eighty per cent of the respondents were reportedly having an account by the year 2017, whereas only around half the people of the same age group reported to have accounts in 2014 (Table 1). Only about a third of the same age group had owned accounts in the year 2011. Men accounted for a major share of the account holders as compared to women in all the



three years of the survey. The first hypothesis of the study is hereby proved and it may be stated conclusively that there is increasing patronage levels of financial accounts ownership seen among Indians from the year 2011 till 2017.

The number of young adults owning accounts in the age group of 15-24 years have also increased from 2011 to 2017. In the year 2011 around twenty-seven per cent of young adults in India were reported to have accounts, which rose to around forty-three per cent in 2014 and reached a level of around seventy-one per cent by 2017.

Older adults belonging to the age group of 25 years and above have also seen an increasing trend of account ownership from the year 2011 till the year 2017. A dismal thirty-eight per cent of the people belonging to the age group of more than twenty-five years reported having accounts in the year 2011, which by the year 2017 went up to around eighty-three per cent. Thus, account ownership increased among older adults in 2017 as compared to the scenario prevailing in 2011. There was an increased usage of Automated Teller Machines (ATMs) as the main method of withdrawal in 2014 as compared to 2011 while there was a decrease in number of withdrawals done through bank tellers. Almost seventy per cent of the Indians surveyed in 2011 had reported that withdrawals through bank tellers was the primary method of withdrawals whereas only about half of the respondents surveyed in 2014 reported using the bank teller as the main method of withdrawal. With an increase in the ownership of accounts across the years since 2011 the need for availing banking services increased leading to the increase in usage of ATMs. By the year 2017, Internet was reportedly adopted as a mode of payment for bills by both men and women irrespective of their employment status (employed or unemployed). The increasing use of internet as a payment mode for bill payments was also witnessed across the age groups of Indians belonging to 15 years and above. Indians having at least secondary education levels and beyond were found to have comparatively higher rates of adoption of internet as a mode of payment when compared to the level of patronage among

citizens with comparatively lower levels of education attainment. The report also found that Indians who belonged to the richest sixty percent level had also been found to have comparatively adopted internet as the mode for bill payment when compared the data of adoption levels of internet among other income groups.

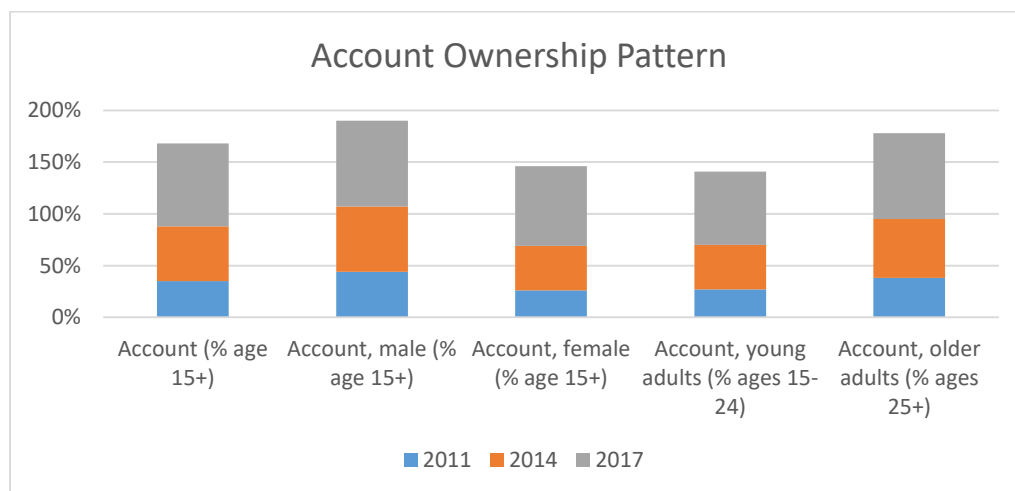
Table 1: Account ownership pattern.

Year	Account (% age 15+)	Account, male (% age 15+)	Account, female (% age 15+)	Account, young adults (% ages 15-24)	Account, older adults (% ages 25+)
2011	35%	44%	26%	27%	38%
2014	53%	63%	43%	43%	57%
2017	80%	83%	77%	71%	83%

Source: Global Findex Database

The research data collected in the year 2017 revealed that internet was increasingly being adopted as a mode for either paying bills or for making online purchases when compared to the situation reported for the year 2011. The increasing rate of adoption of internet as the mode used for either online purchase or bill payments was reported across different age groups, by both women and men hailing from different income levels and the same trend was also evident among people residing in the rural areas.

Figure 2: Account Ownership Pattern



Higher education & income levels, however appeared to have had correspondingly higher rates of adoption of the internet medium for payment mechanisms when compared to the lower educational attainment and income levels. Thus, our first research question and its corresponding hypothesis is proved and it may be stated that account ownership had increased in India, thus ushering in financial inclusion strides that have been achieved by the country. The first step in the journey towards financial inclusion has thus started and is gaining momentum in the country.

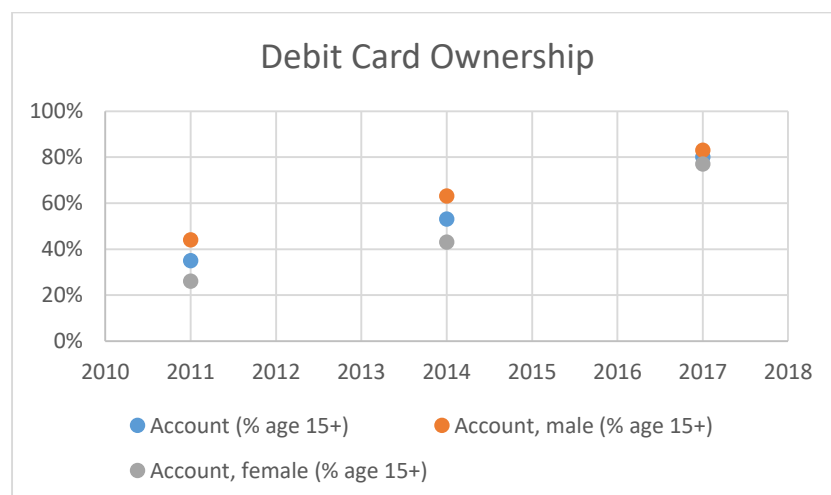
Debit card ownership in the country have also been reported to have increased from the year 2011 till 2017 (Table 2). Increased ownership levels have been seen among all age groups including people living in the rural areas (Table 2).

Table 2: Debit Card Ownership trend.

Year	Debit card ownership, young adults (% age 15-24)	Debit card ownership, older adults (% age 25+)	Debit card ownership, rural (% age 15+)
2011	8%	9%	5%
2014	20%	23%	20%
2017	29%	34%	26%

Source: Global Findex Database

Figure 3: Debit Card Ownership



The hypotheses identified for the second research question were about making assumptions for that gender differences that are expected to be seen in accessing financial services across the country. The data analysis of the study reveals that gender differences are present across variables pertaining to accounts ownership, debit card ownership, remittance trends etc. Thus, the second research question is answered for the present study and provides an important contribution for the financial inclusion domain.

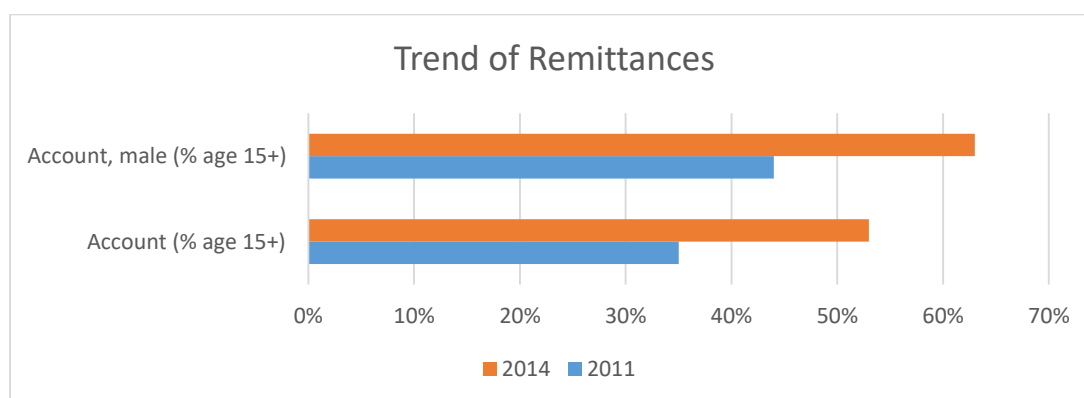
Table 3: Domestic Remittances conducted.

Year	Sent or received domestic remittances in the past year, young adults (% age 15-24)	Sent or received domestic remittances in the past year, older adults (% age 25+)
2014	12%	16%
2017	17%	20%

Source: Global Findex Database

There was increase in the domestic remittances that were either sent or received by the year 2017 as compared to 2011 across all age groups. Thus, more people have been found to have adopted financial transactions involving sending and receiving of domestic remittances in the country across all age groups.

Figure 4: Trend of Remittances



The report found that by the year 2017 a greater proportion of people in the country were found to have paid utility bills using a financial institution and an account. Mobile phones were also being adopted to pay utility bills by a greater proportion of Indians in 2017 as compared to that of 2014 (Table 4 and Figure 5).

The third research question pertaining to finding out information regarding the kind of contemporary digital payment mechanisms that have been adopted among Indians across different demographic groups is addressed from the data of Table 4. The third research question intends to determine the patronage patterns of different contemporary digital payment mechanisms which is also indicative of achieving financial inclusion.

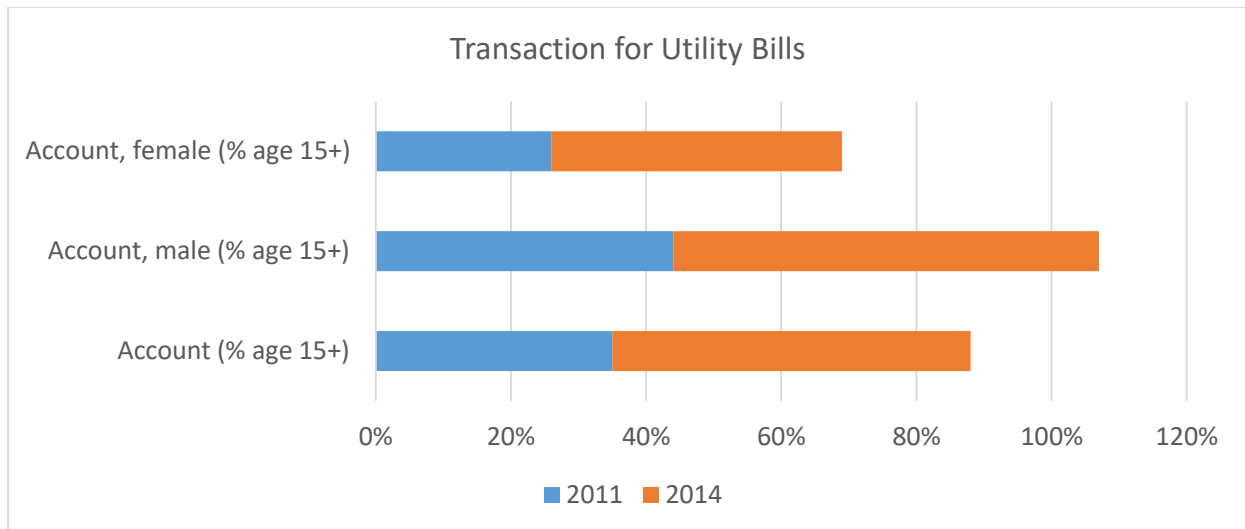
Table 4: Utility Bill Payment Modes

Year	Paid utility bills: using a financial institution account (% age 15+)	Paid utility bills: using a financial institution account (% paying utility bills, age 15+)	Paid utility bills: using an account (% age 15+)	Paid utility bills: using an account (% paying utility bills, age 15+)	Paid utility bills: using a mobile phone (% age 15+)	Paid utility bills: using a mobile phone (% paying utility bills, age 15+)
2014	3%	9%	3%	9%	0%	0%
2017	6%	15%	7%	17%	1%	3%

Source: Global Findex Database

The data analysis of Table 4 reveals that the patronage patterns of adopting different contemporary digital payment mechanisms indicates financial inclusion intent. which is also indicative of achieving financial inclusion were in using a financial institution, using an account and conducting the transactions in mobile devices. Men have been found to surpass women in conducting transactions for utility bills as can be seen from Figure 5.

Figure 5: Transaction for Utility Bills

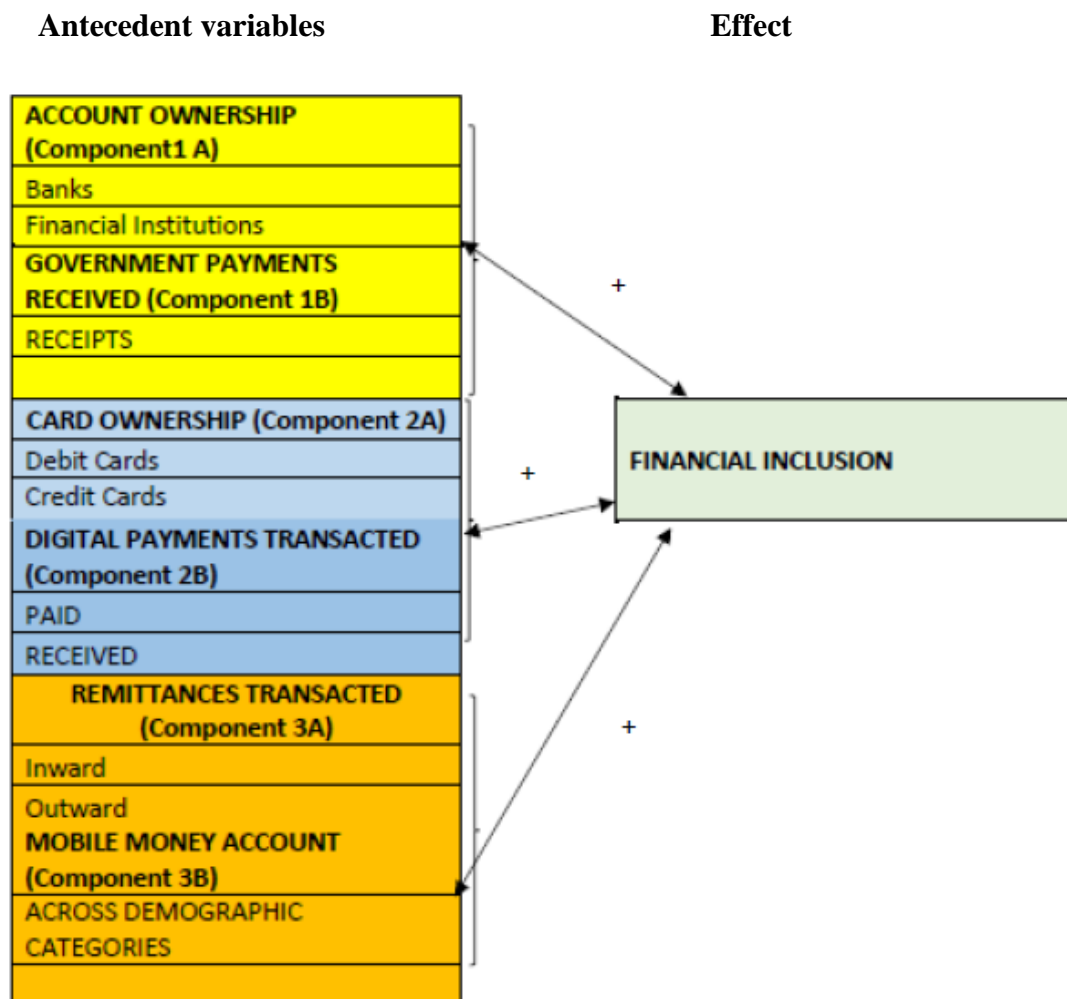


### Conclusion:

From the aforementioned analysis it may be concluded that account ownership has increased among both men and women in India. The account ownership levels have also been found to have increased across different demographic groups in the country. Almost the entire country can boast of having membership to a national identity proof. Indians have adopted internet as a mode of either paying bills or for online purchase across different age groups, by both men and women, across different income levels and even by people residing in the rural areas. People belonging to higher education & income levels adopted the medium more as compared to lower educational attainment and income levels. Indians have also started owning and using debit cards among all age groups including people living in the rural areas. The country also became comfortable engaging in domestic remittances by almost all age groups that were used for conducting financial transactions involving sending and receiving of domestic remittances in the country. A greater proportion of contemporary Indians also preferred to complete their utility bills payment using either a financial institution and an account including mobile phones. The above-mentioned discussion thus answers our three research questions and the corresponding hypotheses.

The proposed model from the study may be formulated as follows for providing strategic inputs for practitioners and policy makers in the field of financial inclusion:

Figure 6: Tripartite Growth Model for Financial Inclusion in India



From Figure 6 it may be conclusively stated that the variables proposed in Figure 1 has a positive linkage towards financial inclusion. Quantitative data analysis reveals that all the data pertaining to the analysis for the present paper has actually shown an increase in the number of respondents who have expressed their intent to continue subscribing to more banking services and use of digital payment methods that will inculcate greater impetus to the financial inclusion

initiatives. The model thus indicates the positive correlation of the antecedents towards influencing financial inclusion.

### **Implications for Practitioners and Policy Makers:**

Account ownership along with the accompaniment of debit and credit cards will enable financial inclusion. Access and availability of account ownership will enable the versatile option of receiving Government aids and payments directly into bank accounts. The accessibility of having bank accounts to enable people to receive monetary benefits arising out of policy initiatives of various Government schemes will enable and fructify financial inclusion objectives. Appropriate accessibility and usage of banking services including opening of bank accounts will enable financial inclusion payments to be completed seamlessly without any possibility of fraud and leakages in the money flow between Government entities and corresponding retail beneficiaries thus also forging strong corporate governance norms among all concerned stakeholders. Card ownerships will enable transactional flows for enabling the dyadic payments flow to foster and nurture cashless economy and harness the power of operating in as much of a cashless manner as possible. The potential of developing and expanding the magnitude and velocity of remittances (including inflow and outflow) will foster a spirit of transparent, electronic, trackable flow of monetary imprint, which besides encouraging electronic flow of monetary resources, will also encourage clean funds to flourish and nurture the national and international financial systems. Access of mobile telecommunication devices and technology will also provide the base to develop and take to fruition the expansive scope of harnessing the potential of fintech for the sustainable and humanitarian welfare of all citizens in an inclusive and holistic economic model of growth and development in a country that is considered to be one of the strongest emerging market economies. The proposed Tripartite Growth Model for Financial Inclusion in India (Figure 5) as discussed in the present study also provides the variables across the three components that



are antecedents towards successfully achieving financial inclusion in the country that will also contribute to the Universal Financial Access goal that the global players are endeavouring to achieve by the year 2020.

### **Limitations:**

The limitations of the present study pertain to the fact that the data used for the research is based on the Global Findex data and no primary data was collected for research. The other limitation is that the data used for the study is from the research work conducted during the period of 2011, 2014 and 2017. There is no data for the variables chosen for the survey done by Global Findex, for the years 2012, 2013, 2015 and 2016. Descriptive research using simple cross tabulation of data has been done for the selected variables considered for the study. Bivariate analysis using descriptive statistics has been used for the analysis work. Income levels and their impact on financial inclusion has also not been taken up within the work area identified for the present study. Income levels and the choice of financial services accessed will also provide valuable consumer insights. Multivariate data analysis using inferential statistical techniques have not been used for conducting data analysis for the present article. Few variables from the Global Findex database have been chosen for the present study was used for the purpose of analysis. Primary data has also not been collected for the study and that remains one of the limitations for the study. The above-mentioned aspects are some of the limitations for the present research work.

### **Scope for further research:**

Further research can focus on identifying data for the same period of 2011, 2014 & 2017 from other sources and a comparative analysis done with the data accessible from the Global Findex report. Country specific analyses can be done on the variables in the Global Findex data collected for the period of 2011, 2014 and 2017 and comparisons among similar set of countries in specific regions can be done with a set of chosen variables to reveal insights of progress of

financial inclusion in the countries chosen for the comparative research. Future research may also be conducted with respondents from different income levels and observing their responses on financial inclusion aspects. Income levels and the choice of financial services is expected to provide valuable consumer insights on developing a comprehensive conceptual model for determining the influence of demographic variables on financial services access and patronage. Research may also be done to compile data from other sources on similar variables as used in the Global Findex report for the years 2010, 2012,2013, 2015, 2016 and 2018 to determine the similarity and/or differences in the trends for financial inclusion across the years mentioned. Multivariate statistical tools may be used with some or all the variables used in the Global Findex database to determine specific conceptual constructs that can provide empirical base for testing the model proposed in this study as well as determine regression based analytical models to predict financial inclusion status at a given point in time. Exploratory research may also be conducted with experts in the field of microfinance, financial inclusion, banks and various other financial institutions including different stakeholders of financial inclusion from the society across the country to determine which other variables may be included for capturing data for understanding the status and extent of financial inclusion in the effort towards achieving the Universal Financial Access goal by 2020.

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# BUSINESSES BEWARE –CONSUMER EVALUATION AND BRAND LOYALTY– AN EMPERICAL STUDY

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R. Baskar

B. Ganesh

BSS Sai Kiran

## Abstract

Keeping up with market developments is important for marketers to retain the market share. One such development is the change in consumer attitude towards brand loyalty based on their evaluation of a product. The purpose of this study is to examine whether or not shoppers really make an attempt to go looking for data before getting a product and once making the acquisition, do the shoppers really assess the merchandise performance. The merchandise taken into consideration for this study are related to personal care and detergents. The questionnaires were given to 80 consumers who are using personal care and detergent products. The questionnaires consist of four parts, first part is to know whether consumers are really searching for the information. Second part is to know whether consumers really evaluate the product performance. The third part is to know about what the consumers do if they are not satisfied with the products performance and the final part is to know about demographic characteristics. The major findings of the study are 1. It is found that 91 % of the respondents search for information about a product before purchasing a particular product. 2. 86 % of the respondents evaluate product performance after the purchase, with reference to the information provided by the firms before purchase. 3. If consumers are not satisfied with the product performance they immediately switch over to another brand and very few give feedback every time (1%). The paper also discusses the demographic details of

the respondents and prescribes suggestive actions for marketers related to marketing communication and strategies for customer retention.

**Key words:** Product Information, Consumer Evaluation, Cognitive Dissonance, Consumer Loyalty, Consumer Response.

## 1 Introduction

**Definition of Buying Behaviour:** Buying Behaviour is the decision processes and acts of individuals concerned in shopping for and utilization of products.

Cognitive Dissonance: People tend to seek consistency in their beliefs and perceptions. So what happens when one of our beliefs conflicts with another previously held belief? The term psychological feature dissonance is employed to explain the sensation of discomfort that results from holding two conflicting beliefs. When there is a discrepancy between beliefs and behaviours, one thing should modification so as to eliminate or cut back the dissonance.

Understanding consumer behaviour is important aspect of marketing research and helps a lot in formulation of appropriate strategy for effective penetration of targeted segment of market. The customer is basic foundation of every business. Customer's expectations, preferences, needs, shopping behaviour are of greater importance to marketer and determined by social and psychological factor.

Research into shopper behaviour options because the foundation of all the planned and implemented marketing activities of a company. Consumer behaviour is determined by numerous factors, and is thus characterized as extremely advanced and tough to predict a specific challenge, for marketing science observe is to analysis impulse consumer behaviour in shopping.

the relationship between freelance variables that are searching life style of consumers, fashion involvement of shoppers, pre-decision stage and post-decision stage of consumer purchase behaviour with the attitudinal and behavioral aspects of impulse buying behaviour.

## **2.LITERATURE REVIEW :**

### **(I) Country Of Origin Effects And Consumer Product Evaluation Process.** Hossain, A. (2015).

The topic is focused on country of origin concept and its impact on consumer product evaluation process. In analysing, attempt was made from cognitive perspective of country of origin and the processing of consumers prior knowledge about a country's products and not about the country itself. The analysis reveals that the occurrence of a country of origin-effect in terms of a halo effect, a summary-construct effect, a product attribute effect of a default heuristic effect on the consumer's evaluative tendency.

### **(II) Consumer Expectations, Product Performance, And Perceived Product Quality.** Olshavsky, R. W., & Miller J. A. (1972).

This study experimentally investigated the effects on product ratings of both overstatement and understatement of product quality. Results support common marketing practice in that overstatement resulted in more favourable ratings and understatement resulted in less favourable ratings.

### **(III) Pre-Purchase Evaluation Of Alternatives By Rural Consumers Towards fmCGs- An Empirical Analysis.** Rajarajan, M., & Priyanga, T. (2012).

Villages are the heart of India. According to census of India, 2011, the rural India comprised approximately 70 percent of India's population which was 121 crores. with 6,38,365

villages spread over 32 lakh sq. kilometres, rural India has become

a massive consumer goods market. FMCG has emerged as a significant product class in rural

consumption. Companies marketing FMCGs to rural consumers cannot merely extend their urban marketing strategies. Instead, they need to formulate and execute rural specific strategies. In this process, they have to India has become know curcual problems concerning rural shopper behaviour.

vis-à-vis variations in different geographic regions of the country. This paper focuses on understanding factors that affect the rural Pre-purchase behaviour in general and Pre-purchase Evaluation of Alternatives of FMCG specifically in Keonjhar District of Odisha State, India in particular. The commodities chosen for the research are bathing soap, shampoo, skin cream, hair oil and packaged wheat flour. Factor analysis was used to form nine key variables into two groups (influencing factors). Price is very important criterion has emerged because the most important variable within the „Consumer purchase decision factor and „Medicinal Values of FMCGs in the Product properties factor.

#### **(IV).An Empirical Study Of Consumer Impulse Buying Behavior In Local Markets.** Tirmizi, M. A., Rehman, K. U., & Saif, M. I. (2009).

This paper investigates the relationship between independent variables that area unit searching life-style of shoppers, fashion involvement of shoppers, pre-decision stage and post-decision stage of consumer purchase behavior with the attitudinal and behavioural aspects of impulse buying behaviour. This study makes an attempt to explore the association exists between the variables concerned, by tapping the responses of 165 respondents from higher income cluster within the space of Rawalpindi and Islamabad. The major findings of the study demonstrated an overall weak association of the set of independent variables with the variable quantity however, the in-depth analysis found that pre-decision stage of consumer



purchase behaviour is the only variable that resulted into robust association with the impulse shopping behaviour.

It's true that youngsters additionally typically get interested in merchandise displayed on store shelves and has greater tendency of impulse buying behaviour but results of this paper showed no association of impulse shopping for in higher financial gain cluster of tykes having prevalent impulse buying tendencies. This study reported new evidences in the field of impulse buying behaviour of consumers pertaining to the local markets of the twin cities of Pakistan.

#### (V).Pre-Purchase Evaluation Of Alternatives By Rural Consumers Towards Fmcgs- An Empirical Analysis. Jyoti Pradhan, Dr. DP Misra.(2015)

Villages are the heart of India. According to census of India, 2011, the rural India comprised approximately 70 percent of India's population which was 121 crore. With 6, 38,365 villages spread over 32 lakh sq. kilometres, rural India has become a massive consumer goods market. FMCG has emerged as a significant product class in rural consumption.

Companies marketing FMCGs to rural consumers cannot merely extend their urban marketing strategies. Instead, they need to formulate and execute rural specific strategies. In this process, they need to understand crucial issues relating to rural consumer behaviour vis-à-vis variations in different geographic regions of the country. This paper focuses on understanding factors that affect the rural Pre-purchase behaviour in general and Pre-purchase Evaluation of Alternatives of FMCG specifically in Keonjhar District of Odisha State, India in particular. The commodities chosen for the research are bathing soap, shampoo, skin cream, hair oil and packaged wheat flour. Factor analysis was used to form nine key variables into two groups (influencing factors). 'Price is important criterion' has emerged as the most significant variable

in the 'Consumer purchase decision' factor and 'Medicinal Values of FMCGs' in the 'Product properties' factor.

**(VI) Consumer Satisfaction, Dissatisfaction And Post-Purchase Evaluation: An Empirical Study On Small Size Passenger Cars In India.** Mahapatra, S. N., Kumar, J., & Chauhan, A. (2010).

The primary purpose of this study is to explore the performance of various attributes in vehicles in giving satisfaction to the shoppers by scrutiny a similar performance with the performance of the merchandise attributes once it had been spanking new and the way these attributes Performance satisfaction affecting consumers' future purchase decision. Consumer satisfaction may be a central construct in fashionable promoting thought and follow. The promoting construct emphasizes delivering satisfaction

to shoppers and getting profits reciprocally. As a result, overall quality of life is anticipated to be increased. Thus, shopper satisfaction is crucial to meeting numerous desires of shoppers, business, and society. Data collected from the respondents in Dehradun town who are literally exploitation the automobile.

Consumers' satisfaction for these attributes (maintenance price, fuel efficiency, comfortness, brake safety, vibration, pollution/emission, engine sound, ignition, battery performance, horn, wiper performance, pickup and light) are measured by using seven point interval scale. The product attributes accustomed measure satisfaction have shown a bit variation in their performance once the consumers' compare a similar performance with the automobile once it had been spanking new.

Out of total 13 attributes shoppers area unit extremely glad with the performance of attributes like ignition, vibration, wiper performance and pickup. It indicates that performance of these attributes has not been changed with time. It has been ascertained that product performance considerably influencing the consumers' future purchase call. The product

attributes like pollution, ignition, battery performance and pickup are highly influencing the consumers' future purchase decision.

**(VII) The Role And Impact Of The Packaging Effect On Consumer Buying Behaviour.** Zekiri, J., & HASANI, V. V. (2015).

The objective of this study is to determine the elements that play an important role on

consumer's buying behaviour. The purpose of this analysis is to search out out the

most vital factors connected with the packaging result, which are driving the success of a brand.

Companies so as to make the proper packaging for his or her merchandise, they must understand the consumer buying process and understanding the role and the impact of packaging as a

variable that can influence the purchase decision. So, by understanding what factors influence the buying behaviour and what packaging elements are most important help companies

making the right decisions about packaging their products. This analysis can establish the

link between shopper shopping for method because the main variable of the study and a

few freelance variables like packaging color, printed information, packaging material, design

of wrapper, written data, brand image, and innovation and practicality that help consumers in

their decision buying process. The primary analysis knowledge are collected through a

structured form and SPSS computer code are used for analysis functions. Therefore, the study

tries to search out out the foremost vital factors that have a sway and influences consumer's purchase call.

### **3. OBJECTIVES OF THE RESEARCH:**

1. Are the consumers really searching for information before purchasing a particular product.
2. Are the consumers really evaluating the product performance after using the products.

### **4. RESEARCH DESIGN :**

The sampling frame consists of students of post graduate education, employees of software company and manufacturing firms.

The sampling technique used in convenience sampling.

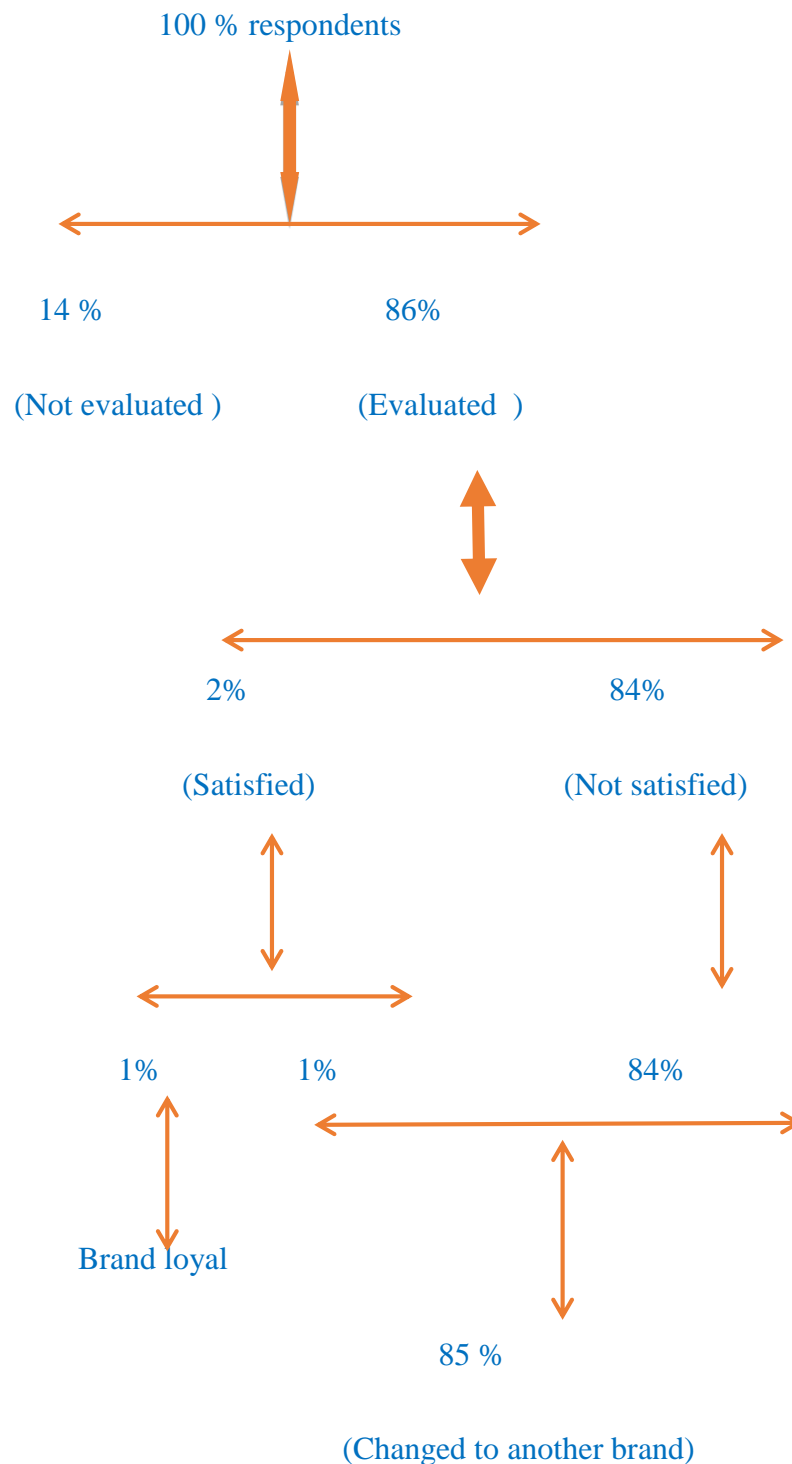
The sample size is 80.

For preparation of questionnaire, a personal interaction with M.D'S of "MORE MEGA SOTRE" & "PATANJALI RETAIL STORE" was arranged from which the difficulties faced by them with respect to consumer, were identified and added into questionnaire. Further based on literature review, a questionnaire was prepared and the study was conducted to identify any errors. After rectifying the errors the final questionnaires was administered through google forms, by mentioning the reason of this research. The results are evaluated based on the responses.

### **5. FINDINGS :**

1. Out of 100 % respondents 91 % respondents before purchase the products, they are searching for the information about the products which they want to purchase.
2. Out of total respondents 86 % respondents evaluating the product performance.
3. If consumers not satisfied with the product performance they immediately switched to another brand.
4. It is also found that, even the satisfied customers also switch to another brand.

The Following chart represents segregation of customers who evaluating the product performance :



## 6.DISCUSSION OF RESULTS:

1.Consumer behaviour is the most complex issue of marketing theory & practice

2. Impulsive buying behaviour resulting in unplanned purchase the aspects of consumer buying behaviour

### External impulsive purchasing factors of customers are

- Store apparent characteristics.
- Instore display.
- Shopping environment.
- Price discounts, point of sales promotions.

### Internal Impulsive factors are

- Consumer personality trait.
- Emotional & Effective state.
- Demographic factors.
- Time, purpose of the purchase & disposable income.

## 7.SUGGESTIONS

Marketers need to follow the trends of the customers and should respond to the product development & innovation.

The F.M.C.G products have changing consumption & demand pattern diversity should be added to product variety to satisfy the choice option of customer.

Where customers moves to shops “sales persons “plays a major role in buying decision they may be very active to show attractive brands with different colours and the advertisements which the young people see form different medias, these having impact on buying decisions.

The FMCGs sector is a very dynamic sector in India. There are many FMCG players operating in the markets. The major goal is to satisfy the needs of consumers of target markets more effectively and efficiently. For this purpose, marketers have to consistently and simultaneously study the consumers of different geographical regions. In addition, they should distinguish the different segments of consumers based on different stages of consumer’s decision making process to create an edge over the competitors.

## 8.CONCLUSION:

In our opinion, before giving any information through the advertisements, information providers should give reliable information about the products, because consumers may give priority to purchase the product for the first time but they evaluating the performance of the product while using the product and if they satisfied with the performance of the product they continue to buy the product ,but if they are dissatisfied about the product they can easily switched to another product/brand. Consumer satisfaction is important because of its role in creating competitive advantage and it's received vital attention in promoting.

Highly happy client are going to be brand loyal, remain customer longer, provide favourable spoken advertising, increase purchasing of offerings and enhance sales. On the opposite hand disgruntled customers are doubtless to prevent buying the offerings to produce unfavourable spoken advertising and to complain, return and boycott the merchandise category, the brand and the seller or retailer.

Product performance, quality, comfort while using the product will significantly influence the shoppers' future purchase decision and consumers can offer additional importance to these attributes than other attributes in future. For strategic point of view and future purchase the corporate promoting manager have to be compelled to specialize in these problems. Consumers' reaction to the performance of various attributes of the merchandise might vary within the degree of satisfaction or dissatisfaction, resulting in conflicting feelings. Marketing organization should work hard to decrease the cognitive dissonance among the consumers, and make good relations with consumers.

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# GLASS CEILING VICTIMIZES WOMEN IN RISING TO THE UPPER RUNGS AT CORPORATE LADDER

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**E.SivaKalyanKumar**

**M.V.V. Bhanu**

**B.Praveena**

**D.Susanna**

MVGR College of Engineering

## **Abstract:**

In Vedas also women are treated with greatest respect and regarded as the ‘**Shakti**’. But at present age’s women has been largely discriminated from time to time across the globe, in an – fair manner. Now Governments and organisations across the globe recognised the role of women and have framed various laws to protect them. Work place gender equality in organisations is only achieved when women were able to enjoy the same power, status, rewards, resources and opportunities regardless with gender discrimination.

If, we observe the protective measures taken by governments across the globe to promote gender equality is very progressive. But, Coming to India as per a recent survey conducted by Indian women network with the collaboration of Confederation of Indian Industry that majority percentage of respondents opined that women has not given top priority in company’s board, and in senior management roles. So, it is the time for the organisations across the globe has to provide equal opportunities in achieving gender equality. Gender equality in workplaces is because not on the terms of ‘fair’ and it is the ‘ Right thing to do’, but women equality is directly linked with the overall country’s economic growth and performance. In, this paper the author’s intention is to present how women are constantly facing discrimination on the basis of gender and how they are depressed at all levels in organisations and society.

**Key – Words: Women, Organisations and Equality**

## INTRODUCTION:

Glass ceiling the buzz word that is commonly heard in most of the organizations across the globe is preventing women and minorities from rising to the highest positions or ranks in an organization. It is un-known and un clear who has exactly coined the term, but the term has drawn its attention during the mid-1980's the time period where women has started to enter into work – force in large numbers. (Every day Health) The term was firstly coined by Carol Hymowitz and Timothy D. Schellhardt on march 24<sup>th</sup>, 1986 in the article in the wall street journal, titled: 'The invisible barrier that blocks them from the top job'. (**LisaQuast**)

Majority of the experts opined that the glass ceiling is an invisible barrier to advancement that women face at the top – levels of the workplace. As, per the research conducted by the university of Chicago booth school of business revealed that there are plenty of evidences that showed and proved that sexism has prevented many talented women from achieving higher ladders in their careers. And, the research also stated that another evil that is holding women back is the gender – discrimination. (**University of Chicago**)

As everybody knew about the famous quote saying that: 'all men and women are created equal', but still it remains unachievable. In a world where talent is distributed equally among women and men, but still the women talent is left idle on the table. (**University of Chicago**)

Most of the companies across the globe claim that they treat men and women equally but in true sense the answer is no. As, per the recent gender – parity survey conducted among more than 1,800 business people worldwide, in association with HBR. Org revealed shocking facts that most of the companies fails to handle the issue of gender parity. (Orit and Coffman). The, survey also stated that nearly 80% of women employees are totally dis – satisfied, and a fewer percentage of 20% are satisfied that their companies are handling the gender – parity issues. (Orit and Coffman)

Despite in a rapid growth of the female presence in each and every shape of business across the globe, but when coming to the proportionate of females occupying in the senior – management positions is still very low. And, the common barrier identified is "GENDER – DISCRIMINATION". Now, it is the respective organization's management role to drive away that invisible force termed as Glass – Ceiling. And, most of the research results revealed that both men and women managers have the similar attitude towards gender discrimination. To, overcome this invisible force proper culture with right mixed of human – capital has to be maintained and thereby ensuring gender – equalization by promoting equal promotable

opportunities to women alike like men in occupying higher ladders in an organization.(KilidiKirmak)

### Literature Review

Staizaretsky(2018): As, the world at present is raising its voice against mee too movement in promoting gender equality at all places. Women not only facing gender- biases not only at corporate firms, but at also in legal professions. In fact, last year (2017) if we observe the women representation has increased by no more than a percentage point coming to legal – profession, which is very depressing. If, we see the reality in legal profession when comes to private practice, about only two-third of attorneys in this sector suits are being field by women on gender discrimination. It is the fact that only a fewer percentage of women were represented in big leadership roles in legal- profession.

**Sakshigupta(2018):**Glass ceiling the term while is un-seen, invisible force that stops women from reaching to higher rungs and of the corporate ladder because of gender- inequality, regardless of their qualification and attainments.

In this study the researcher pointed out their views on glass- ceiling and how it is showing its effects on women- workforce, which is stopping their career advancement compared to men. In, short the study in empirical explains the practice of phenomenon of Glass Ceiling and how it is dragging the female work workforce in this 21<sup>st</sup>- century.

**S.alter (2019):**It, is appreciable scenario that California became the first state to pass a law that all publicly traded corporations has to compulsory add 2 women to their boards with 5, and 3 women on boards with 6 (or) more, and the companies failing to act these compliances faces fine between \$1, 00, 000 and \$3,00,000.

**Jeffrey (2015):** In US and in many other developed countries more than 40% percent of graduates are women and even higher than men. But, coming to their recognition and occupying at C-suite positions and higher level managerial position women when compared to men has not been equally represented. As, per the recent fortune article women holding less that 15 percent of fortune 500 executive office positions globally.

**Genevieve Douglas(2017):**As, per the research conducted by MCKINSEY and Lean in. organization only 47% of women occupies entry level hires but only 18% less likely to be promoted to managerial positions than their male counter-parts. As, per Lynn tetrault (executive vice president of HR and corporate affairs Astra Zeneca, 63% of the men participate

in the research of MCKINSEY opined that their company was doing good to improve gender-diversity but only 47% of the women agreed to the same question asked in the survey.

**Susan (2018):** According to gender equality score card (2017) from Australia's work place gender equality agency (WGEA), shows a fair representation in various management positions has grown consistently from 2013-14, more than 40% of management- position went to women in the year 2016-17 indicating a positive trend in breaking the barrier of GC. As, per the global recruitment firms HAYS by examining employment trend in more 3,000 firms across Malaysia, Singapore, Hong- Kong, China& Japan found that nearly 51% of the organizations framed formal diversity policies and procedures in work place. Even at Jack Ma's Alibaba company women holds only 37% of senior management levels compared to men.

**Rhett (2018):** "If women ran the world, there would be no wars". It's an old stereotype, and as per the Morgan Stanley report, more gender- diversity, in corporate organizations can leads to higher productivity, greater innovation, better products, decision-making, employee retention and satisfaction. As, per the data compiled by 24/7 Wall Street which is compiled by led better a research group reported that of the 234 companies that own almost of 2,000 of the world's recognized consumer- brands, only 14 of the countries had female CEO's, and nine of them have no women at senior level executive positions.

**Yoni (2018):** If, we observe the world's largest 500-companies, only 10.9% of women are in senior executive's role, according to weber schandwick's gender forward pioneer index. Apple the world's number.1 position in the fortune's list also has limited participation of women at C-Suite levels at their board. (Out of 109 executives, only 19 are women). Coming to understand the meaning of diversity it is not across gender but related to cultures.

**Judith warner (2017):** The 20<sup>th</sup> century has brought significant changes and progress in women advancement in the United States, where by gender gap among men and women have lessened in majority of professions. Women percentage in climbing the management ranks steadily increased, but still the progress is uneven. If, we go back to past in the year 1980, there were no women in the top executive ranks of fortune 100, in the year 2001, it is by 11%, and the next years increased to 72% points, and 94% from 1997 to 2009, and their share in top executive positions increased from 2.8% points. In 2011 women's share in top management positions is less than 9%, in 2016 it is 18% of S&P 1500 board sets.

**Cindy Pace(2018):**Majority of the women in U.S opined that they are suppressed on racial and ethnic identity. Most of the women also opined that the organizations have to promote and maintain gender- diversity by giving equal opportunities to women with men. If, this could be possible alone in USA itself women can generate \$ 1 trillion as consumers, and \$361 billion in revenue as entrepreneurs, launching companies at 4X the rate of all women-owned business.

### **Women workforce across the Globe**

Across the globe progressive outlook on gender – diversity has stalled. To, achieve equality at work place; companies must turn good intentions into concrete action. To, achieve equality at work – place, companies has change their outlook towards women workforce employed in their organizations. As, per the recent survey conducted by Mc Kinsey in partnership with Lean In. Org, titled women in the workplace in the year 2018 and the data is collected from 279 companies employing more than 1.3 million, and surveying of over 64,000 employees and also by conducting a series of qualitative interviews. The, results of the survey is astonishing that still women are under – represented in senior management roles across the globe.(**Alexis & Lareina Yee.**)

To, promote equality at the working place hiring and promotional opportunities will be crucial. Although women earn more bachelor’s degrees than men, but still there are less likely to be hired in the entry – level jobs. The, survey also revealed that women representation in higher level manager jobs, are less when compared to male.(**Alexis & Lareina Yee.**)

### **The Global Picture**

It is a known fact in each and every job that is created men participation in labour – markets are higher than the women participation. If, we observe the statically data we can see that women work-force participation in numbers for most of the countries are well below 100%. In, some countries such as Syria, Algeria the ratio is below 25%. And, in contrast in Laos, Mozambique, Rwanda, Malawi and Togo the participation of women work-force is slightly equal and above to 100%.(**Esteban & Sandra**)

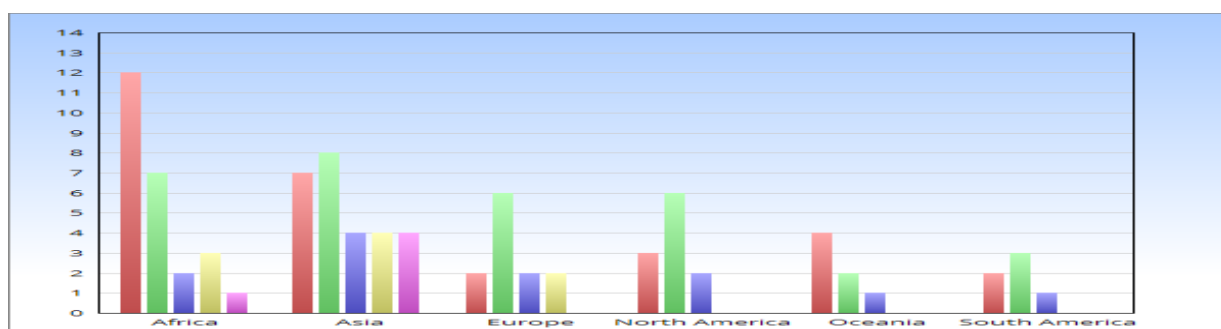
The following table shows the female work – force participation globally across 5 regions

<b>AFRICA</b>	
80%	Burundi, Mozambique, Ethiopia, Tanzania, Democratic republic of Congo, Ghana, Angola, Zambia, Uganda, Kenya, Botswana, Nambia etc.
60%	Liberia, Gambia, Senegal, Nigeria, South Africa, Gabon, Eswatini etc.
40%	Comoros, Mouritania
20%	Sudan, Libya, Egypt
0%	Algeria
<b>ASIA:-</b>	
80%	Nepal, Cambodia, Vietnam, China, Thailand, Singapore, Macao etc.
60%	Tajikistan, Myanmar, Indonesia, Maldives, UAE, Japan, Hong-Kong, Qatar etc.
40%	Bangladesh, India, Srilanka, Turkey
20%	Afghanistan, Palestine, Saudi-Arabia& Oman
0%	Yemen, Jordan, Iraq & Iran
<b>EUROPE</b>	
80%	Ice-land, Sweden
60%	Belarus, Russia, Germany, Poland, France, Ukraine etc.
40%	Moldova, Italy
20%	Bosnia and Herzegovina
0%	-
<b>NORTH AMERICA</b>	
80%	Haiti, Bahamas, Barbados
60%	Jamaica, USA, Belize, Honduras, Trinidad and Tobago etc.
40%	Puerto – Rico
20%	-
0%	-
<b>OCEANIA</b>	
80%	Papua New Guinea, Solomon Islands, New-Zealand& Australia

60%	Tonga, Fiji
40%	Samoa
20%	-
0%	-
<b>SOUTH AMERICA</b>	
80%	Peru, Colombia
60%	Bolivia, Brazil, Argentina
40%	Guyana
20%	-
0%	-

**Table – 1: Female work – force participation globally across 5 regions( Source: World Bank Data)**

From, the above table it is true that as the time changes, the female work force participation rate today across the globe is higher than when compared to the last 3 decades, and this is true in majority of the countries across the globe.



**Figure – 1: Female work – force participation globally across 5 regions(Source: World Bank Data) 80%, 60%, 40%, 20% and 0% respectively.**

### Indian Scenario

In, the year 2012, only 27 percent of adult Indian women had a job, and nearly 20 million women had dropped out between 2005 to 2012, which is equal to the entire population of Sri – Lanka. (Annette Dixon) and, if we observe the ranking position of India in female work – force participation the rank stood at 120 among 131 countries which is very alarming for a country like India. (Annette Dixon)

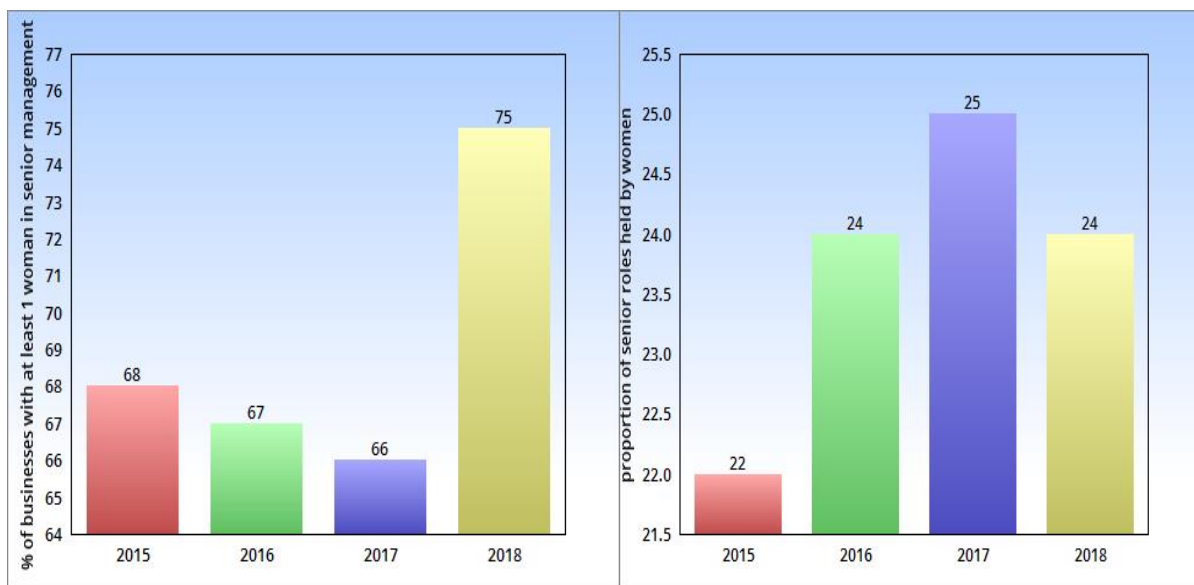
As, per the news published in the tribune, voice of the people India's female labour force is declining over the years (25%). If, we observe our neighbouring countries Pakistan (27%) and Bangladesh (3 times higher) and their country's women workforce participation is higher than India. And coming to the GDP contribution of women participation in India is around 17%

only which is less than a half of the global average. India could boost its overall female participation growth by 1.5 percentage points to 9 percentage per year if around 50% of women could join the work – force. **(Annette Dixon)**

### Gender – Diversity in Leadership Roles

Coming to the India's ranking in Gender – Diversity is improved by 20 % of women in leadership and senior level positions. **(Grant Thornton Report)**. And, if we observe the comparison between the years 2017 & 2018 it showed a steady growth in the women leadership positions an increase from 17% to 20%. But, in the year 2014 it is only 14%. And, as per the report findings majority of the respondents (30%) in India opined that most of the organizations have no women on the leadership roles. **(Grant Thornton Report)**.

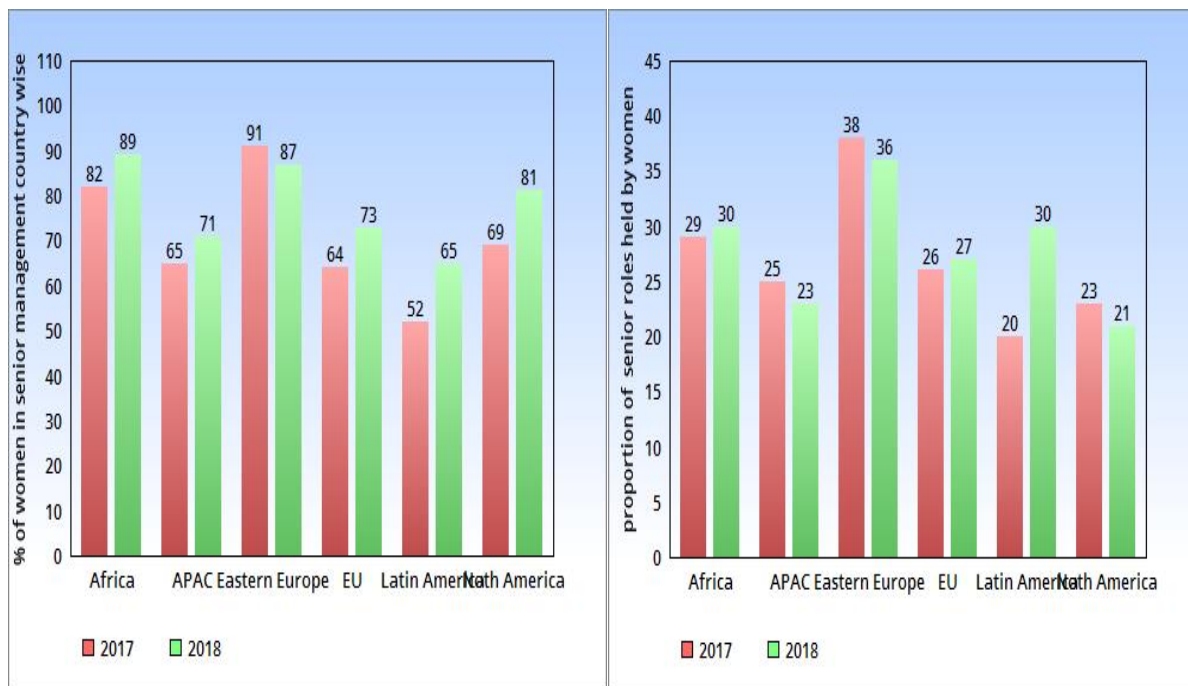
The following figure shows the Female Representation & Proportion in senior – management levels over the past 04 years



**Figure 2: Female Representation Proportion in senior – management levels over the past 04 years. Source:**

**Figure 3: Female Proportion in senior – management levels over the past 04 years. Source: (Grant Thornton**





**Figure 4: Percentage of Businesses with at least one women in senior – management levels. Source: (Grant Thornton Report).**

**Figure 5: Proportion of Businesses with at least one women in senior – management levels. Source: (Grant Thornton Report).**

The following figures show the percentage and proportionate with at least one woman in senior management positions over different regions across the globe. Clearly, a declining trend up to 1% until the year 2017 and increased by 95% in the year 2018. And, coming to the proportion of women in senior roles, it started to increase from 22% to 25% in the year 2017, and decreased by 1% (24%) by the year 2018. And, coming to the figures representing both percentage and proportionate of women in senior – management roles is also alarming. Gender – Diversity in emerging economies like Africa and Eastern Europe is leading the way, and Latin – America showed the biggest increase in the percentage of businesses having at least 1% of women in senior – management positions.

But, coming to the scenario of North – America and other developed regions such as the European Union, it has shown a significant rise, but compared with the proportionate of senior – levels held by women across the various countries shown in the above figure, it has marginally declined. And, emerging economies in the case of proportion of senior roles held by women demonstrated higher gender – diversity, and Eastern Europe leads the way.

Coming to Gender – Diversity Equality, where a lot of companies pay their attention now – a – days because of increased media scrutiny and incidents relating to diversity. But, coming

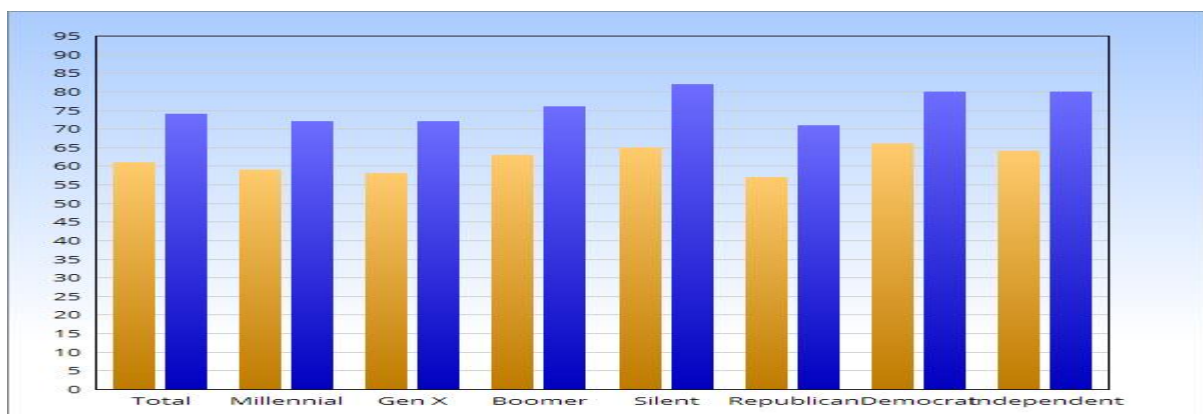
to reality in organisations there is still pretty darker side prevailing when coming to Gender – Diversity in work – place especially C- Suite roles (20%), according to a study conducted by LeanIn. Org and McKinsey report in the year 2017.( **Kaleigh – Moore**).

But, now the bigger question is how to promote Gender – Equality?And, the answer given by Marlene Gordon – Vice – President Bacardi, North – America opined that: Full and active commitment by senior – leaders in their organization, women in leadership will remain a “**much talked about goal**”. Jelly – Vision is one of the company is maintaining 50/50 split of women and men both in C – Suite roles and company wise. And, as per Jamie – Richardson, Vice – President of Whistle – Castle, shared his views that ten years ago, all the C – Suite management roles was held by men (100%) only, but now the scenario has totally changed where the women participation in same roles is 56% and this is possible through the efforts like what we call “LEAN – IN – CIRCLES”. (**Kaleigh – Moore**).

### What’s the force that is holding back?

Most of the Americans still believe that men have a better chance at C – Suite positions in business and even in politics. Most of them believes that (4 – in – 10) women has no role in senior management or leadership roles is of because:- 1. Family – Responsibilities, 2. Inexperience, 3. Women not being tough people. (**PEW Research Centre**).

The following figure shows the percentage of saying it is easier than men to get into top executive – positions in business.



**Figure : 6 :** Shows the percentage of saying it is easier than men to get into top executive – positions in businessSource:(**PEW Research Centre, 2014**)

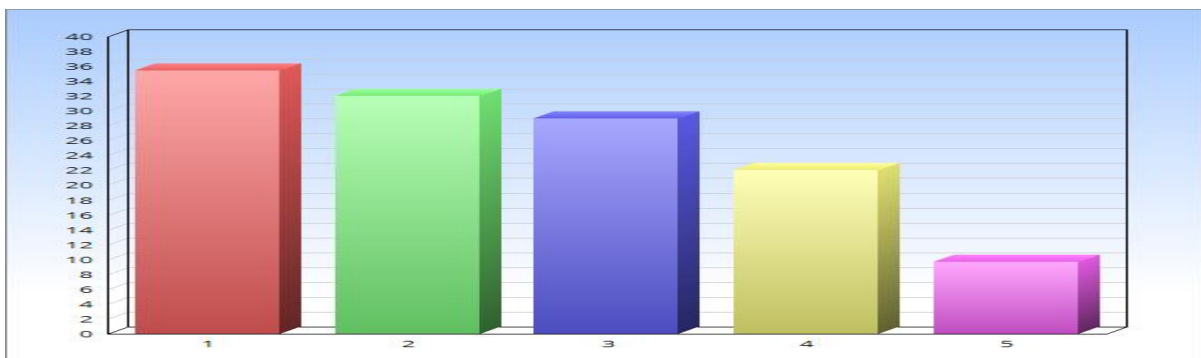
### Yellow Indicates: Men, Blue Indicates: Women

From, the above figure it is very clear that majority of women opined (6- in – 10), men has still has good chances in senior level positions compared to women in any kind of business. If, we

observe the figure millennial & boomer women are 13% points more likely than their counterparts showing easier for the men to occupy the executive positions, and 14 – point gender gap among Gen – Xers, and 17 – point gap among the silent generation. **(PEW Research Centre)**.

And, as per 20<sup>th</sup> FTSE (Financial Times Stock – Exchange) women on boards report, showed a sharp decline or drop in the number of women occupying the positions of CEO or CFO. At present there are only 30 women in full – time executive roles at FTSE 250 – Firms that indicated a downfall from 38 when compared to last year, including 6 female chief – executives and also 19 female CFO's. **(JuliaKollewe)**.

The following figure shows the percentage of women on various positions



**Figure:7:** shows the percentage of women on various positions, **Source: (Guardian Graphic, Cranfield – University)**

The following are some of the good practices implemented by some of the successful companies in increasing the proportion of female at senior level positions **(Conference Board)**

Promoting Talent and proper succession planning.

Mentoring and coaching programs.

Offer job rotation.

Continuous measurement.

Creating a supportive working environment.

Through proper motivation by highlighting the success stories of successful women.

Proper senior management support.

## How to break Glass –Ceiling

According to the Women Workplace Report 2015, if at this current speed if women advance, we are 25 years away from achieving gender – equality at senior vice – president level, and coming to C – Suite level, we are more than 100 years away. **(Amy Power)**.

As, the global workforce is changing its shape into new dimensions, everybody knew that we are nearly 20 years into the new millennium and still in most of the organizations Glass – Ceiling still exists, and it is a shame but it's a fact of life and reality to be accepted. **(Business Women India)**. And, if we see there are certainly some women who has crashed those ceilings, and showed their guts and determination in driving away this invisible force. . ( **Business Women India**). If, once women decided to work seriously and competing in the workplace, it's no wonder that men closed ranks.

The following are some of the examples of women's list who have broken this invisible force named: Glass – Ceiling and stood as a inspiration for the rest of women workforce across the globe.

- Mary Barra, Chairman & CEO of General Motors
- IndraNooyi, Chairman & COO of Pepsi Co.
- MarillynHewson, President & CEO of American aerospace company Lockheed Martin.
- Isabelle Kocher, CEO of French Multi – National Utility company Engie.
- Feng Ying Wang, CEO of Great Wall Motor China.
- Ruth Porata, SVP & CFO of Google.
- Meg Whitman, COO of Hwelett Packard.

**(Source: Forbes and Fortune 2017 most powerful women in business.)**

## Conclusion:

Most of the organizations still claim that Glass Ceiling is no way a barrier for women in their career advancement, but in reality it is not true that still women were underrepresented in seniormanagement levels across various businesses. Many think that Glass Ceiling and Discrimination is similar but they have different meanings, and as long as Gender – typing continues in the workplace the women is held back in reaching the upper rungs of Corporate Ladder in many organizations.

It is the measures that the companies has to take to drive away this invisible force by treating both women and men on equivalent terms and creating equal opportunities for their career

development and advancement in reaching greater heights in their job. Companies across the globe has to take adopt strict procedures to reduce the gender stereotyping and promoting equal opportunities for the women to occupy higher ladders. And, finally the term Glass – Ceiling is not a myth it is an invisible barrier and force that stops women in reaching greater heights, and still women fighting very hard to break that glass to promote equality in workplace.

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## HUMAN DEVELOPMENT DISPARITIES IN KARNATAKA

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**Denis Silayo**

**Wajeeda Bano**

<sup>1</sup> P.G student, Department of Studies & Research in Economics, Mangalore University,

<sup>2</sup>Assistant Professor, Department of Studies & Research in Economics, Mangalore University,

Email:dmsilayo@gmail.com, wajeedabano@gmail.com

### **Abstract**

The concept of development has been significantly changed over the last few decades. It is an accepted fact that economic advancement alone cannot reflect the overall improvements in the quality of life. This leads to a change in the process of understanding the development itself and Human Development which reflects the levels of well being of the population is considered as a better tool for measuring the development across and within the countries. Karnataka is one of the better performing states in India in terms of human development indicators like literacy rate, infant mortality rate and life expectancy etc. In last few decades Karnataka has made tremendous development in the field of education and health care service. But most of development remained urban centric and this growth is unequal there are prevalence of growth disparities between the districts. With this background the present paper aims at analyzing the human development disparities between different districts of Karnataka also aims at suggesting ways to reduce these inequalities. This study attempts to make a comparative study of the three most advanced districts based on GDI value of 2001 ranking ( Bangalore Urban, Dakshina Kannada and Udupi districts ) and three most backward districts in Karnataka (Raichur, Gulbarga and Chamarajnagar) respectively.

**Key words:** Human development, inter district disparities and growth.

## Introduction

Today the concept of development process is more a complex phenomenon than a mere growth in domestic product alone. As it is an accepted fact that the economic advancement alone cannot reflect the overall improvements in the quality of life. Therefore, there is a need to look into human development indicators like health, education and standard of living of people while assessing over all development of a country. Human development involves the exemplification of the indispensable objective of creating a situation in which people can happily enjoy a healthy life with wider range of individual able choices for a long period; this was expressed and defined in the first UNDP Human Development Report of 1990. From this meaning one can crystallize three significant objects of this definition they are having a healthy life, low illiteracy and having a standard of living remarked as decent. Every individual desire to have wider range of choices that are deemed to be acceptable at any level of development, thus having good health and a level of education socially high with a command in resources to enable him or her enjoy life.

Karnataka is one of the top 10 states of India in terms of its performance on development indicators. The basic literacy rate in Karnataka is 75% better than all India average even health indicators like birth rate death rate, infant mortality rate and life expectancy are better than national average. Karnataka is emerging state in terms of technology and remained one of the sought after state for higher education. Karnataka state has the highest number of medical and paramedical colleges in India. In last few decades Karnataka has made tremendous development in the field of education and health care service. But most of development remained urban centric and this growth is unequal there are prevalence of growth disparities between the districts.

Table-1 Selected Health Indicators in Karnataka

Indicator	Karnataka	India
Birth rate	18.1	2
Death rate	6	6.7
Mother Mortality rate	133	167
Infant mortality rate	31	40



Under 5 mortality rate	35	39
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Source: NFHS 4

Table- 2 Literacy rate in Karnataka

<b>Literacy rates</b>			
	<b>Karnataka</b>		<b>India</b>
Year	2001	2011	2011
Persons	66.64	75.6	74.04
Males	76.1	82.85	82.14
Females	56.87	68.13	65.46

Source: Census report 2001-2011

## Literature review

Till 1971 the economic growth model based on “trickle-down” mechanism focused on physical aspects of savings, investment and economic growth. A mere increase in national income or output did not guarantee an improvement in the quality of people’s life in general and weaker sections of the society in particular. Amidst high rates of economic growth, human poverty, social exclusion, vulnerability, gender discrimination, crimes, etc., continues to be widespread and persistent among different sections of the society. Evidence demonstrated that the assumed “trickle-down effect” did not take place.

According to Dreze and Sen, there is no inevitable connection between economic growth and the quality of life. According to Mahbubul Haq, architect of human development argues that in many societies Gross National Product (GNP) can increase while human lives shrivel (Haq, 1999: 4). Human Progress does not take place automatically and higher income is no guarantee for a better life. Hence, the focus of development shifted from economic growth based on “trickledown mechanism” to economic development based on “basic needs approach” in the 1980s and to human development based on “capability approach” in the early 1990s.

Accordingly, per capita Gross Domestic Product (GDP) or Gross National Income (GNI), as an index for economic development is considered to be inadequate in measuring the comforts and well-being of the people. Human development approach, as developed by Amartya Sen and

MahbubulHaq, which puts people at the centre of the development, considers economic growth as a means to development, but not merely an end in itself. Therefore, human development is defined as a process of enlarging people's choices as well as raising the level of wellbeing already achieved (UNDP, 1990). Income earning is one of the choices but it is not the sum of all choices. Attainment of better education, health, physical environment and equalization of opportunities to participate in political, social and economic domains of life, freedom to exercise their rights, personal self-respect, etc., are also as important as income. These choices can be infinite and can vary over space and time. It focuses on two sides of development: one is on the formation of human capabilities, such as improved health or knowledge and other one is on the use of their acquired capabilities for work or leisure (UNDP, 1990). From human development perspective, it is the removal of the obstacles that a person can face in his life such as poverty, illiteracy, ill health, lack of access to resources, or lack of civil and political freedoms (GoI, 2010). Therefore, people are the real wealth of a nation, and human development is about creating an environment in which people can develop their full potential and lead productive, creative lives in accordance with their needs and interests (UNDP, 1990: 9).

In India among the dominant platforms for budgetary planning discussions, policy review and policy setting by the central and state government geared towards development, which is a key for sectorial objectives in the various dimensions. Several studies undertaken on topics related to higher education, economic growth, health infrastructure and poverty alleviation in India found that there are inequalities in the growth of human development, which they have examined on the basis of indicators like gender, caste, religion, regions and economic groups. Some of these studies have also considered inter-state inequalities and inequalities between rural and urban population. And these studies have suggested serious attention of the policy maker to address these various dimensions of inequalities so that equity in growth and development can be achieved. Many researchers have conducted state level studies and found existence of these disparities, like Basavaraj et al (2017) studied the disparities in human development of Hyderabad Karnataka region and compared human development indices for various taluk's of the region and found out that variations in taluk human development in Hyderabad Karnataka region and concludes that the government has to take measures to rise facilities for human development especially in the villages, this include health, education, and infrastructure that is necessary requirement for creating employment opportunities, which will indeed improve the living standards.

Qasim, M & Chaudhary, A. R. (2015) conducted a cross district analysis of the determinants of human development in Punjab, the results of this study gave a suggestions to the government to increase the level of human development through provision of incentives to investors as well as facilitate infrastructure development to trigger further industrial development in the districts with low intensity of industrialization. The study further pointed out the necessity for making underdevelopment as the basic consideration for budget allocation.

Radhika (2016) conducted a study about regional disparities in human development in the case of erstwhile Andhra Pradesh, mapping regional disparities within the region. Her study revealed a clear case of polarized growth in the case of Hyderabad and its surroundings, and similar trends in the Vizianagaram district, as well as in the Rayalseema region. Further the study advocates for the spatial analysis tool which clearly showed the disparities and calls for special attention on the areas to ensure equality in human development.

However this study attempts to make a comparative study of the three most advanced districts in Karnataka and three most backward districts in Karnataka. Choice of these districts is based on Karnataka Human Development Report of 2005 where the districts are ranked based on the GDI value of 2001 in which the most advanced districts were Bangalore Urban, Dakshina Kannada and Udupi with GDI value of 0.731 and 0.714 and 0.704 respectively. Most backward regions were Raichur, Gulbarga and Chamarajnar with GDI value of 0.530, 0.543 and 0.557 respectively.

## **OBJECTIVES**

1. To analyze the human development disparities between different districts of Karnataka.
2. To suggest ways to reduce these inequalities.

## **METHODOLOGY**

This study attempts to make a comparative study of the three most advanced districts of Karnataka based on GDI value of 2001 ranking ( Bangalore Urban ,Dakshina Kannada and Udupi districts ) and three most backward districts in Karnataka( Raichur, Gulbarga and Chamarajnar)respectively. In studying the disparities in human development in Karnataka this paper is using secondary data which is obtained from India's census reports, Economic survey of Karnataka, Human Development reports, annual report of registration of birth and death, published data on India's official websites.

## Profile of Karnataka state

Karnataka is located in the Deccan Plateau and one of the four southern states of India, it borders with Maharashtra, Goa, Andhra Pradesh, Tamil Nadu and Kerala. The total population of Karnataka is about 6.11 crore (2011 census) comprising 3.1 crore males and 3.01 crore females. Out of the total population, 3.75 crore are in rural areas whereas 2.36 crore population are in urban according to 2011 census. The number of districts have undergone some changes, up to the current number of districts is 30 in total after Yadgir district was carved out of Gulbarga district and officially declared the 30th district of Karnataka in December 2009.

The state has a gross income of Rs 12,68,881 crore compared to Rs. 1,66,27,584 crore of all India and a state net per-capita income at current prices of Rs 1,74,551 compared to Rs. 1,11,782 of all India in 2017-18 with a growth rate of GDP at current prices is 9.0 percent. In any development process people (human) forms the core point of analysis and advocating of the entire process, in the first Human Development Report 1990 by the UNDP spiff up the necessity of the real development is in stretching the scope of peoples choices stressing on their effectiveness in fulfilling ones needs and desires, capacity to maintain long and health life, access to knowledge enabling sound decisions and conscious mind with a pleasant living standard. Karnataka has been the second state in India to publish its first Human Development Report in 1999 since the publication of the first report by UNDP; its second Human Development Report 2005 was published in 2006. In order to identify the gaps in the process of development and identify areas of intervention at the grassroots level, Karnataka published report called Human Development performance of the GramPanchayats in Karnataka 2015.

Table 3: Population statistics of the selected districts of Karnataka

Advanced Districts	Area	Proportion to Karnataka Population	
	Sq Km	2001	2011
Bangalore Urban	2190	12.37%	15.75%
Dakshina Kannada	4843	3.59%	3.42%
Udupi	3598	2.10%	1.93%
<b>Backward Districts</b>			
Raichur	5559	3.16%	3.16%
Gulbarga	16224	4.11%	4.20%

Chamarajnar	5685	1.83%	1.67%
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Source: Census Report 2011

The population in the districts has been increasing over the years Bangalore Urban being the most populated districts among the chosen districts followed by Gulbarga, Dakishina Kannada, Raichur, Udupi and Chamarajnar is the least most populated of the six districts in the given data up to the year 2011.

### Human development indicators

**Health:** Health is a state of having physical and mental fitness free from diseases and any form of injury. Health status is essential for the overall process of development as through having healthy labor in production assurance of quality output from the labor. If people suffer from diseases or are having injuries their efficiency morale becomes highly questionable and will lead to results that are irrational, making poor decisions, performing less in employment, managerial stress and unsettled mind.

With good health development becomes smooth process as in every sector, activity or production undertaking will be worked out with much efficiency and effectiveness making rational decisions. There is a direct relationship between health and labor productivity.

Table 4: Health Statistics of the selected districts of Karnataka

Advanced Districts	Health Index			Life expectancy at Birth		Crude Death rate		Crude birth rate		Infant Mortality Rate	
	1991	2001	2011	1991	2001	1991	2001	1991	2001	1991	2001
Bangalore Urban	0.663	0.705	0.919	64.8	67.3	6.8	6.1	26	19.6	64	45
Dakishina Kannada	0.683	0.707	0.848	66	67.4	6.2	6	25.5	18.4	59	44
Udupi	0.685	0.713	1	66.1	67.8	6.2	6.1	25.4	15.8	59	45
<b>Backward Districts</b>											
Raichur	0.59	0.648	0.11	60.4	63.9	8.5	7.6	30.3	27.8	80	59
Gulbarga	0.575	0.632	0.398	59.5	62.9	9.9	9.1	31.2	28	94	67
	0.625	0.642	0.607	62.5	63.5	8.3	7.8	26.9	18.6	79	57

Chamarajnagar											
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Source: Karnataka Human Development Report 2005, Government of Karnataka Annual Report on the Registration of Births and Deaths Act, 2011

Table 4 reveal high infant mortality and low life expectancy when compared to the advanced districts, health index is also very low in the backward districts compared to the advanced districts. Difference is low among the advanced districts themselves and in such as in Udupi and Dakshina Kannada for the year 1991 the rate of infant mortality and crude death is the same while crude birth rate they differ by 0.1 health index in the same year they differ by 0.002. Also for Bangalore Urban and Udupi for the year 2011 the health index differ by 0.081, and for 2001 the infant mortality is the same. Health statistic in the selected districts show large difference exist between the advanced and backward states and also found low degree variation among advanced districts.

Over the years in the backward districts, Raichur that is the most backward according to this study the health index has being very unstable during 1991 it had an index of 0.59 better than Gulbarga and in the 2001 it was better than all the other two backward districts but during 2011 it falls below all the backward districts falling by 0.538 showing the disparities really vary in the human development having instability behavior especially in backward districts.

**Education:** Transferring knowledge to make sound decisions and understand matters of a general and particular field attained by being educated and reflected from the decisions someone makes human development include the level of literacy that a person has or a level of education attained by him or her. In every economic activity without knowledge it becomes very difficult to gain or benefit from the activity that someone is undertaking given that the resources are very scarce.

Education is important in transforming and bringing productivity of man power. With good training and education people are able to transform into quality living make decisions that fruitful to their living. Education shapes people's behavior in life and make them live a life that accounts health, happiness and rational decision from individual point of view as well as business unit or public. Poor education erodes confidence and manifests feeling of insecure, doubtful choices, maximizing dependency on decision, advice and complaining nature and make people more vulnerable.

Table 5A: Education Statistics of selected Karnataka districts

Advanced Districts		Literacy			Education Index		
		1991	2001	2011	1991	2001	2011
1	Bangalore Urban	76.27	82.96	87.67	0.757	0.887	0.868
2	Dakshina Kannada	76.74	83.35	88.57	0.799	0.823	0.6
3	Udupi	74.47	81.25	86.24	0.83	0.842	0.76
Backward Districts							
1	Raichur	34.34	48.81	59.56	0.372	0.524	0.231
2	Gulbarga	38.54	50.01	64.85	0.432	0.572	0.659
3	Chamarajnar	38.19	50.87	61.43	0.446	0.57	0.452

Source: Karnataka Human Development Report 2005, Economic Survey of Karnataka 2017-18

Table 5A shows literacy and education index for the year 1991, 2001 and 2011 of selected districts; high disparities exist between advanced and backward districts. Raichur has low literacy rate with a difference of over 30 percent when compared to the most advanced district Bangalore Urban.

Raichur the most backward districts has the wide difference in both literacy and education index. Gulbarga and Chamarajnar have little difference 1991 and 2001 in both literacy and education which shows a difference in literacy rate of 0.35 and 0.86 in 1991 and 2001 respectively while in education index differ by 0.014 in 1991 and 0.002 in 2001. Table 5B shows that in all districts female are the most illiterate. Over the years the literacy rate has improved for both male and female and the rate of increase in the Backward districts is more than the advanced districts example in Bangalore Urban female literacy increase from 1991 to 2001 is by 8.67 percent, and from 2001 to 2011 is by 6.53 percent.

Table 5B: Male and Female Literacy in the selected districts of Karnataka

Advanced Districts	1991		2001		2011	
	Female	Male	Female	Male	Female	Male

1	Bangalore Urban	68.81	82.94	77.48	87.92	84.01	91.01
2	Dakshina Kannada	68.84	84.88	77.21	89.7	84.13	93.13
3	Udupi	66.64	83.58	75.19	88.23	81.58	91.41
<b>Backward Districts</b>							
1	Raichur	21.7	46.75	35.93	61.52	48.73	70.47
2	Gulbarga	24.49	52.08	37.9	61.77	55.09	74.38
3	Chamarajnar	28.6	47.31	42.48	59.03	54.92	67.93

Source: Karnataka Human Development Report 2005

while Female literacy in Raichur increased between 1991 to 2001 is by 14.23 percent and from 2001 to 2011 is 12.8, the same case is for men where in Bangalore Urban male literacy increase from 1991 to 2001 is by 4.98 percent and increase from 2001 to 2011 is by 3.09 percent, while in the backward districts male literacy increase from 1991 to 2001 is by 14.77 percent and from 2001 to 2011 is by 8.95 percent which is same case for the other districts. And this trend shows that the difference decreases between advanced and backward districts since the increase in backward districts is more than the increase in advanced districts.

**Income:** In measuring human development income forms an important part, due to the fact that it reflects someone's ability to command resources for to satisfy his needs, thus purchase of goods, payment for services. Thus someone is free in making decisions, the degree to which a person can make decisions depend with the income that one has, the more money he or she has the more freedom he/she has to make alternative choices and decisions.

An increase in income marks the ability of someone to make decisions to choose the quality of goods depending on the amount of money he/she can spend to obtain the good, also the service that a person can pay for is determined by the income he/she has. Increase in income in a society will definitely lead to development and stimulate the standard of living as Keynes psychological law of consumption says that consumption increases with income with an increase in income people can spend on their health which will improve the quality of life. If they are healthy they can positively contribute to development.

Table 6: Income Statistics of the selected districts of Karnataka

	Per-capita Income (NDDP) (Rs)		Living Index	Standard	Income Index	
	2012-13	2015-16	2011		1991	2001
<b>Advanced Districts</b>						



1	Bangalore Urban	271387	320346	1	0.44	0.66
	Dakishina				9	6
						0.63
2	Kannada	218580	240448	0.647	0.5	6
					0.46	0.58
3	Udupi	176479	202618	0.405	3	8
	<b>Backward Districts</b>					
1	Raichur	73851	78057	0.179	0.36	0.46
					7	9
					0.35	
2	Gulbarga	67886	65493	0.256	2	0.49
					0.39	0.51
3	Chamarajnaragar	93059	99988	0.234	2	8

Source: Economic Survey of Karnataka 2015-16, 2017-18, Karnataka Human Development Report 2005, Economic Survey of Karnataka

Table 6 shows trends in the income in both backward and advanced districts. The income index shows that most backward district (Raichur) has the lowest increase from 1991 to 2001 with an increase of 0.102. Bangalore Urban has the highest increase of 0.217 followed by Gulbarga, Dakishina Kannada, Chamarajnaragar and Udupi with increase of 0.138 and 0.136 and 0.126 and 0.125 respectively.

Living Standard Index shows Bangalore Urban has the highest Living standard Index in the advanced districts with an index of 1 followed by Dakishina Kannada with an index of 0.647 and Udupi with 0.405. Among the backward states Raichur has the lowest with an index of 0.179 followed by Chamarajnaragar with an index of 0.234 and Gulbarga with a standard of living index of 0.256.

### Measurement of Human Development

In the 1990 the UNDP contributed to the understanding of the human welfare introducing the Human Development Index which determine the achievements of human capabilities taking into account Income, Health and Education. It covers longevity measure by life expectancy at birth, education attainment combining adult literacy and enrolment ratios at primary, secondary and tertiary level, and standard of living measured by per capita real GDP.

Table -7 Human Development Index of the selected districts of Karnataka

Advanced Districts		HDI		
		1991	2001	2011
1	Bangalore Urban	0.623	0.753	0.928
2	Dakshina Kannada	0.661	0.722	0.691
3	Udupi	0.659	0.714	0.675
Backward Districts				
1	Raichur	0.443	0.547	0.165
2	Gulbarga	0.453	0.564	0.407
3	Chamarajnagar	0.488	0.576	0.401
Karnataka		0.541	0.65	0.508

Source: Karnataka Human Development Report 2005, Economic survey of Karnataka, Census 2011

Table 7 shows the various HDI values for the advanced and backward there is variation in the changes over the years. Bangalore Urban shows less value of HDI of 0.623 among the advanced districts in 1991 but this value increases and becomes higher than the other districts in the year 2001 and 2011 by having values of 0.753 and 0.928 respectively. The advanced districts values of HDI increases over the years though at different rates. Backward districts have less values compared to advanced districts and this values increase from the year 1991 to 2001, but falls in the year 2011 for all backward districts.

### Findings and Suggestions

Based on HDI values the present study found though all the districts i.e. both advanced and backward districts of Karnataka have improved their performance over the years. But comparative analysis shows that growth is unequal and their exist disparities between the advanced and backward districts

Table - 8 Percentage disparities in Human Development Index of the selected districts and Karnataka state

Districts	Karnataka		
	1991	2001	2011
Bangalore Urban	-7.04	-7.34	-29.25
Dakishina Kannada	-9.98	-5.25	-15.26
Udupi	-9.83	-4.69	-14.12
Raichur	9.96	8.60	50.97
Gulbarga	8.85	7.08	11.04
Chamarajnar	5.15	6.04	11.77

Sources: manipulated data by authors own analysis based data from Human Development Reports, Economic survey reports, Census report 2011

In table 8 the negative values shows that the district HDI is higher than the state HDI and the positive values show that the state HDI is greater than the district HDI. Advanced districts have a high level of human development compared to the overall state level of human development. This means that in accounting for the level of human development the advanced states account more for a high level than the less advanced districts. The disparities clearly show the advanced districts contribute much in the state to have a high value of HDI however the backward districts restricts the reflection of overall human development to be considered at a high standard.

Among the advanced districts the HDI values are higher than the state HDI with Dakishna Kannada having the highest value in 1991 higher than the states HDI by a value of 9.98 and Bangalore Urban having highest value for the years 2001 and 2011 with value higher than the states value by 7.34 and 29.25 respectively. Raichur has the lowest HDI value among all the districts compared to state's HDI in all the years and in 2011 almost twice its value is the states HDI by having a difference of 50.97. Variation exist in the changes of the HDI values over all the states having different rates of changes, by having uneven changes and difference compared to the states HDI value indicate uneven human development among the districts of Karnataka.

The state government can increase the level of human development by applying certain measures to enable the backward districts to increase the level of human development. Some of the measures which the government can embark include; adopting policies that would increase expenditure in the backward states, to raise the level of education (entrepreneurial skills), income of individuals while creating employment opportunities, policies and programs that will initiate the rise in the health index as is very low in the backward districts.

The study further suggest scope for research in area related to growth disparities and human development. There is scope to do research related to different dimension of disparities like income, gender, rural and urban and caste group disparities and also the initiative needed to reduce these disparities.

### **Reasons for the existence of disparities in the selected districts?**

Backward district are more rural in nature with high dependency on agriculture for household income, compared to advanced districts where most of the people depend not only on agriculture for income but also from other sectors such as industrial, transport, trade and service. Our study found that the districts where the level of industrialization and urbanization is more HDI is high.

Level of Education is less in the backward regions contributing to un-employability of the people. hence they migrate to other advanced regions seeking manual work such as construction and industrial sectors, this stimulate the economic activities in the advanced regions and since these people receive low wage rate they settle in the regions that they have migrated to and don't have enough to invest back to their former places of origin.

Lack of social and economic infrastructure; better community and social services such as hospitals, schools, collages, transport, communication and markets are concentrated more in the advanced districts compared to the backward districts manifesting the disparities as people strive to benefit or obtain the services away from their place of settlement.

Historical reasons; Furthermore most of the advanced districts since the colonial period were either important political or commercial centre and they were developed compared to other areas so after the colonial period the progress of the advanced districts was easy compared other districts that were not dominated and developed by colonialist who settled in those areas.

More concentration of marginal groups; Most of the backward tribes are highly prevalent in the backward districts compared to the advanced districts, according to the 2011 census report shows that out of the total population of Bangalore Urban 14.44% are SC's and ST's, Dakshina Kannada 11.03%, Udupi 10.9, While in the backward districts the percentage of SC's and ST's out of the total population is 39.82 in Raichur district, 27.82 and 37.2 in Galbarga and Chamaragnar respectively. As these communities are historically disadvantaged communities having low level of education with less income and suppressed with poverty and were subject to social exclusion and negligence.

Urbanization according to the economic survey of 2017-18 the average urbanization of the chosen advanced districts is 55.6 while that of the backward districts is 25. Showing that backward district are less urbanized compared to advance districts.

## Conclusion

No doubt Karnataka state is one of the top 10 states of India in terms of HDI. But within state we find most of districts have improved their performance on all indicators. However, disparities exist between advanced and backward districts. Disparities in terms of human development deter the attainment of the objectives within various policies, welfare program initiatives and social security programs that aims towards reducing inequalities, improving welfare, wellbeing, increasing income of households which at the end increase the scope of opportunities that each individual can embrace and enjoy. Therefore there is need to encourage inclusive growth concept by allotting more funds to develop backward district and also increasing investment in human capital formation in these district.

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## INNOVATIVE ENTREPRENEURSHIP TRAINING

### -TOWARDS KNOWLEDGE DISSEMINATION

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#### **Dr.T. Lokeswara Rao**

Professor & HOD of MBA

Swarnandra College of Engg. College (Autonomous)

West Godavari District (AP)

Mail Id; drlokesh71@gmail.com

#### **M.V.V. Bhanu**

Asst.Professor

Dept. of Management studies

MRGR College of Engineering

Vizianagaram

#### **Abstract**

This paper is to analyze the concepts of 'Entrepreneurship training' and Knowledge dissemination in this broader context of technological innovations and the emergence of knowledge-based and technology driven economies. The organizational forms of knowledge production and dissemination today are required to play a role by training productive intellectual resource and generation of new knowledge that could be converted into wealth or social gains.

Training in entrepreneurship can help pupils and students become acquainted with their local working and business life and the challenges the local community is facing. The education and training system and working life must therefore become better at seeing the opportunities that lie in interaction and collaboration. The government therefore believes it to be important to implement training in entrepreneurship throughout the country, adapted to local and regional challenges, using existing workplaces as learning contexts.

**Keywords:** entrepreneurship, Innovation, Training, Education system.

## Introduction

Entrepreneurship is concerned with establishing new activities and about being able to perceive new opportunities and making them work in a number of social areas. Entrepreneurship competence is relevant for all areas of working and business life, in both new and established activities and enterprises. The Ministry of education and research, the Ministry of trade and industry and the Ministry of local Government and regional development believe it is important to make entrepreneurship in education and training board priority areas. Entrepreneurship in education and training may be both theoretically and practically oriented.

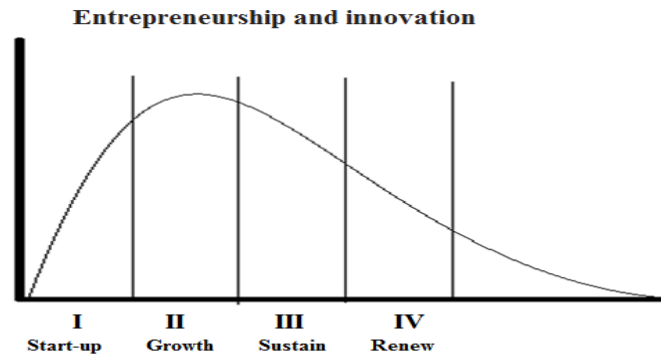
Training in entrepreneurship can be organized as a separate subject or be integrated as a way of working in other subjects. This action plan for entrepreneurship in training places emphasis on higher education. We must develop an education system that to a greater degree gives the pupils and students of today knowledge and skills adapted to the challenges of the future. Entrepreneurship can be a tool and a working method to stimulate learning in different subjects and in basic skills. Entrepreneurship in education and training may also further develop personal characteristics and attitudes. The training may focus on imparting knowledge on how to start one's own business and about innovative and ground-breaking processes in existing enterprises.

## Main theme

- Good practices and policies in promoting innovative entrepreneurship; innovation-driven start-ups and the academic spin-off as engines of innovative development.
- Support systems for new entrepreneurs.
- Women entrepreneurs in a changing economy.
- Innovations in management.
- Marketing at a time of change.
- Implementation of creative initiatives – from idea to business.
- Understanding the effect of Public Private Partnership (PPP) on the creation of an Innovation Nation
- Application of the Organizational Transformation and Leadership



## Entrepreneurship and innovation



Stages in life cycle	Start-up	Growth	Sustain	Renew
Creating commercial value	Individual entrepreneur Exploiting new technology or market opportunity	Growing the Business through adding new products/ services or moving into new markets	Building a portfolio of Incremental and radical innovation to sustain the business and/ or spread its influence into new market	Returning to the radical frame-breaking kind of innovation which began the business and enables it to move forward as something very different
Creating social value	Social entrepreneur, passionately concerned to improve or change something in their immediate environment	Developing the ideas and engaging others in a network for change – perhaps in a region or around a key issue	Spreading the idea widely, diffusing it to other communities of social entrepreneurs, engaging links with main-stream players like public sector agencies	Changing the system – and then acting as agent for the next wave of change

## **Innovation is the key to Entrepreneurship**

- Ninety-three percent of executives surveyed by global professional services company Accenture stated that innovation is critical to their company's long-term success. In the same survey, only 18 percent of executives felt their company's innovation efforts were providing them with an advantage.
- That means leaders know they need to innovate, but they don't have the strategies in place to get the results they want. Unlike some other business strategies, innovation does not come with a clear-cut blueprint. You cannot simply go from point A to B to C and then come up with a new or improved idea. Instead, you need to learn the rules of innovation to get the results you want.

## **Innovation Is a Never-Ending Process**

- Many people think of innovation in the form of a "Eureka!" moment. Someone has an amazing idea, it changes the world, and that's that. True innovation is actually much more complex.
- Innovation comes in several steps. First, there is the idea. This might come in a brilliant flash, and it provides the foundation for the innovation.
- Then, there is the solution. This is how the idea comes to fruition.
- Finally, there is the transformation. This is when the solution transforms a business or industry.
- This can take several years to achieve. In some cases, it even takes several decades. You need to keep going after you come up with the idea. That is just the beginning of what could be your greatest innovation yet.

## **Innovation and Entrepreneurship Training Programme**

An innovation and entrepreneurship training programme leading to the presentation of fresh new ideas, solutions and recommendations to a high level audience of experts, business representatives and policy makers. The Programme seeks to bring a more entrepreneurial and innovation-focused approach to traditional education and professional training, combining them with a specific mentoring scheme.

## Entrepreneurial Skills

Entrepreneurial skill refers to entrepreneurial competencies which enable an entrepreneur to be successful in his or her field. Entrepreneurship ability is a function of several skills, which must be acquired for one to qualify as an entrepreneur.

These skills include the following:

- **Creative skill:** Ability to visualize and identify new problem areas in the society and try to generate new ideas or concepts in that line.
- **Innovative skill:** Ability to generate and apply creative ideas in some specific content to solve identified problem for the benefit of society.
- **Managerial skill:** Ability to define goals and objectives, plan and stipulate strategies to organize, motivate, direct and control resources to attain stated objectives.
- **Analytical skill:** Ability of numeracy, generation and analysis of data for relevant decision making.
- **Marketing skill:** Ability of book keeping and accounting, integrating business logistics to increase sale of goods and services.
- **Communicative skill:** Ability to use relevant language to negotiate, persuade and convince.
- **Career skill:** Ability to assess self, career planning techniques and self-directed learning.

The taxonomic elements are associated with Lower Order Thinking Skills, (LOTS) and Higher Order Thinking Skills (HOTS).

### LOTS include:

- **Remembering** – (recognizing, listing, describing, identifying, retrieving, naming),
- **Understanding**– (interpreting, summarizing, inferring, paraphrasing, classifying),
- **Applying**– (Implementing, carrying out, using, executing).

**HOTS include:**

- **Analyzing:** comparing, organizing, deconstructing, attributing, outlining, finding
- **Evaluating:** checking, hypothesizing, critiquing, experimenting, judging, testing
- **Creating:** designing, constructing, planning, producing, inventing, devising

These thinking skills are needed for entrepreneurial skill development.

**Top Seven Entrepreneurial Skills to Develop or Update for 2019**

**Communication:** Communication skills are vital to your success. From describing a prototype's requirements to pitching a deal to investors, your ability to articulate your message could mean the difference between success and failure.

**Social media / branding:** Where does your target audience hang out? What about potential investors? It could be Instagram, Facebook, SnapChat, Pinterest, LinkedIn, or a smaller, specialized social network. Build a presence, be engaging.

**Agility:** Agility is a business system's ability to rapidly respond to change by adapting its initial stable configuration. As an entrepreneur, you'll face many, many changes. The ability to respond quickly will help you build a more sustainable business.

According to the Business Agility Institute, the domains of business agility are:

- **Customer Connections:** Structural Agility, Leadership Agility, and Market Agility
- **Work:** Technical Agility, Process Agility, and Enterprise Agility
- **Mindset:** Learning Mindset, Collaboration Mindset, and Ownership Mindset

**Strategic planning:** Requires a strategic plan to get you from point A to point Z. Your strategic plan will serve as your road map, but it can also become overwhelming. It's helpful to break your journey down into smaller steps, milestones, and incremental wins.

**Collaboration:** Collaboration also requires excellent interpersonal skills as you'll often need to provide feedback or receive it from others. Learn how to deliver constructive criticism and receive the same with grace.

**Technology:** Are your technology skills fresh or out of date? Even if you're relatively comfortable with the latest technology, you may want to branch out a bit to give yourself an edge. Consider taking a training class on the most commonly used applications in your industry.

**Organization:** Finally, it's time to tackle organization skills. Is your desk a disaster area? Are all of your ideas floating around in your brain or jotted down on scraps of paper? Could you quickly pull up your business plan or on your computer? What if a potential investor requests your one-page while you're away from your office—would you be able to pull it up on your phone and send it right away? Getting organized makes you more efficient and allows you to respond more confidently because you know exactly what you have and where to find it.

These seven skills are important to any entrepreneur today, and well worth updating for 2019 and beyond.

## **Government Support for Innovation and Entrepreneurship in India**

The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India. With a significant and unique demographic advantage, India, however, has immense potential to innovate, raise entrepreneurs and create jobs for the benefit of the nation and the world.

In the recent years, a wide spectrum of new programmes and opportunities to nurture innovation has been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of society.

## **Conclusion**

The importance of innovative entrepreneurship training has been recognized for the process of new entrepreneurship business. Entrepreneurship development and training is, thus, one of the key elements for development of micro and small enterprises particularly, the first generation entrepreneurs. Innovative entrepreneurship training and knowledge dissemination which results in promoting entrepreneurship for creating self-employment through enterprise creation, of training infrastructure and supporting research on entrepreneurship related issues.

Thus entrepreneurship development training and transfer of knowledge helps in turn for the ongoing process of economic growth.

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# A STUDY ON WOMEN EMPOWERMENT THROUGH SELF-HELP GROUPS WITH SPECIAL REFERENCE TO UDUPI TALUK.

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## **GANESHAPPA .K**

aAssistant Professor

Department of Commerce and Management

Dr. G. Shankar Government Women's First Grade College and P. G.

Study Centre

Udupi- 576101, E-mail: ganeshappak62@gmail.com

## **SURESHRAMANA MAYYA**

bAssociate Professor

Department of Commerce and Management

M. G. M. College, Udupi- 576101, E-mail: sureshmayya@hotmail.com

### **Introduction:**

In good old days, the concept of women development was neglected and their condition was miserable and survivalist depends on certain constraints like socio-economic, political and cultural. The condition of rural women was critical and worst in the rural and in the backward areas. The comprehensive socio-economic development can be done through active participation of women in the economic activities. The Government of State and the Central are framed new policies and programmes in the view of providing financial and non-financial assistance to the Self Help Groups. The SHG's empower themselves through self-reliance and their internal strength among the Members. The SHG is a mechanism to provide financial services to the poor sections of the society which are unable to access the finance from the formal Financial Institutions.

The women empowerment is a process in which they can get better control over the resources and voluntarily involved in the process of change and gain the knowledge, skills for self-

reliance. The empowerment is a multifaceted process, which consists of enhancing awareness, increase the access of resources. In a Society, social transformation can be achieved in the means of creating a healthy social environment in which an individual has a freedom to take independent decision. A member of SHG's strengthens the inner-ability by means of acquiring knowledge, power, and experience. The Women empowerment is a dynamic and multidimensional process and it is the key to socio-economic development of the community. It contributes to the empowerment of women in the area of social, economical and political.

The SHG's are consists of 10 to 20 Members who are come forward voluntarily with a view to eradicating poverty and social development by their individual contribution. The group of members have common goals is that, pooled the resources of members and it is lent to the needed members at a small rate of interest.

### **Review of Literature:**

Review of literature educate us about the study was conducted by several authors. The note of literature survey and the following references were worth mentioning.

S. Thangamani S. Muthuselvi (2013) Made "A study on women empowerment through self-help groups with special reference to Mettupalayam Talluk in Coimbatore District which highlighted that 37.5% of respondents of SHG members belong to the age groups of 31 to 40 years, 76% of the respondents are literate, 67.5% of the respondents are nuclear family, 79% of the respondents were married. Finally, the study was focused on SHG and the learned fact that the members were influenced in the area of both economic and social aspects.

P, Dr. Jyothi (2016) The study was conducted on self-help groups: empowerment through participation ( An impact assessment study) which depicts that the Self Help Group Members met at least once in a month to exchange the views about social issues related to their daily life. 98% of group members were adopted small family norms. The Members of SHG's were accessed 100% immunization services for their children against the 6 diseases. The SHG's members are accessed financial assistance from the bank to the extent of 79% and the repayment rate was 98%. The SHG's members were engaged in 410 varieties of income generating activities, Rs.1, 000 to Rs.3, 000 per annum income additionally generated by the members of SHG's. The SHG's were well aware about society and community and they were voluntarily participated in community activities like laying roads, planting trees, conserving environment, construction of water harvesting structures, campaign against eradication of



social evils like dowry, child marriages, untouchability, Aids, rescue and rehabilitation of orphaned children, counselling adolescent girls, support to widows and destitute

. Guntaka (2014) The study was made on Self-Help Groups-A Tool to Weaker Section' Women Empowerment which shows the results that Dalit women were 2% of world' total population, Dalit women consists of 16% of the total Indian female total population. Dalit women were discriminated against not only by their community but also by people of higher castes. Their socio-economic status was still vulnerable and they do not have voice in the political field and they are expecting special attention from the Government for their in the Society.

### **Statement of the problem:**

The State and the Central Government have been made sincere efforts to increase the role of women and to improve the standard of living and status of women. The SHG is one of the means to organize themselves to take right action independently and reform their condition. The formal Financial Institution does not provide financial assistance to rural poor. Therefore, Non-Government Organizations (NGO's) are promoted rural credit scheme for organizing the poor informally. The SHG's are mutually and informally organizing themselves and also create the habit of saving, provide self-reliance in financing. But, still, poor have the crisis of finance but the Self Help Groups of different States of the Country are self-equipped through skill development, awareness generation, and trying to access credit from financial institution for micro enterprise and address the poor towards management of their enterprise.

Therefore, the study has been conducted on the role of SHG's in the socio-economic status of women in Udipi-taluk. The SHG members whether they are strengthened in socio-economical or not and for that find out the answer to the following questions.

1. Whether the socio-economic characteristics of the respondents are influenced on the SHG's?
2. The reason for which people joined as members to the Self Help Groups
3. Whether the members of SHG's are faced the Problems?

### **Women empowerment in India:**

The Indian Constitution contains the provision of equality, social justice and protection in its fundamental rights for women. Though, there is a provision of fundamental rights, the community of women are still discriminated and faced inequalities in all spheres of walk of their life. The Government of India declared the year 2001 as "women empowerment year" with a

view to focus on the vision where women are equally participants with men. Today, women are not like the early days. The community of women voluntarily identify their potentialities and they can achieve their desired goal. Both the State and the Central government introduced the Scheme of “Self Help Groups” in order to enable women can achieve economic independence through self-employment and entrepreneurial development etc.

### **Self Help Group in India:**

Self Help Groups consists of poor people voluntarily associated together who are all having some socio-economic background in order to solving their common problems through self help and mutual help. This group consisting of 20 members, which is formed informally who are all belongs to homogeneous group with the intension of promotes small savings among the members.

### **Objectives:**

- To study the profile of members of SHG in Udupi Taluk.
- To find out the problems faced by the members in SHG's
- To analyses the income and satisfaction level of members in SHG's
- To find out the benefits gained by the members of SHG's
- To study the awareness about the civic facilities.

### **Methodology of the study:**

#### **Sources of Data:**

The study consists of Self-Help Groups of Udupi Taluk in Distruct. For the study both primary and secondary data were used. The primary data were collected through structured interview schedule and secondary data were collected from the reports, journal article and books.

#### **Sampling Design:**

The Udupi District comprises of 5 Taluks, out of which Udupi Taluk has been selected for the study. In a taluk totally 5 Self-Help Groups are randomly selected which were functioning for the past 5 years. In total 50 SHG members were selected and are interviewed.

#### **Analysis of Data:**

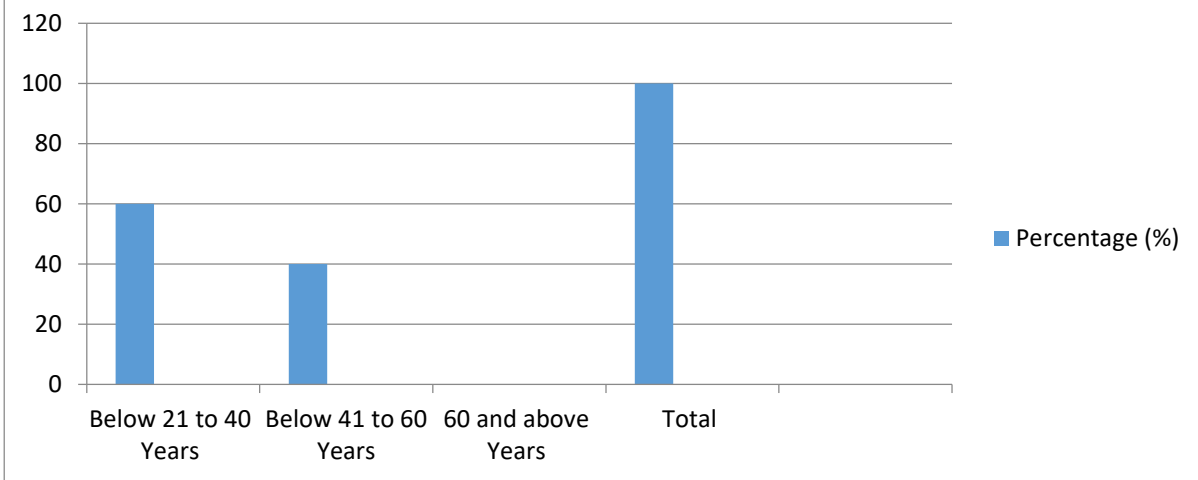
The data were analysed by using percentage:

Profile of the Respondents:

To analyze the profile of the SHG members, the following variables such as age, marital status, education and income are considered.

**Table 1-Age of the Self Help Group's of Members Age**

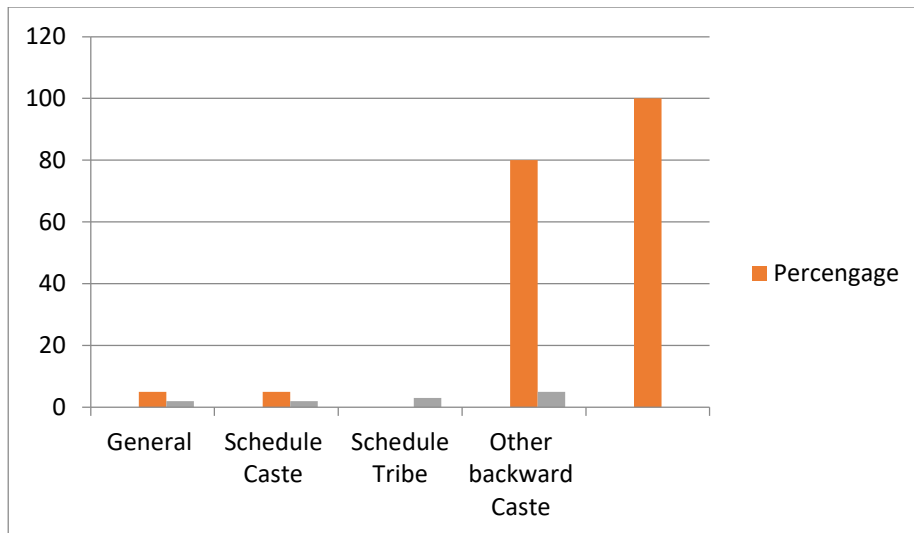
Sl. No.	Age	No. of Respondents	Percentage (%)
1.	Below 20 Years	Nil	Nil
2.	21 to 40 Years	30	60
3.	41 to 60 Years	20	40
4.	60 and above	Nil	Nil
	Total	50	100



From the above table-1 reveals that out of total respondents taken for the study, 60% of them belong to the age group of 21 to 40 years, 40% of the respondents are falls in between 41 to 60 years, but the age below 20 years are did not joined to the self help groups.

**Table 2-Caste of the Self Help Group's of Members**

Sl. No.	Category	No. of Respondents	Percentage (%)
1.	General	05	10
2.	SC	05	10
3.	ST	Nil	Nil
4.	OBC	40	80
	Total	50	100



The table-2 shows that, the status of caste of the self help group's of members, 10% of the respondents are belong to the general category, another 10% of the respondents are belong to Schedule Caste, and the remaining 80% of the respondents belong to the other backward Caste (OBC). The study area reveals that category of Schedule Tribe did not joined to the Self Help Groups.

**Table 3-Education of the Self Help Group's of Members**

Sl. No.	Educational Qualification	No. of Respondents	Percentage (%)
1.	10 <sup>th</sup> and below	40	80
2.	10+2/Higher Secondary	05	10
3.	Graduate	01	02
4.	Post Graduate	04	08
	Total	50	100

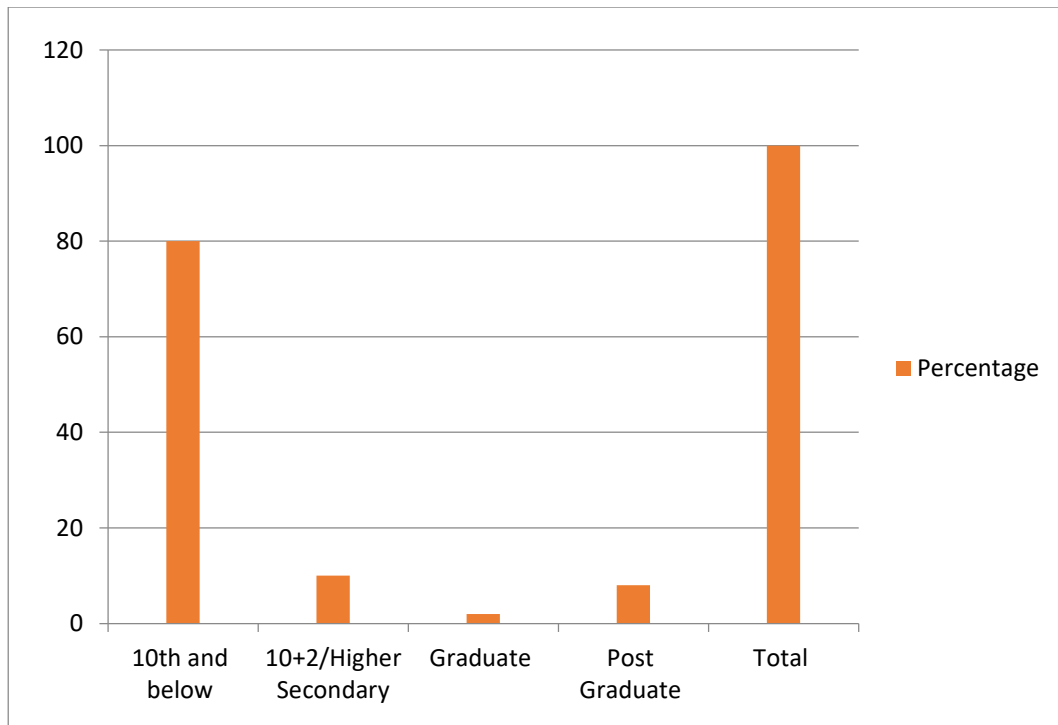
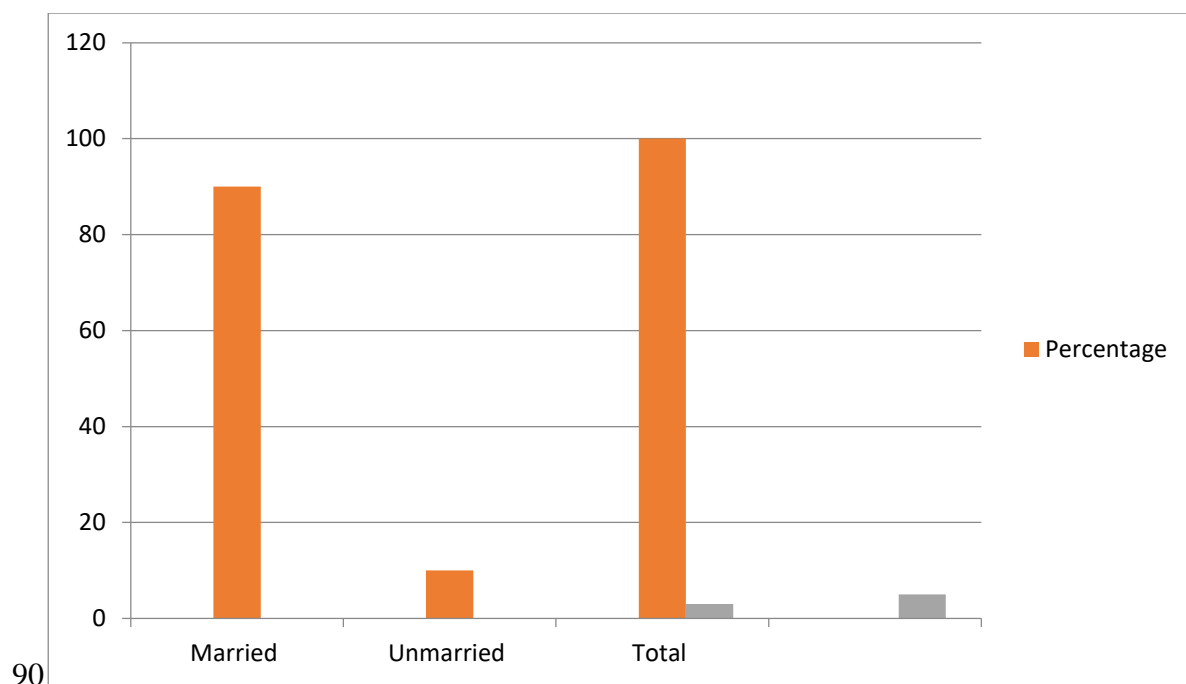


Table-3 shows that the educational status of the Self Help Groups of Members, 80% of the respondents are having the educational qualification is 10<sup>th</sup> and below, 10% of them having education up-to 10+2/Higher Secondary, only 2% of them having the education up-to graduation and 8% of them having educational qualification up to post-graduation.

**Table 4-Marital Status of the Self Help Group's of Members**

Sl. No.	Marital Status	No. of Respondents	Percentage (%)
1.	Married	45	90
2.	Unmarried	05	10
3.	Total	50	100



From the above table-4, clearly understood that 90% of the respondents were married and the rest of 10% of the respondents were unmarried.

**Table 5-Monthly Income of Self Help Group's of Members**

Sl. No.	Income	No. of Respondents	Percentage (%)
1.	Up to Rs.1,000	15	30
2.	Rs.1,000 to 2,500	15	30
3.	Rs.2,500 to 5,000	13	26
4.	Rs.5,000 and above	07	14
	Total	50	100

From the above table-5, indicates that 30% of the respondents are having income to the extent of Rs.1, 000 to Rs.2, 500, 26% of the respondents are having monthly income in between Rs.2, 500, to Rs. 5,000, and 14% of the respondents having the income of Rs.5, 000 and above.

**Table 6-Motive behind joining of Self Help Group's of Members**

Sl. No.	Motive	No of Respondents	Percentage (%)
1.	Social Security	05	10
2.	Financial	28	56
3.	Collective Help	15	30

4.	Any other	02	04
	Total	50	100

Table-6 indicates distribution of the respondents by motivation factors to join Self Help Groups. It is clearly understood from the table that majority of the respondents are reported that they are motivated by financial (56%). Followed by 30%, by collective help, social security, 10%, and 4% motivated by any other, among the motive factors.

**Table 7-Problems faced by Self Help Group's of Members**

Sl. No.	Problems	No. of Respondents	Percentage (%)
1.	Domestic work	19	38
2.	Occupation Pressure	05	10
3.	Constraints from family members	12	24
4.	Any other problems	13	26
	Total	50	100

The above table-7, clearly shows that majority of the SHG's Members are facing the problems which are domestic work (38%), 24% of the problems are come across due to constraints from family members and 10% of the problems are facing by the SHG's groups because of occupational pressure.

**Table 8-Financial assistance of Self Help Group's of Members**

Sl. No.	Financial assistance	No. of Respondents	Percentage (%)
1.	Self Help Group	32	64
2.	Bank	05	10
3.	Friends and Relatives	13	26
4.	Money Lenders	Nil	Nil

From the above table-8, indicated that 64% of the respondents are joined to Self Help Group's for self help and mutual help among the members and 26% of the respondents are joined due to have financial assistance from the friends and relatives, 10% of the respondents are availed the financial assistance from the banking institutions.

**Table 9-Strength of Self Help Group's of Members**

Sl. No.	Strength of being a member	No. of Respondents	Percentages (%)

1.	Children Education	25	50
2.	Lack of basic facilities	15	30
3.	Domestic responsibility	05	10
4.	Sharing opinion	13	10
		50	100

From the above table-9, shows that 50% of the respondents are joined in order to provide Childrens education, 30% of the respondents are joined to solve the basic facilities which are faced by the members, 10% of the respondents are joined to discharge the domestic facilities and 10% of the respondents are joined in order to share their opinion with other members.

**Table 10-Awareness about the amenities in areas**

Sl. No.	Amenities	No. of Respondents			Percentage (%)		
		Yes	No.	Total	Yes	No.	Total
1.	Post Office	45	05	50	90	10	100
2.	Police Station	45	05	50	90	10	100
3.	Primary Health Centre	41	09	50	82	18	100
4.	Bank	40	10	50	80	20	100

It is evident from table-10 that 90% of the respondents are well aware about the Postal service in their area but only 10% of the respondents are unaware about the facility of postal service. In the same way, 90% of the respondents are aware about the civic service in their area, and 10% of them are totally unaware about the civic facilities. 82% of the respondents are well known about health service access in their area, 18% of them are still do not access the primary health service, and 80% of the respondents are access the banking facilities but 20% of them are do not access the banking facilities.

### **Findings of percentage analysis:**

Majority of 60 percentages of the respondents of the Self Help Group members are belonging to the age group of 21 to 40 years.

80 percentages of the respondents of the self Help Group members are fall under the category of other backward caste.

Majority of 80 percentages of the Self Help Group members are having the education up to 10<sup>th</sup> standard and below.

Majority of 90 percentages of the Self Help Group members are married.



Majority of 60 percentages of the Self Help Group members' have monthly incomes are below Rs.2, 500.

Majority of 56 percentages of the respondents are expressed their opinion that joined the Self Help Groups is in an urgency of financial help.

Majority of 38 percentages of the respondents are expressed their opinion that the problems of domestic work.

Majority of 64 percentages of the respondents are joined to SHGs for Self Help and mutual help.

50 percentages of SHGs members opinion that strengthened their confidence towards educate their children

90 percentages of the respondents are well aware about the presence of Post Office, Police Station, Primary Health Centre and Bank.

### **Conclusion:**

The study was undertaken in ordered to focus on women empowerment through Self Help Group in Udupi Taluk. It is found from the study that majority of respondents are belonging to the age group of 21 to 40 years and they are having the education up to 10<sup>th</sup> standard and below, majority of the sample respondents are married. The respondents are joined Self Help Group as a member to get financial help, educate their children but they are facing the problems of domestic work, though, they are get the membership from the Self Help Group for the purpose of self help and mutual help, but the respondents are well educated about the working of Post Office, Police Station, Primary Health Centre and Bank in their area. Finally, conclude that Self Help Group is important to strengthen and bringing together with multitalented and good human values. The success of the Self Help Group is depending on economic activities which are performed effectively to improve the economic condition of them. This is the way in which Self Help Group in Udupi Taluk is very successful to develop women empowerment and rural areas.

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# EVALUATION OF MICRO FINANCE ACTIVITIES EMPOWERING RURAL WOMEN: A CASE STUDY IN DAKSHINA KANNADA DISTRICT.

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**Dr. Wajeeda Bano**

Assistant Professor

Department of Studies in Economics

Mangalore University

Mangalore

Mail id :wajeedabano@gmail.com

## **Abstract**

Gender equality and women empowerment are essential for inclusive and sustainable development. India has made impressive strides over the last few decades by narrowing gender gaps in education, health, employment and political participation. However, the progress and achievements are not spread widely and evenly across the entire country. Disparities remained in case of women empowerment particularly between rural urban areas. Efforts were made to empower women through various planned programmes. In the recent years, SHGs movement and their micro finance activities have mobilized backward women to come forward and to involve in business/entrepreneurial activities. Microfinance activity is one of the financial inclusive programmes at the grass-root. With this background the paper aims at analyzing the nature of microfinance activities empowering rural women. & to evaluate the changes in economic status of women after getting in to micro finance activities through SHGs. The study is undertaken in the Dakshina Kannada district of Karnataka State in India for an in-depth analysis of issues related to women empowerment. The study is based on both primary and secondary sources of data. The Findings of the study shows that SHGs through micro finance activities are changing the economic condition of women in rural areas with indicators like income, saving expenditure and marketing activities showing the improvements. Because of SHGs large number of the women in rural areas, are not only achieving greater economic independence and security but also are gaining social benefits which lead to sustainable development.

Key words

## Rural Women, SHGs through Microfinance and Empowerment

### 1. INTRODUCTION

Gender equality and women's empowerment are essential for inclusive and sustainable development. Gender equality needs to be pursued in its own right for a just and equal society, and for better development outcomes - inclusive growth, faster poverty reduction and accelerated progress towards Millennium Development Goals (MDGs) attainment. We recognize that without harnessing the talents, human capital and economic potential of women, India's goals of poverty reduction and sustainable development will not be met. India has made impressive strides over the last decade on narrowing gender gaps in education, health, employment and political participation. Today there are more girls in primary and secondary schools, more girls participating in tertiary education, fewer women dying in childbirth, more women in wage employment outside agriculture and more women in national parliaments and decision making bodies. But, the progress and achievements are not spread widely and evenly across the entire country.

Disparities remained in many areas. Many women are still denied access to basic services and essential assets such as land, and excluded from decision-making. Women still suffer from entrenched gender discrimination and exclusion that diminishes their life expectancy, education prospects, access to clean water, sanitation, and employment, and exposes them to gender-based violence. Empowering women economically and socially and giving them 'voice' is crucial for achieving goals of poverty reduction and inclusive development. "Equality for women is much more than only an ethical issue, a society that leaves girls and women out of the development process is one that will never reach its full potential".

Review of the literature on women empowerment in general or economic empowerment of women indicates that their contribution to the economy is invisible and their work in the economy is not accounted fully. However, they contribute significantly for the economic development. Ignorance of their contribution is more in the backward situation especially in rural areas. Efforts were made to empower women through various planned programmes. In the recent years, SHGs movement and their micro finance activities have mobilized backward women to come forward and to involve in business/entrepreneurial activities. Microfinance activity is one of the financial inclusive programmes at the grass-root level. In this situation,

the major questions that arise are, Whether SHG movement has positive impact on women's economic status?

- To what extent micro finance activities empower women economically?
- How efficient rural women are to organized micro finance activities in the grass root level.

The purpose of selecting this topic for study is to highlight the contribution made by women in rural areas and strengthening their integration & empowerment to economic development.

## **2. CONCEPTUAL FRAME WORK**

Empowerment is a concept indicating the economic potential of human beings, that has been discussed much in the recently development literature. Several indicators were identified to measure the 'empowerment' by capturing socio-economic conditions. Empowerment supports human capital formation.

The economic empowerment refers to access to financial resources, decrease of vulnerability of women during crisis situations, eliminating the dependency on money lenders, increase in the income of women and the freedom to use that income, financial self reliance and ownership of income generation assets. The personal empowerment refers to, psychological feeling coupled with increased level of awareness that will give them the power to assert themselves or express their needs. Social Empowerment means equal status, participation and power of decision making at the household level and community level.

The present research aiming to evaluate the women empowerment by the SHGs microfinance activities in the grass-root level would help us to understand the impact of SHG movement on women. Further, it gives some insight to the methodology of evaluating the empowerment process in the grass-root level.

## **3. Literature review**

The literature on the subject of Self Help Groups and Women Empowerment is abundant and is burgeoning. An attempt is made here to touch upon a select review of literature at the global, national and at regional levels, as a prelude to the present study. In spite of safeguards provided in many of the poverty alleviation programmes, it was observed that women, especially from poor families, could not be benefited. The basic issue that prevents women from playing full participatory role in nation building is the lack of economic independence. Planners and policy

makers have been eagerly searching for certain alternatives. The participatory approach to development has emerged as a vital issue in developmental policies and programmes for women. Self Help Groups (SHGs) are considered as one of the most significant tools to adopt participatory approach for the empowerment of women. SHGs help in empowerment of women both social and economically. Financing the poor through Self-Help Groups would lead not only to reduce the intensity of poverty but also promote gender equality and socio-economic equality. According to **Laxmi R. Kulshreshta and Archana Gupta (2001)** for quick transformation of the poor from dependency to self reliance through social mobilization and awareness creation, the most cost effective strategy available is SHG strategy. **Namboodri and Shiyani (2001)** in their study on the role of SHGs pointed out the strengths and weaknesses of SHGs in rural financial deepening. The major strength of SHGs as observed by them are (i) SHGs are self sustainable system of community organizations free from Government and regular meeting of the group members enable long lasting group relationship. (ii) As most of these SHGs are promoted by NGOs/Banks, training, teaching of basic accountancy principles etc. would enable the groups to have better administration. (iii) The social cohesion in the group and election /selection of the group leader in rotation gives a sense of responsibility to each member of the group. (iv) As consumption and production are intertwined among rural households, credit portfolio covering both consumption and production purposes helps to maintain labour productivity and income generating activities. (v) the recovery performance would be better for the banks as the loan repayment mechanism is at the group level rather than individual and (vi) financial deepening in terms of coverage is achieved through small scale savers and borrowers. The weaknesses of SHGs as pointed out by them are (i) the SHGs have limited scope for future growth in membership (ii) the loan portfolio is dominated by consumption loan and hence there is limited opportunity for income generating activities and (iii) SHGs are informal institutions. Rapid expansion of these groups without close monitoring by the sponsoring agencies may lead to their poor functioning.

**National Institute of Rural Development (NIRD) (2003)** has projected the need for capacity building as a tool to equip and enhance the ability of people to solve their own problems through organized efforts. The study conducted in the selected districts of Kurnool and Mahaboobnagar in Andhra Pradesh has revealed that the poor women members of SHGs are benefited from the Programme by improving their economic and social status. The study has concluded that the development has also been achieved by the members of SHGs in the aspects like health care, education, family planning, elimination of child-labour, courage and

confidence to overcome their problems. **Krishnaiah (2003)** in his study has highlighted the operations of the SHGs engaged in the domain of income generation, human development, environmental protection and natural resources management. **Tripathy (2004)** has discussed the vital role of SHGs in rural development by saying that SHGs are instruments for social mobilization, economic empowerment, capacity and entrepreneurship building, and community solidarity. The author has observed that the SHGs provide a great opportunity for convergence of various programmes of various ministries and organizations. He has argued that the groups, while aiming at promotion of savings and credit, should work as pressure groups to address social issues such as education, health, lack of access to natural resources etc. **Kulandaivel (2005)** in her study, opines that the sustainable development process has to be based upon poverty alleviation programmes, which should envelopes empowerment as a goal of development projects as "the empowerment of women covers both an individual and collective transformation." This is what SHGs are doing in empowering women.

**Dinney Mathew (2005)** has discussed the indicators of empowerment of women and facilitating factors and one of those being the formation of Self Help Groups. He has argued that the concerns of rural women can be addressed through the village organizations, i.e., SHGs by facilitating the formation of primary groups of women. **Celine Sunny (2006)** connects the SHGs and rural development and he opines that effective organization that ensures the overall development of the community and village. **Ramachandran and others (2006)** have made a micro level examination in Tamilnadu State in India to observe the role of SHGs in rural development. The author observes that, "after becoming members of the groups, outlook of women has changed. Now they seem to have self-determination, self-reliance and self-empowerment that are the encouraging factors for their efforts to generate income". Therefore he describes Self Help Groups as the 'Rural Development Agents' and should be courage for Women's status enhancement and rural development. **Abdul Raheem (2006)** has highlighted the plight of Women in the unorganized sectors. He has narrated the genesis of SHGs, their activities and their role in the transformation of lives of rural women. In the words of Abdul Raheem" the SHGs have given a new lease of life to the women in villages for their social and economic empowerment."

**Jairam Ramesh (2007)** has observed that the Self Help Groups, the major form of delivery of micro finance in India, have brought about dramatic changes in the lives of lakhs of women.

The author has even identified that in Andhra Pradesh, which has the largest network of SHGs and where the Government has been a strong supporter, the SHGs have gone beyond provision of credit and assumed many non-traditional responsibilities that lie at the core of livelihood security for the poor.

Review of literature on Microfinance and SHGs and their role in women empowerment also shows that studies have mainly covered few aspects of empowerment. Women are considered as weaker part of the society, so were restricted to take part in any social activities and not given roles in decision making in her family. Through the intervention of Microfinance this scene has been change. Now women are engaged in income generation activity which make them economically and socially empower. SHG through microfinance has enlightened the life of rural poor. Now the rural women have freedom of choice which motivates them to be a part of decision making process with in the family and the society. This made the researcher to study the role of such SHG which played an important role in the development and Empowerment of rural women.

#### **4. Objectives**

The specific objectives of the research carried out are

- ⊙ To analyzing the nature of microfinance activities empowering rural women.
- ⊙ To evaluate the changes in economic status of women after getting in to micro finance activities through SHGs.

#### **Hypothesis**

H<sub>1</sub>: Micro finance activities with self help group movement resulted in rural women empowerment.

H<sub>2</sub>: Rural women achieved more economic empowerment than social empowerment.

The hypotheses are not tested using any specific hypothesis testing method. Instead based on the empowerment scores computed for social and economic empowerment of rural women the above hypothesis is tested.

#### **5. Methodology**

The study is undertaken in the Managlore Taluk of Dakshina Kannada district of Karnataka State in India. To investigate the above objectives and verify the hypothesis's



at field level, the study is based on primary data which is supported by other analytical and empirical studies concerning the topic.

Interview method is widely used to collect the detailed information for the study. To collect primary data by organizing field survey among the members of SHGs, three stages random sampling technique is used. In the first stage out of five taluks of the district, we selected Mangalore as sampled taluk. In the second stage, from Managlore taluk only Managlore rural areas consisting of villages, sample women members of SHGs were selected at random. In the third stage, a sample of 200 respondents was selected. From 4 SHGs promoting agencies who are actively working in rural areas, 50 respondents from each SHG makes 200 respondents as sample for the study

Apart from primary data, relevant data from various sources such books, journals, reports published by the government of India and Karnataka, financial institution, articles, dailies and internet publications. Empowerment among women members of the SHGs were analyzed in two dimensions; Social empowerment and Economic empowerment.

### **Appropriate Tools of analysis**

To capture the empowerment of women as an impact of microfinance activities through SHGs Likert five point range technique is used and Later to determine the various components of empowerment and to compare the rural and urban cases index number is used. Opinion survey of the member respondents on various parameters of empowerments were collected in a range of five level score. ('Very much', 'much', moderate, 'somewhat', and 'not at all'). The corresponding scores were multiplied by the number of respondents and average scores of each parameter were computed using the following formula.

$$\frac{x_1s_1 + x_2s_2 + x_3s_3 + x_4s_4}{N}$$

Where  $x_1$ ,  $x_2$ , and  $x_3\dots$  are visible variables responses and  $s_1$ ,  $s_2$ ,  $s_3\dots$  are response scores and N is total number of respondents. Using index number technique attempt is made to construct empowerment index.

To construct weighted empowerment index for the sample women beneficiaries of SHGs on the basis of the scores assigned for personal, social and economic

empowerment variables discussed above using the formula Mean Scores X 100 / 200. After finding the percentage of these scores, empowerment index is constructed using the weightage assigned by the sample women, Economic empowerment ( $W_1$ ) and social empowerment ( $W_2$ ) and ( $W_3$ ) scores.

Dakshina Kannada district assumes an important place in the history of micro finance SHGs of Karnataka. Ever since the SHGs bank linkage programme of NABARD launched in Karnataka state in 1992, the movement started to spread soon across the district. The Response in the district for SHG movement has been quite rapid due to the presence of good physical infrastructure and literacy rate and wide spread banking network in the district. Besides, there are plenty of NGOs in the district who took boldly the steps to promote and nurture SHGs. The role of state government too cannot be ignored. As a result today Dakshina Kannada district has more than 85000 SHGs in the state. About 70.0 percent are exclusively women SHGs and remaining are men and mixed SHGs. Promoting agencies of SHGs in the district may be classified in to four categories. (1) NGOs, (2) Bank, (3) Co-operatives and (4) Government. NGOs promote 50 per cent of the SHGs, followed by Cooperatives and Bank 35 per cent and Government 15 per cent. Government SHGs are under SGYSY of the central government and stree Shakthi, programme of the state government. SGSY groups are limited in number and are linked with leading NGOs, in the district.

### **Organizational Aspect of empowerment**

Organization of women in SHGs is an important strategy followed by both government and non government organization, SHGs organizes women in to groups in order to deliver the services. No uniformity in the members of the SHGs, except in case of government run SHGs where maximum number could not exceed 20 members. Position in the group is on rotation basis; the management structure varies among the SHGs promoted by the different facilitators and includes a set of office bearers. The group elects the office bearer once in a year, in general there are three types of office bearers in every group, and they are president, secretary and treasurer. To record the various activities of the group and also meeting proceedings normally they maintain following books, member registration book, attendance book, individual pass book, group saving and account book, minute book and SGSY card.

### **Personal aspects of Empowerment**

Personal empowerment is a psychological feeling coupled with increased level of awareness that will give women the power to assert themselves or express their needs. The

important indicators used to understand different components personal aspects like self confidence, social image, and leadership quality, and self awareness, skill development problem solving capacity, positive attitude, and communication skill

Table1 Personal Empowerment scores

(Notice: Figure in parenthesis indicate per cent, Source: field study)

Variables	Very much 4	Much 3	Moderate 2	Somewhat 1	Not at all 0	Average score
Self confidence	80 (40.0)	70(35.0)	50(25.0)	0	0	3.15
Self image	70(35.0)	70(35.0)	40( 20.0)	20 (10.0)	0	2.95
Leadership quality	80(40.0)	50(25.0)	50(25.0)	20(10.0)	0	2.95
Self awareness	40(20.0)	40(20.0)	80(40.0)	40(20.0)	0	2.4
Skill development	40(20.0)	30(17.5)	30(17.5)	50(25.0)	50(25.0)	1.8
Problem solving capacity	40(20.0)	40(20.0)	40(20.0)	40(20.0)	40(20.0)	2.0
Positive attitude	30(17.5)	50(25.0)	40(20.0)	60(30.0)	20(10.0)	2.05
Communication skill	60(30.0)	60(30.0)	40(20.0)	40(20.0)	0	2.7
Negotiating power	50(25.0)	40(20.0)	40(20.0)	30(17.5)	20(10.0)	2.15
Risk taking ability	50(25.0)	50(25.0)	50(25.0)	50(25.0)	0	2.5
Total scores						65.05

As far as the personal empowerment of women members of SHGs are concerned, shows better scores in case of self confidence self Image and leadership quality, and show very low scores in skill development *are* scored low, and all other variables are comparatively better scored.

### Social aspect of empowerment

Social empowerment means equal status participation and power of decision making at the house hold level and community level. Indicators like respect in family, recognition in society, ability to run family, participation in public programmes, social awareness, social mobility, decision making, social respect, risk taking ability and entrepreneurial ability to measure social empowerment.

Table 2 Social Empowerment score

(Notice: Figure in parenthesis indicate per cent, Source: field study)

Variable	Very much 4	Much 3	Moderate 2	Some what 1	Not at all 0	Average Scores
Social acceptance	56(28.0)	80(40.0)	50(25.0)	14(17.0)	0	2.9
Organization skill	58(29.0)	89(44.5)	41(20.5)	12(6.0)	0	3.0
Group Cohesiveness	51(25.5)	101(50.5)	43(21.00)	06(3.0)	0	3.0
Interactive skill	58(29.0) 0	110(55.0)	23(11.5)	09(4.5)	0	3.0
Public speaking	44(22.0)	76(38.0)	65(32.5)	15(7.5)	0	2.7
Awareness on rights	46(23.0)	86(43.0)	53(26.5)	25(12.5)	0	2.8
Participation Social decision	53(26.5)	80(40.0)	33(16.5)	34(17.0)	0	2.7
Awareness about social problems	33(16.0)	09(54.5)	49(24.5)	09(4.5)	0	2.8
Participation in social programmes	8(24.0)	11(55.5)	30(15.0)	09(4.5)	0	3.0
Understanding about social status	34(17)	102(51)	46(23.0)	16(8.0)	0.2(01)	2.7
Total Scores						55.5

When social empowerments scored are compared most of the members of SHGs in rural areas scored significantly higher scores. Further, there are few variables like membership in organization, awareness about social problems, public speaking, and awareness on rights under social empowerment were women scored significantly low.

#### Economic aspect of empowerment

Economic empowerment refers to access to financial resources, decrease of vulnerability of women during crises situations, eliminating the dependency on money lender, increase in the income and the freedom to use that income, financial self reliance and ownership of income generating assets. The important indicators of economic empowerment used in this study are income, savings, landholding, house ownership, jewels, consumer goods, occupation,

expenditure on food and non food items. Income is an important indicator of economic empowerment.

Table 3 Economic empowerment scores

(Notice: Figure in parenthesis indicate per cent, Source: field study)

Variable	Very much 4	Much 3	Moderate 2	Some what 1	Not at all 0	Average Scores
Income improvement	61 (30.5)	53 (26.5)	63(31.5)	13 (6.5)	10(6.5)	2.6
Consumption improvement	80(40.0)	77(38.5)	43(21.5)	0	0	3.2
Saving improvement	74 (37.0)	55(27.5)	60(30.0)	11(5.5)	0	2.9
Economic decision making	55(27.5)	69(34.5)	57(28.5)	19(9.5)	-	2.8
Investment change	40(20.0)	60(30.0)	50(25.0)	30(15.0)	20(10.0)	2.3
Managing economic activity	61(30.0)	72(36.0)	41(20.0)	26(13.0)	0	2.8
Employment	37(18.5)	97(48.5)	53(26.5)	11(5.5)	00	2.8
Asset position improvement	60(30.0)	87(43.5)	46(23.0)	07(3.5)	00	3.0
Standard of living	80(40.0)	77(38.0)	43(21.0)	-	-	3.2
Sense of economic security	60(30.0)	80(40.0)	60(30.0)	-		3.0
Total score						28.6

As far as the Economic empowerment of women members of SHGs are concerned, the above table shows better scores in case of variables like consumption expenditure, standard of living, sense of economic security. SHGs members scored moderate scores in variable like saving

improvement, economic decision, managing economic activity and employment however; they scored very low scores in income improvement.

Table 4 Empowerment Index

Personal empowerment Score with assigned weight ( $w_1$ )	$65.05 \times 1 = 65.05$
Social empowerment score with assigned weight ( $w_2$ )	$55.6 \times 2 = 111.2$
Economic empowerment Scores with assigned weight ( $w_3$ )	$28.6 \times 3 = 85.8$

The above table indicates that personal empowerment index of overall sample is better than economic empowerment and social empowerment. From this we understand that SHGs movement in the study region empowered women members socially and personally more than economically. However, economic empowerment is also significant among the poor women in the grass root level.

Hence, Hypothesis (H1) is proved. However, comparison among the three empowerment indicators social empowerment (111.2) and personal empowerment (65.05) scores are higher compared to economic empowerment scores (85.8). This disproves second hypothesis that rural women achieved more economic empowerment than social empowerment.

### General Findings

The overall analysis of economic empowerment of women shows that SHG movement with micro finance activities has to do a lot to empower women in the grass root level.

A beginning is set, for the economic empowerment in the form of improved personal capacities of the women in the grass root level. The present study found that micro finance activities with self help movement experienced women empowerment in rural areas.

Compared to urban areas SHGs and their impact on women is found very strong in rural areas, all the indicators used to measure economic empowerment, show this point oblivious.

In rural areas awareness about the various SHGs is more and in fact every women is member of one or the other SHG.

The study reveals that the respondents had experienced great relief from the burden of debt from money lenders but not completely liberated from debt as they continued to borrow money from different SHGs at the same time.

In the absence of income generating activities among majority of the respondents, the standard of living continued to be low.

Very few respondents have taken loan for productive purpose, so it is necessary to sensitize the members about the productive use of loan so that economic empowerment can be achieved.

There is a sizable section of the women that is left out of the whole SHG movement precisely because thrift is the passport to the entry in to SHGs and they do not possess.

SHGs run by the NGOs are performing better than SHGs run by the Government.

The researcher found that women in rural areas are more active and involved in the SHG movement. SHGs have created a general sense of awareness among women and are successful in developing their communication skill, leadership quality and also general knowledge and created a lot of self confidence among poor women and led to their personality development.

Very interesting finding of the present study is that women in rural areas are getting good support from their families' particular from the male members.

## **SUGGESTIONS**

Women empowerment is as important as other factors for achieving the goals of sustainable development, the challenges that hampers the growth must be eradicated to entitle full participation of women in social-economic activities which help to bring changes in their income, saving ,expenditure and standard of living. The institutions should try to motivate more and more women's with entrepreneurship potential to use the loans for entrepreneurial activities which help them to generate source of income. Apart from the training programs, the institution should support the group member to exhibit the talent by arranging proper trade fairs and exhibitions which will turn as a source for entrepreneurial development motivation to rural people. Misuse of membership in the group and loan taken should be checked regularly so to avoid violating the norms of the group. Sufficient amount of subsidiary has to be provided to the units, so that the beneficiaries may not feel any difficulty in the repayment of loans.

## 6. CONCLUSION

The SHG have made a lasting impact on the lives of the women particularly in the rural areas of Mangalore taluk for the study, their quality of life has improved a lot. There is an increase in their income, savings and expenditure this shows an improvement in their standard of living. The women have gain self-confidence, they got an opportunity to improve their hidden talents after joining the SHG, they can speak freely in front of large group of peoples, and they got recognition in the society. SHG have also given women a greater role in household decision making. The SHG can play its role in various empowerments like, economic, social, and political. There is an appreciable empowerment in the social space than economic empowerment. The study shows that the main reason for joining SHG is not merely to get credit, it is an empowerment process. After joining the SHG the women are, economically and socially empowered. The analysis clearly reflects that the SHG movement creates a new economic revolution in the lives of poor women by way of increasing the income and savings of the rural poor. The microfinance-SHG's have a great bearing on women empowerment. It has become a ladder for the poor, particularly the women to bring them up not only economically but also socially, mentally, politically, educationally and attitudinally.

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## NOODLING DAIRY BUSINESS WITH PROJECT MAZRA

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**MOHAMEDALI AND MUBEEN K RAFEEQE(CO-AUTHOR)**

INDEPENDENT SCHOLERS

IMAM SHAFI COLLAGE OF ISLAMIC SCIENCE

CALICUT, KERALA

malibinkhan737@gmail.com

### **ABSTRACT**

The reckless leaps and unscrupulous deeds are making the business out from the neoteric ground. Merely profit focus is also a notable one in the devastation of a firm. The state can be changed by generating win-win relationship and by incorporating low income and disempowered population actively into the company's core process. Concerning all this dairy business playing an indispensable role in flourishing inclusive concept because more peoples on rural areas adopt agriculture and dairy for their livelihood, moreover the dairy provides the daily needs, assist to agriculture. The cardinal purpose of the present work is to synthesis the concept dairy business improvement and project Mazra, covers its evolution embracing the overall perspectives highlighting opportunities and challenging, applicability of dairy business benefits to institutions and society together. It sum up with suggested research topic in the field of inclusive business and newly legitimated area of dairy business.

## INTRODUCTION

Since 9000 BC people were started to replace the primitive mode of rehabilitation such as herbs, routes and berries, into an advanced mode to plant cereals billet, wheat and so on. In between the leaves of time while whole world are embarrassing advancement. In a snail pace, Innovation was happened in agriculture and allied activities. Initially as a livelihood for a certain family or group of people and later as a forum of agro business and its different sorts. When it emerged as a new face of business become feasible for being adopted by any people with any standard hardly regarding knowledge and haves and have not's worldwide. Nowadays ethical part of business become inconsiderable consequently the food security and food safety become an emerging issue in this globalised era. The only panacea for overcoming the tragic situation is good agriculture practices, training, and research.

The livestock sector grants an immense contribution to the food security and livelihood of the populations. It provides employment to millions of livestock farmers and contributes to economic and social wellbeing of women. Further, the sector provides valuable nutritional sources to the growing generation, students and working population in the form of milk, meat and eggs which is necessary of one's life. The agriculture sector also plays a key role in sustainable rural development and food security of the people in the country. Enhancing the organic farming activities would bring about positive results on the food and nutritional security in the nation and will create more employment avenues in rural and urban areas. India is endowed with more than 11% of the world's livestock population comprising a variety of meat animals such as buffalos, goat, poultry and fish etc. Also agriculture has been the backbone of the Indian economy and it will continue to remain so forever. Therefore, continues training and research programs are necessary to maintain such agricultural practices through the country, so that we would be able to create educated farmers who can preserve the health and environment. Kerala state, which is most literate among others having number of

educational complexes and multinational companies, the people therein are generally of high quality with higher concern on health and welfare. This causes great demand for livestock food products like milk, meat and eggs etc. Hence, during the last four decades; Kerala achieved spectacular growth in livestock sector in the country. In this context, development of infrastructure facilities for livestock, animal production and research activities will help in improving the economic, livelihood and food security of the community, charity establishments and general public as well.

### **BIRTH OF MAZRA**

Jamiamarkaz is the prominent academic and humanitarian organization in India. Established in the year 1978, Markaz is running diverse educational, charitable and social initiatives across the country, identifying especially the poor and needies. Markaz provides a progressive lifestyle with modern education backed by spiritual teachings that rightly shapes a culture, in more than 150 institutions in India and many sub centers abroad. The Headquarter is situated at Kunnamangalam within a distance of 15 km from the heart of Calicut city. At present, 5000 students and staffs are inmates at Markaz main campus. Above 20000 students are studying in its other branches and over the years 75000 professionals already been passed out from this institution and every year, numbers of inmates have been increasing thus, consumption of food also increasing. In this context, the need for increasing food productions also may recommend. The organization provides wholesome care and protection to its inmates and branches institutions at free of cost. Apart from this, thousands of food kits and medicines are being distributed among needies across the country. Further, thousands of orphans are financially supported through its Home Care project in the form of food, dress, education etc. Markaz, being a largest residential Institute housing more than 5000 inmates and above 260 staff members, it operates a full-fledged central kitchen, working round the clock, to cater food

requirement of them. Thus, 35 labors, canteen Management Committee and canteen procurement committee have been constituted to facilitate the smooth functioning of the canteen. The food menu of the canteen has been designed so as to support mental and physical growth of the students. Therefore, diversity in food is included every weeks menu namely vegetables, fruits, meat (poultry, buffalo, goat, diary), milk and fish etc. A large quantity of above items is required to meet the daily needs of the campus. Monthly an amount of Rs. 6500000 are spending towards above items. The important things to be noted that, all the items are purchased from outsource markets and the organization doesn't have its own production rather than seasonally. So if Markaz become self-sustainable in producing those items required for the daily needs that will help the organization in many ways. First of all, it will save financial burden as the organization barely meets this along with other hiking costs, where the main sources of income are only the donations and offerings of the public and collection from the charity boxes. Secondly, the inmates can intake nutritious food free from poisons and toxics which is a great threat to populations inside and outside the campus.

Nowadays, the problem of food security (nutritious food) and food safety issues (poisoned food) is a major concern, especially in food items purchased from outside irrespective of food category, it is surprising to know that most of the vegetables and fruits available in the market have an alarming percentage of harmful chemicals, which is far above the permissible limit prescribed by the Food Safety and Standards Authority of India. In a study conducted by the Kerala Agricultural University, "dangerous levels" of pesticide residues have been found in many main vegetables like cauliflower, cabbage, small red onions, curry leaves, green chilies, etc. Some of these vegetables have been categorized as extremely harmful in terms of levels of pesticide. Also the packet food products like milk, meat and eggs etc have been found contaminated chemicals and other adulterants. Concerned over increasing instances of food adulteration, now Kerala is gearing up to set up a string of mobile testing laboratories to



examine the quality of food articles, including milk, milk products, oil and water, in view of increasing concerns on the flood of adulterated food articles from neighboring states. These are the factors that led to take initiative of the proposed 'Livestock & Agro project cum Training and research institute'. Being a social agency, Markaz has the moral responsibility to cater the wants and needs of its inmates and populations in the country.

## **MAZRA**

Livestock & Agro project including Training and research institutes a complain movement under MAZRA (Markaz Alliance for Zero waste, Reforestation & Agriculture) It is an initiative of jamiamarkazussaquafathissunniyya aimed at producing organic food stuffs free from poison and highly nutritious food in order to meet the domestic requirement especially in Markaz and the whole community in general. The project envisages developing an ethical, sustainable and reproductive attitude towards livestock and agriculture in human mind for the existence of a healthy universe based on good agricultural practices through training and research. The program mainly addresses the issue of poisoned and insecurity of nutritious food through the implementation of integrated projects like livestock (dairy, goats, poultry, aqua and agro farming) so as to provide educational and nutritional support to the inmates of jamiamarkaz and communities as a whole. Currently, 5000 inmates are residents at Markaz main campus including staffs, above 20000 students are studying in its other branches and over the years 75000 professionals already been graduated from this organization. The expenditure towards the food items (vegetables, meat, egg, milk and fish) itself comes around 65 lakhs per month and Markaz barely meets this along with other hiking costs, where the main sources of income are only the donations from the public and collection from the charity boxes. Every year, numbers of inmates are increasing and large amount of food is needed to be produced. The market foods contain chemical substances and the food stuffs reaching to our table spreads

disease due to poison and toxics. Also the industrial lobbies are trying to spread the myth that chemical farming is safe by which the public are brain stormed even through social media. The situations in communities out of campuses are same as mentioned above by which the people are suffering malnutrition, underweight and severe health issues. Several people even don't bother about its vulnerability due to ignorance and lack of awareness. Markaz, as an organization has proven its capacity and strengths in social and developmental sector, initiated Livestock & Agro project along with training and research institute to ensure food security for targeted populations, to increase productivity, to support livelihood and to protect the health and environment of the individual.

The Livestock and Agro project including Training and research institute will be a permanent source of poison free vegetables, milk, meat, fish, egg and the same would contributing towards accessing enough food for an active healthy life of the beneficiaries in a sustainable manner. The income generated out of livestock productions through sales of livestock and allied products would be the major sources of income for the program. Definitely the increased livestock production under the MAZRA may add to food security of the organization and the Nation in several ways. First of all, increased production will bring livestock product prices down and allow low income groups to access such food. Secondly, many poor income groups will have direct access to more of livestock. Thirdly, increased domestic production will reduce imports and save foreign exchange which can then be diverted to productive investment and indirectly contribute to food security. Apart from this, livestock can be integrated with organic farming. Training and research institute under MAZRA will contribute towards capacity building of farmers and students in the areas of sustainable livestock production to meet the emerging challenges of food security and food safety having special focus on preservation of endangered species like fish, insects, birds and livestock etc. Also the institute would provide

knowledge in the areas of breeding, feeding, management, disease control and marketing which is necessary for good agricultural practices.

As an end result, the organization will become self-sufficient in the production, processing, distribution, marketing, acquisition and consumption of food. The direct beneficiaries of this project will be 5000 inmates of markaz and its member institutions and more than 100000 family members will indirectly enjoy its benefits. In first stage, the project will cover entire Markaz family then to the state and to the whole nation in later stages. The program will be monitored by experienced professionals from various departments of Markaz project management including govt. Departments like Animal Husbandry, Dairy Training Center, Kerala Veterinary and Animal Sciences University (KVASU) etc. Through qualitative and quantitative aspects. The total project duration will be five years and a huge amount is required for the successful implementation of the proposed project with grand support from Govt. Scheme as grants

### **OUTCOME OF MAZRA**

The vision of the project is “To promote creation of economically viable and socially acceptable livelihood in economically and ecologically depressed areas for weaker sections of the society through ecofriendly, innovative and integrated tasks”.

MAZRA plans to fulfill the through following mission components.

1. Economic and social empowerment of women
2. Women centered family development
3. To maximize self-employment and income generation through local area development
4. To Preserve and promote indigenous cow breeds
5. To develop harmonious relationship among man, animals and nature.
6. To Procure and supply of healthy milk

7. To minimize out flow of locally generated income
8. To ensure value based, financially viable and socially inclusive development pattern
9. To assure holistic development by promoting value based farming practice
10. To promote harmonious inter personal relationship among the people through innovative livestock and agricultural projects.

### Activities and objectives

Sr. No	Program activities	Objectives
1	Nuclear high-tech Integrated Dairy farm	<ul style="list-style-type: none"> <li>• To establish diary, goat, poultry and aqua farm</li> <li>• To supply quality and hygienic milk, eggs, fish and meats of diary, goat, poultry</li> <li>• To inspire the backward, downtrodden communities for adopting farming practices for their livelihood</li> <li>• To establish a mini Slaughter House with low-cost processing facilities</li> <li>• To utilize land owned by markaz for farming purposes and improve productivity</li> </ul>
2	Nuclear goat farm	
3	Nuclear poultry farm	
4	Aqua farm	
5	Precision farming (open and closed)	
		<ul style="list-style-type: none"> <li>• To establish 15 numbers of greenhouses of 1000 square meter size</li> <li>• To establish 2.5 Ha open precision farm for production of vegetables, tubers, fruits and spices</li> <li>• To supply quality and hygienic vegetables and fruits</li> </ul>

		<ul style="list-style-type: none"> <li>To establish compost production units and organic manure production units</li> </ul>
6	Training and research Institute	<p>To meet the emerging challenges of food security and food safety</p> <p>To strengthen farmers capacity and improve productivity</p> <p>To share knowledge about good agricultural practices, to develop positive attitude towards farming</p>

### Merits of the project

The main benefits expected were the increased production of basic necessities (such as vegetables, meat, milk and egg) needed for the inmates of jamiamarkaz and the community as a whole and expanded employment opportunities to the thousands of people

Motivates the younger generation in to the agriculture and other farming sector

Hygienic, poison and pollution free production of food such vegetables, meat, milk and eggs

Better utilization of the land owned by the Organization and increase of qualitative productions

Increase in standard of Living of rural people with food security.

Expected a minimum annual income of Rs. 15.4 lakhs through the sale of products out of the project.

Produces 25.2 MT of quality mutton per year.

Expected an income of Rs. 25 lakhs through the sale of bio-inputs from the project which is an additional annual income.

Enable to train 600 people annually who are interested in seeking the employment in dairy and allied sector.

Expected to create awareness in connection with the production of necessities with environmental protection

Living standard and livelihood opportunities of the poor and needies will be increased

Promotion of good farming practice among the people

Group farming ventures will empower the harmonious wellbeing of the population

## **Current Project**

### **Project outline & components**

The present proposal is to establish an integrated livestock and farming project for procurement, production and supply of Desi cow milk (A2 milk) supplemented with poultry, bee keeping, fisheries and vegetable farming. Kerala is a deficient state in supply of milk and exist huge gap between per capita consumption demand and per capita production. Kerala accounting for 3 percent of the total population of the country has a contribution of only .17 percentage of total milk production. The huge gap is partially met through import of milk from other states.

In Kerala, dairy farming is home centered and cow rearing is on a decline. Due to environmental issues and pollution organized large dairy farms are receiving resistance from people. Kerala is high density populated state with limited availability of large vacant area for pasturing/rearing. Moreover ,the land cost in Kerala is very high and hence it is uneconomic for establishing dairy farms on a profit basis. The traditional system of rearing cows in attached sheds near home is almost becoming an extinct the harmonious relationship between man and cow has lost over the time and the new generation seldom get an opportunity to enjoy the warmth of a cow man relationship. The women in the house also get depressed and bored as opportunities creating spending of the time are limited in present day homes. Further, they do not have control over the safety of the milk they consume for feeding their children. Because of non-availability of quality milk, milk purchase for drinking is curtailed thereby creating protein deficiency among growing children.

Apart from this, there is a need for generating income in the household especially to the women who can become self-reliant for her home needs and also supplement family income. This project will create such environment and innovative model in the society.

### Process

This an integrated project involving cow, poultry, bees, fish and vegetables. In the initial stages, women of thousand households with minimum infrastructure facilities will be selected as beneficiaries. Each household is designated as unit and should agree to rear two Desi brand cows in their home garden. Modern cows homeswith hygiene standards will be provided in each household for rearing cows. The women homemaker will be entrusted the task of maintaining the cow and necessary training will be provided to them. Selected household should own/pocess a minimum land area of twenty cents and access to equal area for raising green fodder. The households will get cattle feed from a centrally distribution center. Milk produced in the unit will be collected twice a day through a collection system.

### Base campus

The project will have a base campus with base farm for demonstration as well as production purpose. The base farm will have a capacity to rear sixty cows at a time. The base farm is attached to the dairy and milk from satellite unit and the base farm will be collected, pasteurized and packed there for distribution to the consuming households. The dairy will have a add on facilities for making ghee, butter, ice cream and other milk products. The base campus also accommodate the administrative block, veterinary clinic, training center, conference hall, guest house, laboratory, R&D division, project evaluation and management unit etc.

### Paultry unit

The households who possess more land and willing to rear poultry will be helped to establish poultry units in their gardens. The project aims to establish four hundred poultry broiler units of hundred chick each and four hundred Desi egg chick units of twenty five fowls each. The

broiler chicken and Desi eggs for will be bought back and marketed. The base campus will provide chicks, feed, veterinary assistance, technical support and training to each unit.

### Bee keeping

The project also propose to develop two hundred bee keeping unit in satellite households. Each unit will have ten boxes and as such a total of two thousand boxes will be provided for bee keeping and collected honey will be processed in a centralized process system in the base campus and will be marketed as MAZRA natural honey.

### Fisheries

The project also proposes to develop hundred fish ponds in the targeted households. And marketing system for collection and marketing of fresh fish will be created.

### Vegetable farming

Each unit will have a homestead garden for growing organic vegetables using cow dung and poultry waste. The excess vegetables over and above home needs will be procured and marketed as quality safe vegetables under MAZRA brand.

## INCLUSIVE ASPECTS

The main financial sources of MAZRA are donations and charity fund from rich and community respectively. The benefits of this donation and fund are required by the inmates and poor people.

In Kerala the cow bearing are being declining in the states , the markaz provides an a centralized platform and job opportunities for poor diary workers in MAZRA and also it provides cow to holds by keeping some criteria without any cost and castle field for Reasonable rate,the milk is collected twice a day by selling the milk remaining after utilizing for the food requirement the profit is shared . So the households get profits in invulnerable way.

The project MAZRA can be considered as a movement similar to white revolution led by Joseph kuriyan, because white revolution was a movement to increase the price of milk for the benefits of diary employers. But the movement led by the MAZRA is not only for the profits but also as a support to service sector



Other than cow rearing MAZRA provides bee keeping units, through this MAZRA gives profitable made of inclusive mode of business. It provides 200 honey box to households for collecting honey after it will be collected and marketed as MAZRA natural honey.

All it's allied activities are all inclusive. Vegetable, farming, poultry units and also for the maintenance of premises people are hired who are mostly from the lower communities through that provide them a platform to do their traditional works in good wage and education and also workers will be trained to use the sophisticated gadgets for breeding cattles.

## CONCLUSION

MAZRA {markaz alliance for zero waste reforestation and agriculture} is a milestone in the history of Kerala. Even it is an institution based project, it envisage all the sector of community and explores a new visage of business innovation through whispering the motto "service". It also promote a futuristic mode of business collaborating with the technological advancement, alarming environmental issues, ethical dilemmas likely to confound within 2030. Obviously, the project decodes and conveys revolutionary movement to Indian society which can undertake and suitable in every part of India for the better leaps in economy.

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# WOMEN'S PERCEPTION ON WOMEN EMPOWERMENT: AN EMPIRICAL STUDY

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Shivaprasad K,

Dr. Umesh Maiya

## INTRODUCTION

“Women’s economic Development is one the biggest potential levers for boosting global prosperity. No Country can develop if half of its population is locked out” (Greening MP 2016)

The women workers constitute 40% of the world’s workforce, with steep increase in the women representation in the top management of the companies. However, there is still gap in the women leadership, like just 4.8% of the CEOs at Fortune 500 companies are women and only 16.9% of the Board members of Fortune 500 companies are occupied by women. While global average of women in parliament stands at 22.4% (though much less than the 50%), India stands at 148<sup>th</sup> position among 227 countries with a mere 11.8% representation i.e. 64 MPs in 542-member Lok Sabha and 11% (27) in 245-member Rajya Sabha. (Report 2017)

Empowerment is the process to help the people in stating their control over the factors which affect their life (Mokta 2014). Women Empowerment means “Developing them as more aware individuals, who are politically active, economically productive and independent and are able to make intelligent discussion in matters that affect them” (Koko 1992).

## OBJECTIVES

1. To understand the significance of Women Empowerment
2. To analyse and interpret the Women Empowerment at basic level
3. To highlight the women’s perception on Women Empowerment

## RESEARCH METHODOLOGY

**Primary Data:** The researcher floated a Google Survey Form with 26 points and spread through social media. The questionnaire was exclusively targeting the women group. Though the expected response count was 100, there was overwhelming response from the women groups and the responses reached 150 in number in just three days.

**Secondary Data:** The researchers referred various books, journals, magazines and reports to gain in-depth knowledge of the concept.

**Sampling Technique:** Random Sampling method with survey using e-questionnaire

**Sample Size:** 150 respondents

**Research Scope:** The survey was floated through social media. Hence, there was no geographical boundary. However, the survey reached only women using the social media.

**Statistical Tools for Data Analysis:** The responses were validated in the entry stage itself, through the validation process in Google Forms. Further, the SPSS package is used for analysing the data with statistical tools like Mean, Std. Deviation, Mann-Whitney U Test, Kruskal Wallis H Test and Pearson's Correlation method.

**Data Reliability Test:** The data reliability is tested using Cronbach's Alpha and found to be reliable (150 items;  $\alpha = 0.742$ ). The data is also tested for Kendall's Coefficient of Concordance to assess the agreement among the respondents. The test result was  $W = 0.571$  and the result shows that there is normal distribution of the respondent's views ( $W = 0$  means no agreement and 1 means complete agreement).

## **HYPOTHESES**

H1: There is no direct relationship between women empowerment and the family type.

H2: The married women have more empowerment than un-married

H3: There is no direct relationship between Women Empowerment and the Age Groups

H4: There is no difference between Women Empowerment among the women of different Work Types.

H5: The Women Empowerment varies in different fields.

## **SIGNIFICANCE OF THE STUDY**

The general perception of the society is Women Empowerment helps the women to match with the men. However, the women will not equate with men until they themselves perceive them to be equal with men. The study is conducted to understand the perception of women in this regard and analyse how they are empowered in each group of activities grouped into Financial, Economical, Social, Family and Political.

## LIMITATIONS

The study focuses to understand the Women Empowerment at basic level and questionnaire served through social media. Though the researchers have taken utmost care in reducing the limitations, there still exists few unavoidable limits which are listed below:

- a. The study covered only those women with social media exposure
- b. The study focused on the basic level questions of Women Empowerment
- c. The women empowerment is gaining prominence day-by-day. Hence, the response received today may differ response in future

## REVIEW OF LITERATURE

The authors reviewed the literature to understand the work being carried out previously. The following prime factors were observed during the review.

**Tanusree (2013)** analysed the Women conditions in the parts of India and points that, the condition of women is not so good. She narrates that, the girls are facing lot of obstacles including the mal-nutrition. The schemes of Government are not reaching the target women due to lack of awareness and corruption.

**Alm and Johansson (2011)** did an exercise to understand the reason for lesser participation of women in the Maldivian Resort activities. They found that only 3% Women were participated while 51% Men were participants. The study outcome reveal that, the historical aspects, perceptions based on culture and religion, women's role in the society as well as the gap between the local islands and the resorts, covered with sea, are the main reasons for the limited participation of the women in the resort sector.

**Hazarika (2011)** observes in the study that, the rate of literacy is one of the reasons for the gap in women empowerment. The literacy rate among men in India is 76% while it is only 54% among women. The author also opines that increasing the education is very important to empower the women.

## EMPOWERMENT

The first-time discussion of the term "Empowerment" was by **Feire (1996)** in his book "Pedagogy of the Oppressed". The empowerment was meant to be "redistribution of the power". **Rowland (1997)** narrates about the different forms of power like "Power Over" which

is “the power to control someone”; “Power to” which means “Productive power”; “Power with” which represents the “power in groups” and lastly, “Power from within” which is the “the eternal power of the soul”. Empowerment is multi-dimensional, and it covers all aspects of life including, but not limited to, Financial independence, Social Awareness, Political participation, Economical equality and Family Freedom **Mamatha (2018)**.

## SIGNIFICANCE OF WOMEN EMPOWERMENT

Women Empowerment involves creating awareness of women power, capabilities, women rights and opportunities, among women in specific and public in general. The women empowerment enables women to make choice of her own, instead of nodding to the preferences of male companion. To achieve this, the women empowerment focuses on improvement in spiritual, political, social, educational and economical involvement of women.

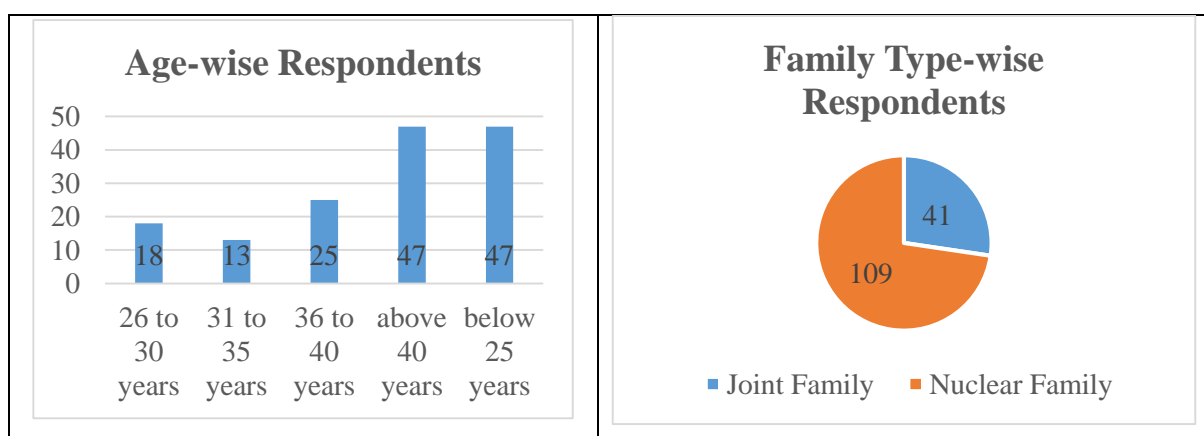
**Kabeer (2003)** interprets women empowerment as a radical transformation of power relations between the women and the men, where women have more power on their lives. Author also believes that “self esteem and feeling of being active are the fundamental principles of empowerment where one perceives oneself as an active person of making decisions”.

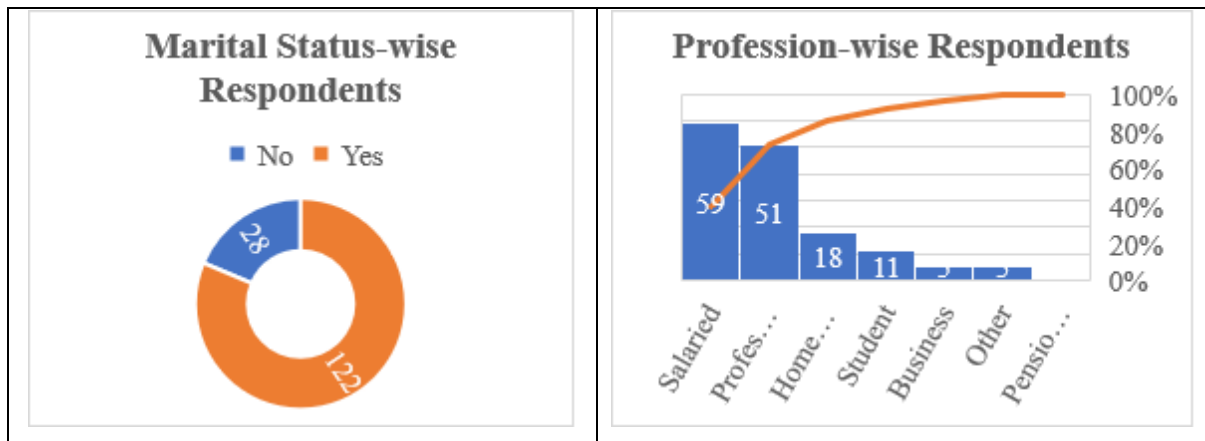
Thus, women empowerment is a complete change in the processes and structures responsible for women’s inferior status in the society.

## FINDINGS OF THE STUDY

The data collected through online survey form was grouped into different demographical parameters to understand the weightage of each group in the total data.

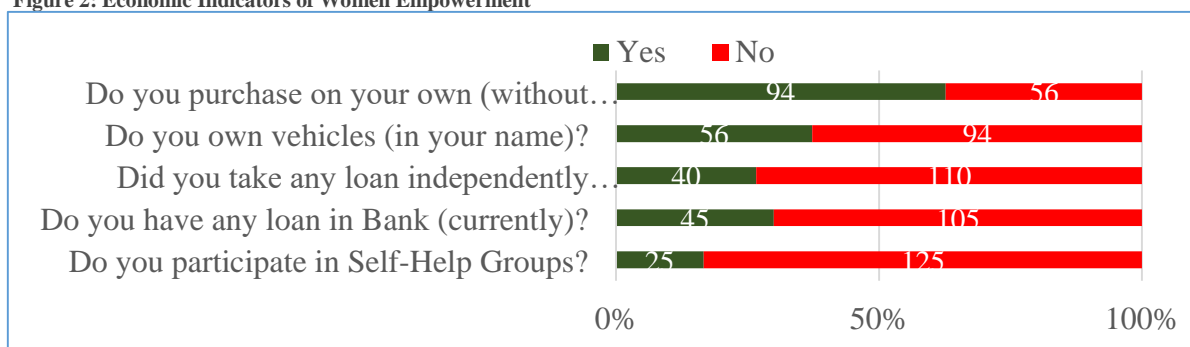
**Figure 1: Demography-wise analysis of respondents**





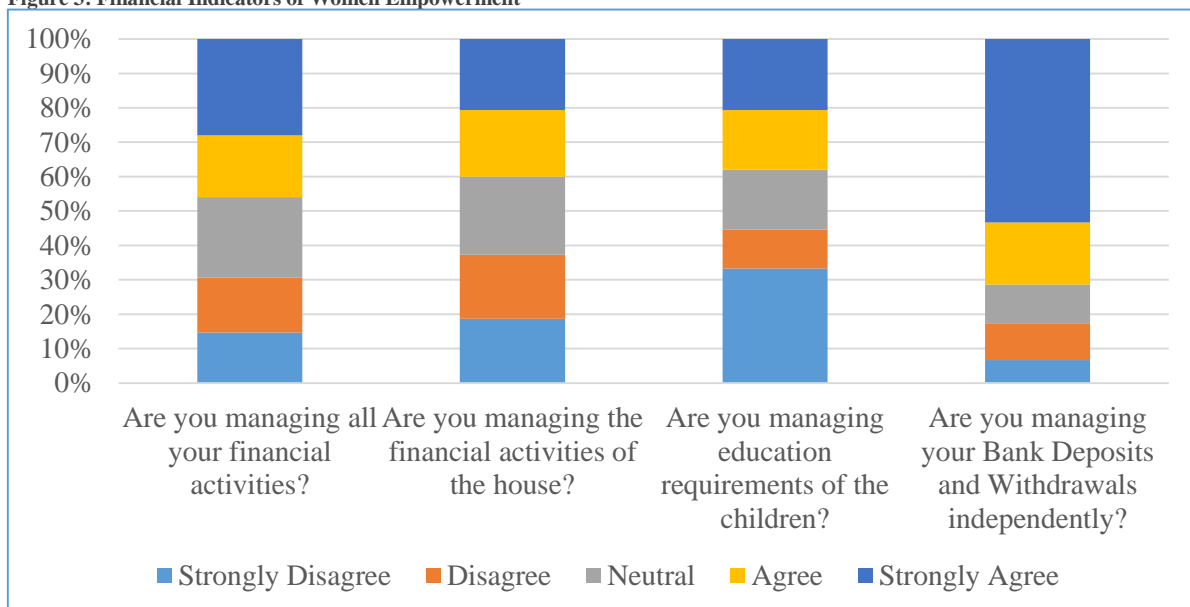
Source: Primary Data

Figure 2: Economic Indicators of Women Empowerment



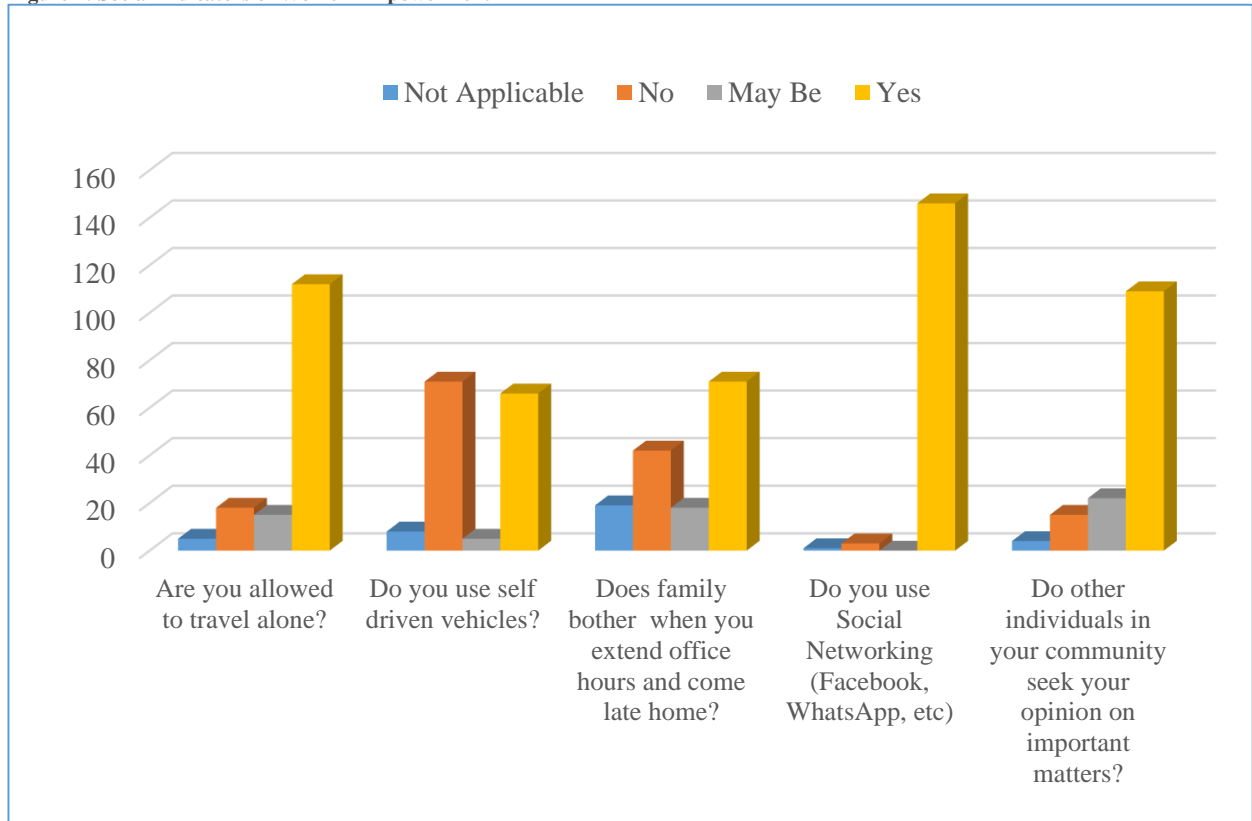
Source: Primary Data

Figure 3: Financial Indicators of Women Empowerment



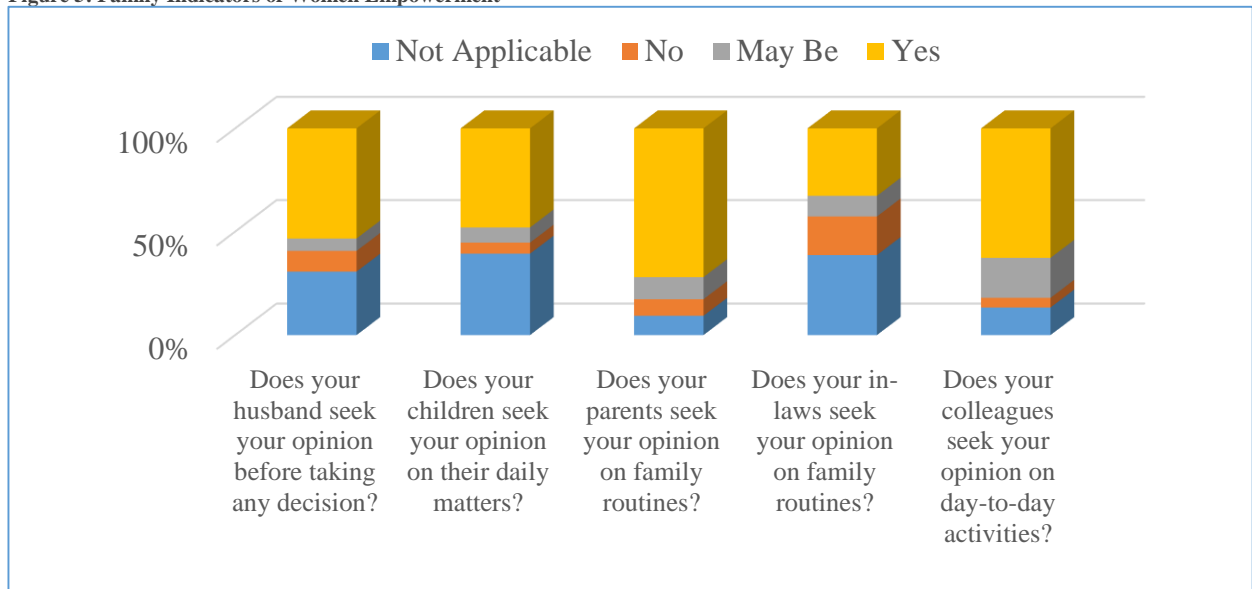
Source: Primary Data

Figure 4: Social Indicators of Women Empowerment



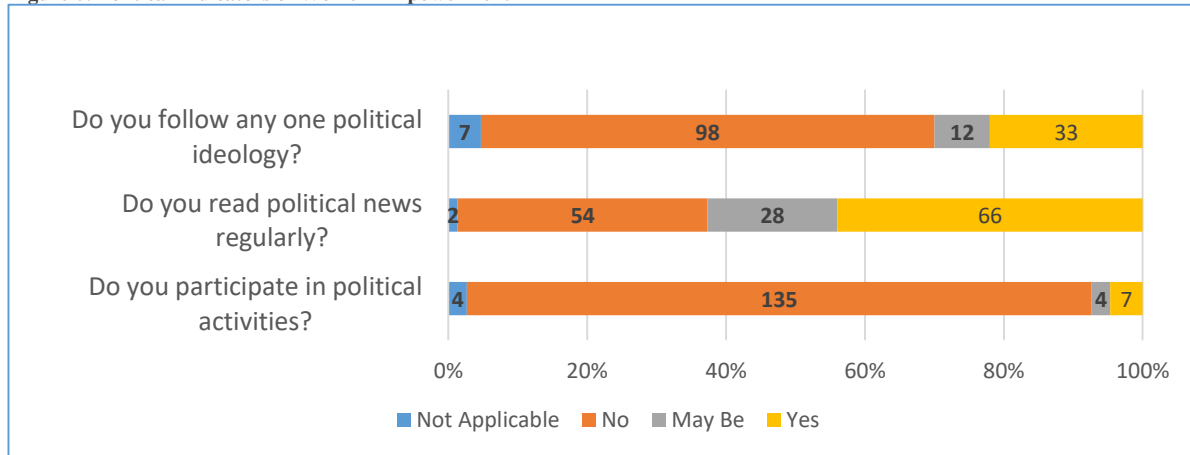
Source: Primary Data

Figure 5: Family Indicators of Women Empowerment



Source: Primary Data

Figure 6: Political Indicators of Women Empowerment



Source: Primary Data

## TESTING OF HYPOTHESES

The data collected has been analysed using statistical tools to get the results and the outcome of the hypotheses.

### Hypothesis 1:

*H<sub>0</sub>: There is no direct relationship between women empowerment and the family type*

*H<sub>1</sub>: There is direct relationship between women empowerment and the family type*

The analysis is done using Mann-Whitney U Test using each question as the dependent variable and the Family type as the independent variable. The data in Table 11 depicts the outcome of the test. The results in Column “H1” are above 0.05, hence the null hypothesis is retained.

Table 11: Results of Statistical Analysis for H1 to H4

Question	Significance Value			
	H1	H2	H3	H4
Are you managing all your financial activities?	0.423	0.004 #	0.159	0.001 #
Are you managing the financial activities of the house?	0.801	< 0.001 #	0.002 #	0.009 #
Are you managing education requirements of the children	0.098	< 0.001 #	< 0.001 #	0.229
Are you managing your Bank Deposits and Withdrawals independently?	0.993	0.713	0.615	0.004 #
Do you participate in Self-Help Groups?	0.683	0.217	0.742	0.185
Do you have any loan in Bank (currently)?	0.604	0.024 #	0.047 #	0.609



Did you take any loan independently (without support from your husband)?	0.700	0.013 #	0.020 #	0.006 #
Do you own vehicles (in your name)?	0.384	0.096	< 0.001 #	0.074
Do you purchase on your own (without support from husband)?	0.798	0.134	0.023 #	0.001 #
Are you allowed to travel alone?	0.105	0.150	0.011	0.171
Do you use self-driven vehicles?	0.113	0.296	0.21	0.004 #
Does your family bother when you extend office hours and come late home?	0.534	0.630	0.900	0.006 #
Do you use Social Networking (Facebook, WhatsApp, etc)	0.934	0.716	0.101	0.967
Do other individuals in your community seek your opinion on important matters?	0.775	0.201	0.979	0.118
Does your husband seek your opinion before taking any decision?	0.589	< 0.001 #	< 0.001 #	< 0.001 #
Do your children seek your opinion on their daily matters?	0.092	< 0.001 #	< 0.001 #	0.001 #
Do your parents seek your opinion on family routines?	0.575	0.303	0.013	0.051
Do your in-laws seek your opinion on family routines?	0.351	< 0.001 #	< 0.001 #	0.010 #
Do your colleagues seek your opinion on day-to-day activities?	0.615	0.794	0.761	< 0.001 #
Do you participate in political activities?	0.444	0.448	0.851	0.097
Do you read political news regularly?	0.863	0.047 #	0.111	0.002 #
Do you follow any one political ideology?	0.403	0.755	0.983	0.367

Source: Primary Data

### Hypothesis 2:

*H<sub>0</sub>: The married women have more empowerment than un-married*

*H<sub>1</sub>: The married women have less or equal empowerment than un-married*

Since the Marital Status in study included only two parameters, the Mann-Whitney U Test is conducted and the results are shown in Table 11 above. The results are mix & match. In terms of financial, Economical & Family aspects, the null hypothesis is rejected, and alternate hypothesis is accepted, while in Social & Political aspects, the null hypothesis is retained.

### Hypothesis 3:

*H<sub>0</sub>: There is no direct relationship between Women Empowerment and the Age Groups*

*H<sub>1</sub>: There is direct relationship between Women Empowerment and the Age Groups*

In case of Age Groups and the Women Empowerment, the Kruskal Wallis Test was conducted to analyse the hypothesis and the result is displayed in Table 11 above. There is clear indication that in terms of Financial, Economical and Social aspects the null hypothesis is rejected, and alternate hypothesis is accepted. However, in case of Social & Political aspects, the null hypothesis is retained.

#### Hypothesis 4:

*H<sub>0</sub>: There is no difference between Women Empowerment among the women of different Work Types.*

*H<sub>1</sub>: There is difference between Women Empowerment among the women of different Work Types.*

The Kruskal Wallis Test was conducted to analyse the difference between the women empowerment among the different work types and results are shown in Table 11 above. It is observed that, there is clear cut difference between the women empowerment levels among the women of different work types. Hence, null hypothesis is rejected, and alternate hypothesis is accepted.

#### Hypothesis 5:

*H<sub>0</sub>: The Women Empowerment varies in different fields.*

*H<sub>1</sub>: The Women Empowerment is same in all fields.*

The Statistical tools Mean, Std. Deviation and Correlation is used to analyse the equality and the relationship between women empowerment in the different fields.

Table 12: Comparative Analysis of Women Empowerment in different groups

Group	Mean	Std. Deviation	Test Details	Social Empowerment	Financial Empowerment	Economic Empowerment	Family Empower	Political Empowerment
Social Empowerment	3.4933	0.443	Pearson Correlation	1	0.125	0.261**	0.349**	0.146
			Sig. (2-tailed)		0.127	0.001	0.000	0.075
Financial Empowerment	3.3067	1.032	Pearson Correlation	.125	1	.385**	.258**	.084
			Sig. (2-tailed)	.127		.000	.001	.304

<b>Economic Empowerment</b>	3.3413	0.262	Pearson Correlation	.261**	.385**	1	.406**	.143
			Sig. (2-tailed)	.001	.000		.000	.080
<b>Family Empower</b>	2.9053	0.792	Pearson Correlation	.349**	.258**	.406**	1	.300**
			Sig. (2-tailed)	.000	.001	.000		.000
<b>Political Empowerment</b>	3.076	0.436	Pearson Correlation	.146	.084	.143	.300**	1
			Sig. (2-tailed)	.075	.304	.080	.000	
**. Correlation is significant at the 0.01 level (2-tailed).								

Source: Primary Data

The above table shows the mean values of different groups of Women Empowerment. Among the groups, Social and Economic Empowerment has higher mean while Family Empowerment has lowest mean. Further, the Financial Empowerment has more deviation than other groups. The statistical correlation is observed in case of Economic and Family Groups in combination with the other Groups. However, other combinations show no correlation between them with the insignificant correlation value in the Table 12 above. Thus, the null value is retained.

## CONCLUSION

Women Empowerment is the need of the hour and can't be achieved by just slogans or programs. It requires change in the thinking and participation of the women. The perception of the women should change at basic level and they should grab the opportunities in all fields, instead of waiting for the chances to be given.

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## MODERN RETAILING-RECENT TRENDS IN INDIA

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### Mavy Miranda

Research Scholar,

Bharathiar University, Coimbatore and Assistant Professor, P.G. Department of Commerce, Government First Grade College & Centre for P.G. Studies, Thenkanidiyoor, Udipi -576106. &

### Dr. Umesh Maiya

Research Supervisor, Asst. Professor & M. Com Programme Co-ordinator,

Dept. of Commerce & Business Management,

Dr. G. Shankar Govt. Women's First Grade College & Post Graduation Study Centre,

Ajjarkadu, Udipi 576101

### Abstract:

The Retail Industry in India is the largest among all the industries. The changes in the organized retail industry are visible in the form of new retailing formats, modern techniques, exclusive retail outlets, emergence of retail chains etc. Shopping in India has witnessed a revolution with the change in consumer buying behavior and the format of shopping. Apart from this, social changes such as increase in the number of nuclear families and the rise in working couples has increased spending power which has also contributed to the increase in the Indian consumers' personal consumption. The present study explores the changing face of Indian Retail Industry. This paper also focuses on the opportunities and challenges faced by modern retail industry in India.

Keywords-- *Retail industry, Organized retail, Indian consumers, Opportunities, Challenges*

### **Introduction:**

Retailing is not only an important aspect of the economic structure but very much a part of our lives. Although trading of goods have been in existence since the olden days, it is only in the recent

past that the buying and selling of goods have become more of a formal and a brand dominated activity. In fact, today retailing is evolving into a global, high-tech business. Nevertheless, the traditional forms of independently owned small businesses co-exist along with the organized retailers like department stores, speciality stores, shopping complexes, malls, large scale multiple chains etc. Organized retailing has emerged in a big way since 2000 onwards and with it, we are witnessing the emergence of new forms of retailing. Today, organized retail operations, chain stores and international investment are starting to move in, leading at least part of the retail sector to dramatically increase its scale of operations and integrate itself more closely into the international economy, potentially reducing farm-to-market losses of agricultural products, encouraging infrastructure improvement, and driving the training of the middle segments of the labor force. The trends that are driving the growth of the retail sector in India are: Low share of organized retailing, fall in real estate prices, increase in expenditure for luxury items and increase in disposable income and customer aspirations. The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities.

The retailing industry, which, until the early 1990s, was dominated by the unorganized sector, witnessed a rapid growth in the organized sector with the entry of corporate groups such as Tata, RPG, ITC and Bennett Coleman & Company into the retailing market. With the liberalization and growth of the Indian economy since the early 1990s, the Indian customer witnessed an increasing exposure to new domestic and foreign products through different

media, such as television and the internet. Apart from this, social changes such as increase in the number of nuclear families and the growing number of working couples resulting in increased spending power also contributed to the increase in the Indian consumers' personal consumption.

India is the country having the most unorganized retail market. Traditionally it is a family's livelihood, with their shop in the back, while they run the retail business. More than 99% retailer's function in less than 500 square feet of shopping space. The Indian retail sector is estimated at around Rs 900,000 Crores of which the organized sector accounts for a mere 2 percent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer.

### **Objectives**

- To study the evolution of Indian Retail Industry.
- To know the trends and challenges faced by modern retail industry in India

### **Research Methodology**

This research paper has been designed from the secondary sources. The secondary sources have been collected from books, journals, magazines and internet sources. Critical analysis has been done wherever necessary.

### **Evolution of Indian retail business:**

Traditionally, retail sector comprised of small retailers (kirana stores), with their shops being in the front and house at the back, where they would run their retail business to earn the family's livelihood. The emergence of organized retail in India dates back to the pre independence era when the country's established business houses, mostly textile majors, ventured into the retail arena through company-owned or franchisee outlets. The evolution of Indian retail can be categorized into five phases:

**Phase****I:**

While barter would be considered to be the oldest form of retail trade, since independence, retail in India has evolved to support the unique needs of our country, given its size and complexity. Haats, Mandis and Mela's have always been a part of the Indian landscape. They still continue to be present in most parts of the country and form an essential part of life and trade in various areas. Haats are periodic markets that form a major part of the rural market system in India. This is a location which witnesses a public gathering of buyers and sellers at fixed times and at fixed locations. Melas are fairs, and they can range from commodity fairs to religious fairs. Virtually every state in India has melas for which it is known; it is estimated that more than 25,000 melas are held annually in the country. It is also estimated that the average outlets in every mela would be more than 800 and the average sale per mela would be Rs.1431akh. Mandis are market set up by the state government for the sale of agricultural produce directly from the farmers. Close to 6,800 Mandis exist in India and are believed to cater to a population of 1.36lakh.

**Phase II**

The initial evolution of modern retail in India primarily transpired through established textile majors forward integration in retail. The key players during this era include Bombay Dyeing, the Raymond Group, the S Kumars Group and Bata to name a few. Central and State Government departments and co-operative bodies such as the Public Distribution System, Mother Dairy, Kendriya Bhandar, Super Bazaar, etc., played a key role as prominent retailers in the Indian Market. These early years also saw the emergence of regional chains, like Nilgiris and Foodworld, primarily in the southern region and some of these chains later established a nationwide presence. These remained the only organized retailers in the country for quite a long period, till the post 1990 period saw a fresh wave of entrants in the retailing business.



### **Phase III**

This phase saw the entry of pure-play retailers, and not the manufacturers, expanding pan India rather than operate regionally. It is interesting to note that most new retailers like Pantaloons, Shoppers Stop and Lifestyle, of this era focused mainly on apparel and other related fashion categories. With the opening of Indian economy during this phase, first generation international brands like Nike, Reebok, Adidas, Levi Strauss and McDonald's to name a few, made the Indian entry.

### **Phase IV**

This is perhaps the most active phase in the Indian retail industry, in terms of growth, entry of new players and development of new entrants. A growing middle class, increasing disposable incomes as well as a large and young consumer market led to rapid growth in the Indian retail industry. Having realized the vast potential of the relatively untapped domestic market, large industrial conglomerates like Mahindra and Mahindra, Reliance, Tata, Aditya Birla and Essar entered the Pan-India retail arena during this period. Their success brought in global retailers such as Metro AG, Max Retail, Hyper city, etc. The period saw the emergence of new formats like cash and carry, large format discounters, food courts, multiplexes, children's play zones and gaming zones. On the real estate front, there was frenetic activity with a large number of malls were proposed/developed across major metros and upcoming tier-II cities. The size of the malls also went through rapid transformation from an average size of 150,000-200,000 sq. ft. to 500,000-1,000,000 sq. ft. The rapid growth soon attracted the luxury product segment in an environment of the economic liberalization along with rising purchasing power parity (PPP) index of domestic consumers. With the FDI policy 2005-2006 allowing single-brand foreign retailers to take up to 51 per cent stake in joint venture with a local firm, the intervening years saw the entry of several premium brands (Giorgio Armani, Versace, Gucci, etc.) mostly through joint ventures.

## Phase V

Considering the challenges faced by the industry at present, retail chains are likely to focus on consolidations to cut costs and survive in the market. In the present scenario, companies are increasingly concentrating on strengthening existing operations while assessing growth options through consolidation. Shopping malls have emerged in the urban areas giving a world-class experience to the customers. Eventually hypermarkets and supermarkets emerged. The evolution of the sector includes the continuous improvement in the supply chain management, distribution channels, technology, back-end operations, etc. this would finally lead to more of consolidation, mergers and acquisitions and huge investments.

## Trends in the Retail industry

**Emergence of organized retail:** Real estate development in the country, for example, the construction of mega malls and shopping malls, is augmenting the growth of the organized retail business.

**Spending capacity of youth of India:** India has a large youth population, which is a conducive environment to growth of this sector.

**Raising incomes and purchasing power:** The per capita income in India has doubled between 2000-01 and 2009-10 resulting in improved purchasing power.

**Changing mindset of customers:** The customer mind set is gradually shifting from low price to better convenience, high value and a better shopping experience.

**Easy customer credit:** Emergence of concepts such as quick and easy loans, EMIs, loan through

credit cards, has made purchasing possible for Indian consumers, for products such as consumer durables.

**Higher brand consciousness:** There is high brand consciousness among the youth; 60% of India's population is below the age of 30 leading to popularization of brands and product

### **Challenges of Retailing in India**

**International Standards:** Even though India has well over 5 million retail outlets of different

sizes and styles, it still has a long way to go before it can truly have a retail industry at par with International standards. This is where Indian companies and International brands have a huge role to play.

**Inefficient supply chain management:** Indian retailing is still dominated by the unorganized

sector and there is still a lack of efficient supply chain management. India must concentrate on improving the supply chain management, which in turn would bring down inventory cost, which

can then be passed on to the consumer in the form of low pricing.

**Lack of Retail space:** Most of the retail outlets in India have outlets that are less than 500 square feet in area. This is very small by International Standards.

**Cultural Diversity:** India's huge size and socio economic and cultural diversity means there is no established model or consumption pattern throughout the country. Manufacturers and retailers

will have to devise strategies for different sectors and segments which by itself would be challenging.

**Real estate issues:** The enormous growth of the retail industry has created a huge demand for real estate. Property developers are creating retail real estate at an aggressive pace. With the numerous hypermarkets and supermarkets projected to come up, India will need additional retail space as compared to today.

**Human resource problems:** Trained manpower shortage is a challenge facing the organized retail sector in India. The Indian retailers have difficulty in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailer's profit levels.

**Frauds in Retail:** It is one of the primary challenges the companies would have to face. Frauds, including vendor frauds, thefts, shoplifting and inaccuracy in supervision and administration are the challenges that are difficult to handle. This is so even after the use of security techniques, such as CCTVs and POS systems. As the size of the sector would increase, this would increase the number of thefts, frauds and discrepancies in the system.

**Challenges with Infrastructure and Logistics:** The lack of proper infrastructure and distribution channels in the country results in inefficient processes. This is a major hindrance for retailers as a non-efficient distribution channel is very difficult to handle and can result in huge losses. Infrastructure does not have a strong base in India. Urbanization and globalization are compelling companies to develop infrastructure facilities. Transportation, including railway systems, has to be more efficient. Highways have to meet global standards. Airport capacities and power supply have to be enhanced. Warehouse facilities and timely distribution are other areas of challenge.

## Conclusion

In India, the most of the retail sector is unorganized. The main challenge facing the organized sector is the competition from unorganized sector. Unorganized retailing has been there in India for centuries. The main advantage in unorganized retailing is consumer familiarity that runs from generation to generation. It is a low cost structure; they are mostly operated by owners, have very low real estate and labor costs and have low taxes to pay. Organized retail business in India is very small but has tremendous scope. To fully utilize India's potential in retail sector, these major obstacles have to be removed.

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# ACCEPTANCE OF E-BANKING AND CUSTOMER SATISFACTION AMONG UNDERGRADUATE STUDENTS WITH SPECIAL REFERENCE TO BRAHMAVAR

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**BN MADIHA**

FINAL Mcom

SAINT MARY'S SYRIAN COLLEGE, BRAHMAVARA

madiha.bn@gmail.com

Mobile no- 9591913313

**SALWA KAUSAR**

FINAL Mcom

SAINT MARY'S SYRIAN COLLEGE, BRAHMAVARA

salwakausar1@gmail.com

Mobile no-6364810881

## **ABSTRACT**

Internet banking or E- banking is a form of self service technology and it is the term used for new age banking system. The internet plays a key role in people's daily lives. It has changed consumers behaviour in many ways, including financial transactions formerly requiring a visit to a bank to achieve. Electronic banking has eliminated the geographical boundaries by allowing the customers to transact from one corner of the country to another corner without even interacting with the bankers. It has experienced explosive growth and it is the most pioneering trend among the youths of the digital world.

This paper aims to explore the major factors responsible for internet banking based on undergraduate students perception on various internet applications. This data also analyses and evaluates the level of satisfaction derived from internet banking services. The data for this study was compiled through questionnaire filled in by the respondents.

**KEYWORDS:**

Undergraduate students, internet banking, customer satisfaction, customer perception, service quality dimensions.

## **INTRODUCTION**

Internet banking has opened a new way for banking companies to make a distinction among other competitors in the industry and deliver a superior service level compared to them. It involves the use of the internet by clients to get in touch with their banks and check their accounts and carry out banking transactions. Generally speaking, internet banking service is a demand driven industry, which constitute an important part of the service industry. On the other hand, the delivery of a high quality service to clients is a key factor affecting the performance of firms in the service industry. As a Result of its importance, service quality measurement has become the main object of several studies in service marketing field which we will discuss further in this paper. Another important aspect for performance in service organizations is “Customer Satisfaction” which is highly related to service quality. This means that any improvement in service quality can directly contribute to customer satisfaction. In other words, delivering quality services to clients is a vital factor for success and survival in today's global and competitive banking sector

### **Objectives of the study**

- 1) To know the purpose of using E-Banking transactions among undergraduate students.
- 2) To measure the level of satisfaction derived from the internet banking services.
- 3) To examine the customer satisfaction and various service quality dimensions.
- 4) To study the popularity of E-Banking with special reference to Brahmavar.

### **Research Methodology**

Survey method has been used for this study. A combination of both primary and secondary data was used. The secondary data were collected from the books, journals; internet etc. The primary data was collected through well structured questionnaire.

The questionnaire was designed to take the response of undergraduate students who are using internet banking services. The sample size for the study is 100. The questionnaire contains details pertaining to demography of the study, level and course of study, purpose of using internet banking, and the overall satisfaction derived through them.

## Literature Review

With the rapid and extensive increase in technology, innovation and telecommunications, new distribution channels in the financial sector are coming up rapidly, in numbers as well as in form, from ATMs, telephone banking, with Internet Banking being one of the latest in the chain of technological wonders.

According to Accenture (2005), Internet Banking was thought to signal a revolution in banking distribution. Banks invested heavily in the development of the Internet channel. It observed that Internet Banking has experienced explosive growth in many countries and has transformed traditional banking practice inevitably. Internet Banking will continue to revolutionize the current traditional banking industry and offer more opportunity to meet better consumer services through enhanced interaction, data mining and customization in the Internet Banking services concludes.

According to Kalakota and Whinston, online banking was first introduced in the early 1980s in which consumers were provided with an application software program that operates on personal computer (PC) which could be dialled into the bank via a modem, telephone line and operated the programs remotely on the consumer PC. However, due to the lack of Internet users, and costs associated with using online banking, the growth of internet banking experienced a setback. But, in 1990s internet banking made a huge comeback as the most sought after channel of service delivery as the Internet explosion had made customers comfortable with making transactions over the internet around the world. Thus, internet banking became an important channel of delivering the services for the banks and made the transaction and other banking activities much easier for the customers. Internet Banking has been regarded as the most important way to reduce cost and maintain or enhance services for consumers, as recorded by Hua. The banking institutions aim to use internet banking as a tool to lower operational costs, improve banking services to the customers, retain them and expand the customer base. In India, the internet banking was introduced in 1995 by ICICI bank followed shortly by HDFC Bank.

Lustsik(2004) defines E-Banking services as a variety of e-channels for doing banking transactions through Internet, telephone, TV, mobile, and computer. Banking customers' desires and expectations with regard to service are expanding, as technology advances and



improves. These days, the customer wants to operate and do his or her banking transactions at any location without going to the bank, at any time without being limited to the bank's working hours, and to do all his or her payments (purchasing, bills, stocks) in a fast and cost-effective way. Consequently, financial services quality ought to be characterized by independence, elasticity, freedom, and flexibility, to accommodate these desires ([Khalfan & Alshawaf, 2004](#)).

## ANALYSIS AND DISCUSSIONS

### Demographic profile of the E-Banking customers

Demography is the statistical study of human population. The study of demography is important as it allows us to study the nature in which our population changes over time. It includes factors such as age, gender, course and level of study.

**Table 1: Demographic Distribution of the respondents**

SL.NO	VARIABLES	CATEGORIES	NUMBER OF RESPONDENTS	PERCENTAGE
1	Gender	Male	43	43%
		Female	57	57%
2	Age	18-19	40	40%
		20-24	60	60%
3	Course	B.A	10	10%
		B.com	60	60%
		B.C.A	30	30%
4	Level of study	1 <sup>st</sup> year	27	27%
		2 <sup>nd</sup> year	23	23%
		3 <sup>rd</sup> year	50	50%

From the above table 1, it is clear that out of 100 respondents, female constituted 57% and male population was 43%. Respondents of the age group 20-24 dominated the survey with 60%, followed by 40% respondents belonging to the age group of 18-19.

It also states that most of the respondents were faculties of commerce (60%), followed by B.C.A (30%), and B.A (10%).

Also, the distribution of respondents by their level of study showed 27% in 1<sup>st</sup> year, 23% in 2<sup>nd</sup> year, and 50% in 3<sup>rd</sup> year.

### **INFORMATION PERTAINING TO E-BANKING**

In this category, E-Banking sites used by respondent's, purpose of using, frequency of using, level of satisfaction, E-service quality dimensions and major problems of E-banking are analyzed with the help of percentage analysis.

**Table 2: Banking sector website used by respondents**

<b>Banking sector</b>	<b>Number of respondents</b>	<b>Percentage</b>
Public sector bank	50	50%
Private sector bank	50	50%

Out of the 100 sample, there is an equal percentage in both public and private sector banks (50%).

**Table 3: years of experience in using internet banking**

<b>Years</b>	<b>Number of respondents</b>	<b>Percentage</b>
From one year	66	66%
2 to 4 years	28	28%
More than 4 years	6	6%

The result presented in table 3 shows that the majority of the respondents are new users and have an experience from one year (66%). There are only 34% of respondents who are using E-Banking since 2 years and more.

**Table 4: frequency of use of Internet Banking**

Frequency	Number of respondents	Percentage
Daily	7	7%
Weekly	22	22%
Monthly	24	24%
Rarely	47	47%

The above table describing the frequency of using internet banking reveals that 7% of respondents were daily users, 22% were weekly users, 24% were monthly users and the highest were 47% of customers who used the E-banking sites rarely. This indicates that E-Banking is not familiar to all and it is still in the process of growing.

**Table 5: purpose of using E-banking**

Internet banking activities	Number of respondents	Percentage
Checking bank statements	100	100%
Online fund transfer	25	25%
Online payment of goods	100	100%
Buy airtime	5	5%
Pay bills	25	25%

The table 5 throws light on the fact that all the students actively use internet banking for checking their bank statements and for undergoing online payments(100%). 25% of the students

use online banking for transfer of funds from one place to another and for payment of bills respectively. However only 5% of students use it for buying airtime.

**Table 6: E-service quality dimensions (customer satisfaction)**

Variables	Number of respondents	Percentage
Efficiency	60	60%
Responsiveness	50	50%
Fulfillment	50	50%
Privacy	42	42%
System availability	50	50%

### **Efficiency derived:**

The first variable associated with the customer satisfaction among undergraduate students is the efficiency of Internet system. Efficiency refers to the ease of doing the banking transactions by mere requirement of internet connection and a computer. The facilities are not limited to the working hours of the bank; one can avail these services 24 hours a day, 7 days a week. From the above table it is clear that 60% of respondents are satisfied with the efficiency of the bank website.

### **Responsiveness and customer satisfaction:**

The main source of customer satisfaction in this respect is attentiveness and responsiveness of the banking structures. E-banking sites are responsive if the services offered to the customers fulfill their requirements, handle their queries and solve complaints. Responsiveness refers to the promptness in decision making to customer complaints. Table shows that 50% of the respondents are satisfied with the responsiveness of the client.

### **Fulfillment and customer satisfaction:**

Fulfillment is the extent to which the sites promises about order delivery and item availability are fulfilled. Analysis has shown that 50% of the respondents are satisfied with the responsiveness of client.

### **Privacy:**

Privacy is the major issue that banks are nowadays facing. Privacy includes providing security regarding their personal information, data should not be shared and secrecy should be maintained. The study shows that only 42% of the respondents are satisfied with the privacy.

### **System availability and customer satisfaction:**

System availability refers to the proper technical functioning of the website. The analysis shows that 50% of the respondents are satisfied with the system availability of the bank website.

**Table 7: security of online banking**

<b>Level</b>	<b>Number of respondents</b>	<b>Percentage</b>
Completely	28	28%
Somewhat	55	55%
Not at all	17	17%

Security issues are the main aspect of online banking. It is found through the above table that only 28% are completely satisfied with the online banking services. Whereas 55% are having a neutral opinion and they are somewhat satisfied. However 17% of respondents are not at all satisfied with the E-banking.

**Table 8: Extent of satisfaction with the E-banking**

<b>Level</b>	<b>Number of respondents</b>	<b>Percentage</b>
Highly satisfied	11	11%

Satisfied	70	70%
Neutral	13	13%
Dissatisfied	6	6%

Above table represents that 70% of students were satisfied, while 11% are highly satisfied, 13% of them are neutral and the remaining 6% were dissatisfied with the E-banking services.

**Table 9: major challenges of online banking**

Problems	Number of respondents	Percentage
Overall difficulty	19	19%
Lack of assistance	32	32%
Limited service	26	26%
Lack of personal touch	23	23%

The above table illustrates the major problems associated with the E-banking. According to the survey the highest difficulty faced by the respondents is the lack of assistance (32%). Limited service constitutes 26%, lack of personal touch 23% and overall difficulty of using online banking constitutes 19%. If proper measures are taken then all these problems can be solved.

**Table 10: recommendations by the E-banking customers**

Suggestions	Percentage
Encouraging family and friends to use E-banking	70%
Say positive things about E-banking to other people	40%
First choice for future transactions	60%

Use E-banking in coming months of year	50%
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The result obtained from the opinions of the respondents shows that higher percentage of students are likely to encourage their family and friends to use online banking (70%). 60% of people will choose online banking for their future transactions. 50% of people will be increasing the use of E-banking in coming months. 40% of respondents are having positive thoughts and are going to say the same to other people who seeks their opinion. Analyzing the responses of the undergraduate students we found out that internet banking has higher profits in future.

### **DISCUSSIONS OF FINDINGS:**

From the above results it is clear that customers use E-Banking sites of both private and public sector. The findings reveal the fact that the customers often use banking sites for balance enquiry and online payment for goods and services. The various service quality dimensions were analyzed and it was found that the customers were satisfied with the efficiency, responsiveness, and system availability. The privacy issue was the major hindrance in level of satisfaction. From the recommendations the fact is quite clear that the customers are going to stay loyal to the online banking. They are looking forward to be the part of success of internet banking in the future by giving satisfactory suggestions for improvement. If the problems of students are kept in mind and necessary measures are taken then surely internet banking will reach better heights of success.

### **SUGGESTIONS:**

The system security should be improved by the banker and configure firewalls for getting highest security and thus this leads to better protection.

Awareness regarding the use and benefits of E-Banking should be spread to all the people especially to the rural customers.

The speed and quality of web pages should be improved and applications should be upgraded and new strategies for better promotion of online banking should be encouraged.

### **LIMITATIONS OF THE STUDY:**

The sample was small and to get more reliable data it is advised to replicate the study with large sample size.

This study was carried out amongst the undergraduate student's perceptions. The study can be improved by including the view points of post-graduate students too. And a comparison between UG and PG students can be made possible.

### **CONCLUSION:**

This research paper aims to add a new feather to the existing knowledge of E-Banking transactions and satisfaction derived. This study reveals that majority of students were satisfied with E-Banking services and would continue to use the same in the future. They are looking forward for more assistance from the bankers while doing online activities. If privacy and other problems are tackled then the level of satisfaction derived will increase.

Thus the banks must continuously work on their banking websites by concentrating on service quality dimensions and to ensure better customer satisfaction and customer's expectations.

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### **QUESTIONNAIRE**



ACCEPTANCE OF E-BANKING AND CUSTOMER SATISFACTION AMONG  
UNDERGRADUATE STUDENTS WITH SPECIAL REFERNCE TO BRAHMAVAR.

1) NAME :

2) GENDER : MALE FEMALE

3) AGE : 18-19. 20-24

4) LEVEL OF STUDY : 1<sup>st</sup> year 2<sup>nd</sup> year 3<sup>rd</sup> year

5) COURSE OF STUDY : B.A. Bcom. B.C.A

6) DO YOU HAVE E-BANKING FACILITY/SYSTEM?

Yes. No

7) WHICH BANKING SECTOR'S WEBSITE DO YOU USE ?

PUBLIC. SECTOR. PRIVATE SECTOR

8) HOW MANY YEARS OF EXPERIENCE DO YOU HAVE IN INTERNET  
BANKING?

FROM ONE YEAR. 2 TO 4 YEARS. MORE THAN 4 YEARS

9) HOW FREQUENTLY DO YOU USE INTERNET BANKING SITES?  
(Frequency)

DAILY. WEEKLY

MONTHLY. RARELY

10) WHICH ONLINE BANKING TRANSACTIONS DO YOU USE THE MOST ?

- CHECKING BANK STATEMEMTS/ BANK BALANCE
- ONLINE FUND TRANSFER
- ONLINE PAYMENT FOR GOODS
- BUY AIRTIME
- PAY BILLS

11) WHICH ARE THE E-SERVICE QUALITY DIMENSIONS THHAT  
PROMOTED CUSTOMER SATISFACTION FROM INTERNET BANKING IN  
YOUR MIND?

- EFFICIENCY
- RESPONSIVENESS
- FULFILLMENT
- PRIVACY
- SYSTEM AVAILABILITY

**12) DO YOU TRUST THE SECURITY OF ONLINE BANKING SERVICES?**

- COMPLETELY
- SOMEWHAT
- NOT AT ALL

**13) WHAT IS THE EXTENT OF SATISFACTION THAT YOU HAVE DERIVED FROM E-BANKING?**

- HIGHLY SATISFIED
- SATISFIED
- NEUTRAL
- DISSATISFIED

**14) WHAT ARE THE MAJOR PROBLEMS THAT YOU FACED DURING ONLINE BANKING?**

- OVERALL DIFFICULTY OF USING ONLINE BANKING SYSTEM
- LACK OF ASSISTANCE
- LIMITED SERVICE
- LACK OF PERSONAL TOUCH

**15) WHAT ARE YOUR SUGGESTIONS/ RECOMMENDATIONS AS AN E-BANKING CUSTOMER?**

- I WOULD ENCOURAGE FRIENDS AND FAMILY TO USE BANKING SITE.
- I WOULD CONSIDER SAY POSITIVE THINGS ABOUT ONLINE BANKING TO OTHER PEOPLE.
- I WOULD CONSIDER E- BANKING AS FIRST CHOICE FOR FUTURE TRANSACTIONS.
- I WOULD USE E-BANKING SITES IN THE COMING MONTHS OF YEAR.

## A STUDY ON GENDER EQUALITY, WORKPLACE DIVERSITY AND INCLUSIVE BUSINESS WITH SPECIAL REFERENCE TO SELF-HELP GROUPS AT MOODABIDRE, D.K

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### **Mrs. Shazia Khanum**

Lecturer in Dept of PG Studies in Commerce

Alva's College, Moodabidri

E-mail: Shazia249@gmail.com

Contact No: +91 9743989203

### **Mr. Elson Dsouza**

2<sup>nd</sup> Mcom (Student)

Department of PG Studies,

Alva's College, Moodabidri

E-mail: elson080@gmail.com

Contact No: +91 8861084271

### **Mr. Glenson Francis Dsouza**

2<sup>nd</sup> Mcom (Student)

Department of PG Studies,

Alva's College, Moodabidri

E-mail: glensonfrancisdsouza@gmail.com

Contact No: +91 7259382497

Alva's college of PG studies

SundariAnanda Alva Campus,

Vidyagiri, Moodabidri -574227, Telephone: 08258-23653

Email: [principal@alvascollege.com](mailto:principal@alvascollege.com)

## ABSTRACT

Gender equality means women and men enjoy the same rights, resources, opportunities and protections. It does not require that men and women be the same or that they be treated exactly alike. Gender equality is not a women issue it is a Human issue. Workplace diversity refers to achieving business objectives by taking advantage of skills, uniqueness and individuality of employees. An inclusive business initiative that, keeping its for profit nature, contributes to poverty reduction through the inclusion of low income communities in its value chain. This paper aims at understanding how the self-help groups in Moodabidri area giving importance to gender equality and workplace diversity.

Key words: Gender equality, workplace diversity, self-help groups.

## INTRODUCTION

SHG's is a small group of rural poor and are micro finance enterprises where state financial institute and NGOs play a major role in mobilising and assisting poor and needy, who have voluntarily come forward to form a group for improvement of the social and economic status of the members.

Sustainable business is that benefits low-income communities, contributes to poverty reduction through the inclusion of low income communities in its value chain. Self-Help Groups as a transforming agency which is providing greater ability to consider and respond to the patriarchal constraints in their lives and also has a major role in poverty alleviation in rural India. Proactive measures that support gender parity and social inclusion and address historical imbalances are therefore essential for the health of the global economy as well as for the good of society gender equity, diversity and inclusion are leading to meaningful structural reforms, new legislation, financial commitments and social changes. One of the studies on Gender Equality conducted by the World Economic Forum shows that India is positioned as low as in 108th rank globally with a Gender Equality

## OBJECTIVES OF THE STUDY:

- To know the measures and strategies implemented by Self-Help groups at Moodabidri area in order to promote and environment to achieve gender equality and workplace diversity.
- To understand positive effect of SHG's on rural economy in Moodabidri.

### SCOPE OF THE STUDY:

The study is restricted to self help groups of moodabidri area only and this study is conducted in the months of December and January.

### RESEARCH METHODOLOGY

- The researcher has used both primary and secondary source of data collection i.e. through questioner and direct interview method and also through social media.
- The sample size taken for the present study by the researcher is 56 respondents out of 150 respondents, which includes approximately 7 self-help groups of Moodabidri area.
- **DATA SOURCE:**
- **Primary data:** The researcher has used primary source of data collection i.e. through questioner and direct interview method.
- **Secondary data:** The paper also took help of secondary data like various research papers, journals, newspapers, and online data base.

### LIMITATIONS OF THE STUDY:

The limitations of this research paper are as follows:

1. This study conducted is restricted to Moodabidri only.
2. Most of the data collected includes both primary and secondary,
3. Majority of the members of self-help groups were uneducated. Hence there were difficulties in data collection.

### INTENTION BEHIND FORMING SELF-HELP GROUP

SHGs are primarily savings oriented. The main objective of this group is to build a strong saving mentality among rural people and all round sustainable development of the member's families, village and environment.

1. To create awareness among the members for their all-round development in the society by promoting saving attitude

2. To boost co-operation and self-help attitude, good habit among the members and voluntary collective working for awareness and human health development.
3. To cover the credit needs of the members in time for consumption, income generation, asset creation and other appropriate purposes.
4. To help members in adopting and use of proper technical knowledge and managerial skills in relation to their occupations in order to increase the productivity.
5. To provide suitable skill training for the members on need base and to help members for subsidiary income generation occupations.
6. To mobilize financial assistance, programmes & other resources from banks, Govt., Voluntary Organizations & other sources and to take up various activities for the welfare of member families and the village.
7. To promote sericulture forestry and encourage other environment improvement activities and using alternate energy sources such as Bio-gas, solar system etc., and also to help families to construct fuel efficient smokeless
8. To arrange for the availability of improved agricultural equipment's, implements etc. for the villagers and to mobilize and make available Animal Husbandry and Veterinary services in the village.
9. To give special attention for population control and special emphasis for women and child development.
10. To promote and encourage cultural, sports and other appropriate activities.

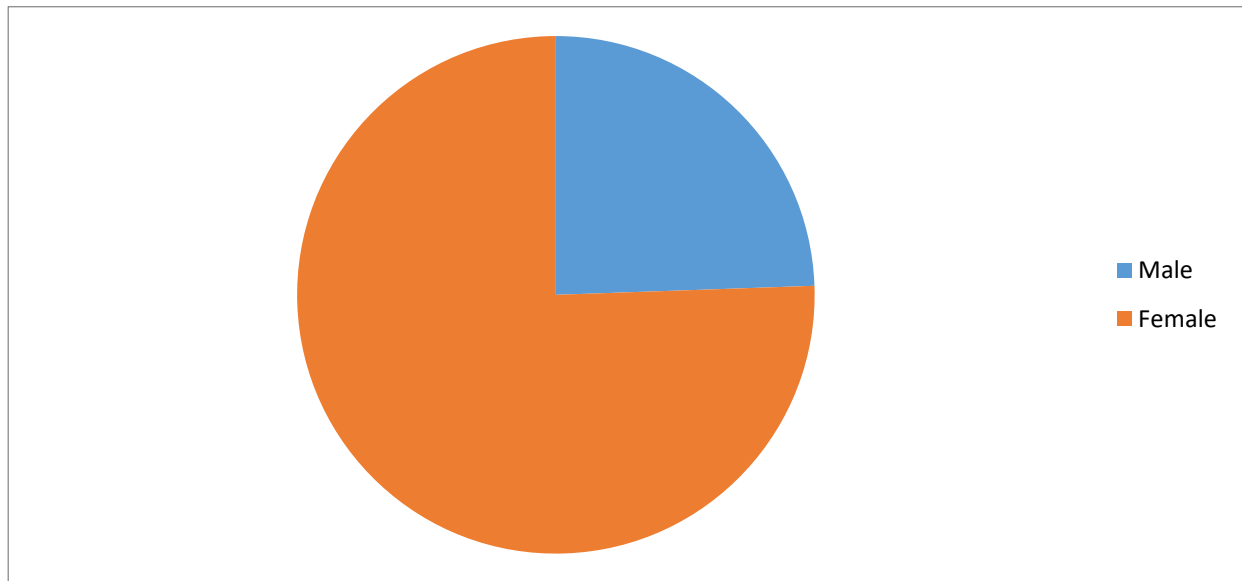
#### **Interest towards self-help groups on gender basis:**

Table: 1

<b>Male</b>	<b>Female</b>
<b>11</b>	<b>34</b>
<b>15%</b>	<b>48%</b>

**Source: primary data**

Chart:



Source: primary data

In the present study researcher has taken 70 other respondents to know their interest towards self-help groups and the result is 48% female and 15% males are ready to join self-help groups but remaining 37% people are not interested to join self-help groups

## **FINDINGS**

Contribution of self-help groups to gender equality, workplace diversity and inclusive business:

Gender equality:

Financial empowerment and independency of women,

Liberated women from the vicious male dominance,

Upgrade the social status and respect for women,

Removes social evils like Female Infanticide, Caste discrimination, etc.

Helps to earn the Livelihood of women in rural areas by providing training facilities like tailoring etc.

Improvement in the enrollment and retention rate of girls in educational institutions,

Allow women to influence the decision making process within household and communities,

SHG's increases confidence of women and the skills to form manage and build a sustainable community to take care of their livelihoods.

In Moodabidri women self-help groups are more compare to men. And these women SHG's continuously working for women empowerment through promoting saving attitude among women and giving loan for medical purpose and also financial assistance for any loss. Their for Self-help groups try to treat men and women equally in society. But

### **Workplace diversity and inclusive business**

Sex: In Moodabidri most of the self-help groups are women self-help groups.

Religion: Self-help groups in Moodabidri are including members of all religion i.e. Hindu, Muslim, Christian, and Jain

Age: Most of the members are 35- 55 years of age group.

Income: In Moodabidri self-help groups are having middle class and poor members; Average income of members is nearly rupees 17000.

Experience: Members are having less than 10 year experience in self-help groups and most of the members leaving groups within 5 years.

The major languages in Moodabidri are Tulu, Kannada, Konkani and Urdu, Members from all languages are registered as member of SHG's

promotes entrepreneurship by offering income generation loans

Reduces poverty through income generation and employment opportunities

Micro-enterprises act as a catalyst for the formation of social capital in the Nation

In Moodabidri there are many problems like waste management , clean drinking water etc., SHG's serve as the 'face of development' to resolve them

SHG's are taking the initiative to organize social upliftment activities

Self-help groups in Moodabidri workplace diversity and inclusive business exists by having members of all religion, age, culture and cast in self-help groups and these groups try to upliftment of poor rural members by providing financial support .



## **SUGGESTIONS**

Focus should be on providing training in terms of developing entrepreneur skills for the females.

Equal credit facility should be provided to both males and females.

The youth should be made aware of the importance of self-help groups so that it could improve the entrepreneurship skills of young people.

Female should be empowered with the knowledge of becoming entrepreneurs

Male also should be made aware of the importance of females getting empowered in all aspects.

## **CONCLUSION**

Through the research it could be concluded that self-help groups promote inclusion business with partial disparity among the gender in spite of vast diversity existing among the individuals where it is being benefited the moodabidri citizens and also promote financially to start up their own business like tailoring, candle making, pickle making and other micro business

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# FOOD SECURITY THROUGH PDS- A SUSTAINABLE POVERTY ALLEVIATION STRATEGY IN INDIA

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## Jincy Mathew M

Research Scholar

Department of Economics

Mangalore University-574199

jincymathew567@gmail.com

## Prof. Vishwanatha

Department of Economics

Mangalore University-574199

vishwanathak@yahoo.com

**Abstract:** The unbalanced economic growth and the human development after economic liberalization along with socio-political milieu have caused poverty, deprivation and vulnerability in India. Although the Indian economy has achieved remarkable growth, the National Sample Survey data recorded that per capita cereal consumption steadily declined for both the urban and rural population between 1993-94 and 2011-12. It indicates that nutritional status has not improved with the pace of economic growth. The Human Development Report 1994 considers food security as one of the major indicators for measuring the well-being of the population. Thus, it has to be examined in a multidimensional perspective that intersects with the socio-economic and political environment. The present study is mainly aimed at analysing the effectiveness of public distribution system in ensuring food security and the need for alternative mechanism like Direct Benefit Transfer.

Key Words: PDS, direct cash transfer, food security etc.,

## Introduction

The unbalanced economic growth and the human development after economic liberalization along with socio-political milieu have caused poverty, deprivation and vulnerability in India

particularly a state like Karnataka, the state having acclamation of IT hub in Bangalore, is the paradoxical example for it (Comber et al., 2015). Despite of achieving remarkable growth, the National Sample Survey (NSS) data recorded that per capita cereal consumption steadily declined for both the urban and rural population between 1993-94 and 2011-12. The nutritional status has not improved with the pace of economic growth (Niti Aayog 2015). It indicates the ineffectiveness of the public distribution system (PDS) to meet recommended nutritional level. If the policy goal of ensuring food security is continue to fritter away through the deeply flawed PDS, it will serve less to the poor. Thus, it demands the need for reforming the PDS and here is that proposed alternatives like food coupons and smart card can play great role (Kotwal et al 2011). However, the focus on reforming public distribution system is due to the pressure on the government to reduce fiscal deficit while providing reasonable safety net to the poor (Jha and Srinivasan, 2001) . Furthermore, India has to meet the target of the food security and the malnutrition which is underlined in the Sustainable Development Goals (SDGs) set by the United Nations. According to the SDG Index India Baseline Report 2018, India is able to score 54 and 48 points for the sustainable development goals of ‘no poverty’ and ‘zero hunger’ respectively. It indicates that performance of the PDS is remarkable to the some extent to keep the country on track. For instance, one of the targets which are associated with PDS scored 1.01 out of 1.29.

## Objectives

- 1) To analyse the effectiveness of public distribution system in ensuring food security.
- 2) To investigate whether the direct cash transfer is an alternative to the PDS.

## Methodology

The secondary data is used and it is collected from the reports of FAO, World Bank, SAARC, NITI Aayog, Ministry of Consumer affairs, Food and Public Distribution, NSSO, annual surveys of Central Statistical Organization, and other related reports, study reports, journals and periodicals.

## Discussion

### 1. PDS and its Performance

The food and nutritional security are the real issues associated with effectiveness of public distribution system in India. The Public Distribution System is the delivery mechanism of subsidised food items primarily rice and wheat through designated fair price shops throughout

the country. The practice of providing food at subsidised rate was there in India since the outbreak of the Second World War and the famine although it was not institutionalised (Gulati and Krishna, 1975). The overall low performance in ensuring food security and India's commitment to eradicate hunger at World Food Summit in 1996 led the government to reform the existing system. As a result, existing system was renamed to the Targeted Public Distribution System (TPDS) in 1996 which targeted poor more inclusively. Added to that, the National Food Security Act, notified in 2013, marked a paradigm shift in the history of the food security programme in India. It is a transition from a welfare approach to a rights-based approach and focussed on providing adequate quantity of quality food at affordable prices to people to live a life with dignity. The eligible beneficiaries are allotted to receive food grains of 5 kg per person per month at the issue prices of Rs.3.00, Rs.2.00 and Rs.1.00 per kg for rice, wheat, and coarse grains, respectively. Thus, it account for a significant part of the government's budgetary subsidies. Table 1.1 shows that the central government has increased budgetary expenditure towards food subsidies over the years. There is an upward trend in the allocation of food subsidies to the PDS till 2015-16. It was 5.3 percent of total budget in 2010-11, increased to 7.8 percent in 2015-16. But the share of food subsidies has gone down to 5.6 percent 2016-17. It may be due to the some structural reforms like implementation of cash transfer system. However, budgetary expenditure is increased in the subsequent years. It can be due to increasing minimum support prices to the farmers. Therefore, it has become now a producer and consumer friendly programme in terms of price support and provision of subsidy (Radhakrishna and Reddy 2004).

But the misuse of resources and mismanagement of the PDS made government to revive the programme by targeting population into above and below poverty line with having dual price system. But this dual pricing has been criticised for the likelihood of increasing leakages and other malpractices (Rajagopalan 2010). As a result of inefficient management and entrepreneurial abilities of the providers to siphon subsidy, majority of the beneficiaries are kept out of targeted population. The effectiveness of the public distribution to meet the

**Table 1.1 The Budgetary Expenditure on Food Subsidy from 2010 to 2018**

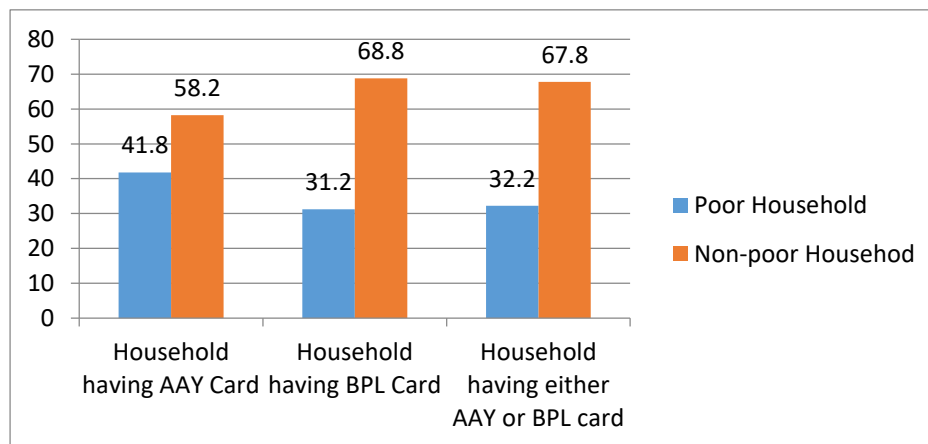
Year	Percentage of Total Budget
2010-11	5.3
2011-12	5.6

2012-13	6.0
2013-14	5.9
2014-15	7.1
2015-16	7.8
2016-17	5.6
2017-18	6.3
2018-19	6.9

Source: PRS Budget Analysis

consumption requirements of the poor is linked with proper identification of the target groups and minimization of leakages (George, 1984). Figure 1.1 presents differences in the share of total BPL and AAY card holders among poor and non-poor. Out of total cards distributed (it may be either BPL or AAY), 67.8 percent was allotted to non-poor households and only 32.2

**Figure 1.1 Exclusion and Inclusion error among the BPL Card Holders**



Source: Based on Mahamallik and Sahu Exclusion and inclusion Error Estimation; Calculated from the unit level record, Consumption Expenditure Survey, NSSO, 2004-05

percent of total cards were distributed to poor. Moreover, 68.8 percent of total BPL cards distributed among non-poor households, while share of BPL cards among poor was only 31.2 percent. Similarly, in case of AAY, there was relatively less variation in the distribution of cards between poor and non-poor. Around 58.2 percent of total AAY card distributed among non-poor and remaining 41.8 percent was distributed to poor households. Hence, based on Mahamallik and Sahu Exclusion and inclusion Error Estimation, it can be argued that the distribution of BPL and AAY cards were in favour of the non-poor rather than poor. Added to this, it was reported that only 16 percent of allocated subsidy towards the food distribution scheme reaches the poor (Kattumuri 2011). In spite of having many loopholes, it has helped to reduce poverty which is explained below.

## Interlink between PDS Utilization and Poverty

The comparative analysis of the below tables from 1.2 to 1.3 poses income effect on poverty through increasing consumption of PDS. The given tables reveal that consumption of cereals have increased both in urban and rural areas. The monthly per capita consumption of rice was 24.4 percent and 13.1 percent in 2004-05 increased to 45.9 percent and 23.3 percent in 2011-12 for rural and urban areas respectively. Similarly in the case of monthly per capita consumption of wheat, it was increased to 33.9 percent and 19.0 percent in 2011-12 from 11.0 percent and 5.8 percent in 2004-05 in rural and urban areas respectively. More significantly, it can be argued that increased per capita consumption of PDS has positive impact on poverty which is evident from the below table. The poverty was reduced to 21.9 percent in 2011-12 from 38.9 percent in 1987-88. It may be due to the expenditure on food incurred by PHHs is less than the corresponding expenditure incurred by the households who do not belong to this category (NITI Aayog 2015). This will augment the discretionary income which can be used for the needs other than cereals. But the households with dietary diversity may devote the saved subsidised income to other dominating consumption needs. Thus, after certain point the substitution effect will be stronger than the income effect. This will be more effective if the government implement direct cash transfer system in all states. But there are also some pros and cons which is discussed below.

**Table 1.2 Monthly Per capita Consumption of PDS in Rural and Urban Areas (in Kgs) of Poor Persons**

Rural			
Items	2004-05	2009-10	2011-12
Rice	24.4	39.1	45.9
Wheat	11.0	27.6	33.9
Urban			
Rice	13.1	20.5	23.3
Wheat	5.8	17.6	19.0

Source: NSS Report 66 th round

**Table 1.3 Poverty Ratio and Number**

Year	Poverty Ratio (%)	No of Poor (in Crores)
1987-88	38.9	30.7
1993-94	36.0	32.0
2004-05	27.5	30.2
2011-12	21.9	26.9

Source: PRS

## 2. Cash for Food- Can Wipe Tear from Every Eye?

The World Bank and United Nations Development Programme (UNDP) are the key organizations pushing cash transfer policies in India in the absence of receiving adequate

entitlements and other basic services (Pandey 2015). The issue of cash transfer has gained momentum in the run up to the NFSA in terms of debate on effectiveness of in-kind food transfer. The argument is that providing cash directly to the targeted beneficiary costs less than the leaky system of physical procurement and distribution (Himanshu and Sen, 2013). To eliminate leakages from the PDS, the department of food & public distribution has suggested two models under Direct Benefit Transfer Scheme of which direct cash transfer is one among them (GOI 2017). In addition, the High Level Committee (HLC) on Reorienting the Role and Restructuring of the Food Corporation of India (FCI) known as the ‘Shanta Kumar Committee’ recommended that the PDS must be gradually replaced by cash transfer on the basis of data showing high leakages over 42 percent of grains meant for intended beneficiaries through PDS. However, the studies conducted by Drèze and Khera (Table 1); and Chatterjee showed lower levels of leakages which precisely indicates that replacing a system having improvement is difficult to justify (Sinha, 2015). An Experimental Pilot Cash Transfer Study was undertaken by the Government of Delhi under the initiative of GNCTD-UNDP project made two major observations 1) Cash transfer do not negatively affect food security as there was no significant reduction in consumption of any commodities, and (2) The transition from subsidised grains to cash has increased efficiency of PDS i.e., the difficulty of getting ration has significantly decreased from 66 percent to 44 percent (SEWA Bharat, 2012).

The National Advisory Council (NAC) in its draft proposal on Food Security Bill while focussing on near- universal coverage has recommended to expand the coverage up to 75

		2004-05	2011-12	
<b>Leakages All-India</b>	<b>PDS Foodgrains: offtake from the FCI( lakh tonnes)</b>	301	514	<b>Table 2.1: in PDS,</b>
	<b>PDS foodgrain: Household purchases (lakh tonnes)</b>			
	<b>NSS data</b>	138	300	
	<b>IHDS data</b>	148	348	
	<b>Estimated leakages (%)</b>			
	<b>NSS-based</b>	54	42	
	<b>IHDS-based</b>	49	32	

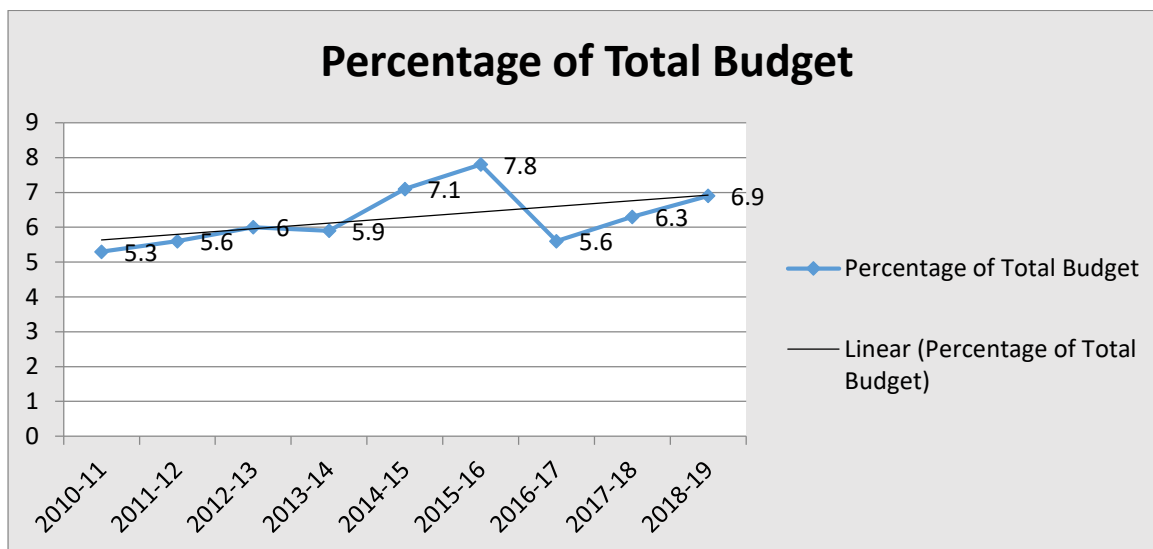
Source: Drèze and Khera's estimation (2015)

percent but the Expert Committee which reviewed the draft proposal has suggested reducing the coverage to 46 percent which highlights the inefficiency of PDS in reducing costs and procurement difficulties. The decomposition of total costs of the food subsidy delivered through PDS shows that 28 percent are the excess costs, 43 percent are the illegal diversion costs, 19 percent of the subsidised income transferred to non-poor and poor received only 10 percent of the subsidy given by the government (Ramaswami and Jha, 2010). However, it is not the targeting but the identification of poor is the real problem associated with it. Therefore, universal coverage can solve this problem which may be with either PDS or cash transfers (Kotwal et al, 2011). In view of the fact that the universe of informal workers in India constitute on an average 81 percent of total work force; their employment and incomes are sporadic in nature. Add to that most of the salary records are non-existent (NSSO 2012). Thus, providing subsidy in the form of cash directly into the bank account at regular basis provides incentives for intended beneficiaries to manage their basic food requirement. The recent experimental evidence proves that the exhaustive implementation of unconditional cash transfer can boost household consumption and asset ownership and reduce the food security problems for the ultra-poor (Muralidar et al 2014).

### **The Choice between PDS and DBT**

The provision of cash transfer has the potential to facilitate the basket of wider choices available with a beneficiary that would enable people to access goods of their choice from the open market rather restricting to the items sold in PDS which are often inferior in quality and very limited in range (FAO 2015). It has been argued that the costs of DBT may be lesser than TPDS due to the lesser cost incurred on transport and storage (PRS, 2017). The figure 2.1 reveals the fact that despite of having upward trend in expenditure incurred on PDS by the government between 2010-11 and 2015-16, was relatively reduced after the implementation of Cash Transfer System in 2016 -17. Since the launch of the scheme, the overall savings amounted to Rs 82,985 crores in the government exchequer (Sharma, 2018). Table 2.2 presents an illustrative estimation of last four years data on cost of food subsidy given to rice and wheat per kg. The share of subsidy on rice and wheat has been increased at 0.1 percent and 0.25 percent respectively. Add to that beneficiaries' benefits have augmented marginally around 0.4 percent for rice and 0.6 percent for wheat.



**Figure 2.1 Expenditure Incurred on PDS by the Government (% of Budget)**

Source: Based on Table 1.1

Apart from reducing government fiscal burden, it is also more advantageous in many ways which are suggested here that (1) it can cover about two-thirds of all households; (2) the amount of cash transferred to the poorest could be larger than the actual transfers embedded in the TPDS, (3) welfare obtained via the cash transfers is progressive, (4) the problem of large exclusion error is eliminated, (5) the chances of corruption and fraud is diminished and, (6) The overall budgetary expenditure on cash transfer can be kept at the level of the present TPDS (Svedberg, 2012). The international experiences of efficacy of cash transfer schemes such as Bolsa Familia of Brazil, Prospera of Mexico; of other countries like Kenya, Pakistan, and Bangladesh appreciate the scope and likely impact of the scheme in India (Narayanan 2011)

**Table 2.1 Year –Wise Subsidy given on Rice and Wheat (Rs/Kg)**

	Year->	2014-15		2015-16		2016-17		2017-18	
		Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat
<b>1</b>	<b>CIP</b>	3	2	3	2	3	2	3	2
<b>2</b>	<b>MSP</b>	13.6	14	14.1	14.5	14.7	15.25	15.5	16.25
<b>3</b>	<b>Subsidy (3=1-2)</b>	10.6	12	11.1	12.5	11.7	13.25	12.5	14.25
<b>4</b>	<b>Cost to Government*</b>	24.92	22.05	26.25	19.72	26.94	24.04	29.94	28.52
<b>5</b>	<b>Cash Subsidy to beneficiaries*</b>	14	15.5	14.62	16.13	15.38	17.06	16.38	18.31
<b>6</b>	<b>Government saving (6=5-4)</b>	<b>10.92</b>	<b>7</b>	<b>11.6</b>	<b>3.59</b>	<b>11.56</b>	<b>6.98</b>	<b>13.56</b>	<b>10.21</b>

<b>7</b>	<b>Increase beneficiary (7=5-3)</b>	<b>in</b>	<b>benefit</b>	3.4	3.5	3.52	3.63	3.68	3.81	3.88	4.06
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Sources: Computed from FCI data; PRS

\*Cost to government =pooled cost of grain+ procurement incidentals+ acquisition cost+ distribution cost+ economic cost+ buffer caring cost

\*Cash subsidy to beneficiaries is calculated as  $1.25 * \text{MSP-CIP}^1$

It is important to note the sufficiency of the cash transfers received in the aftermath of inflation while TPDS, to some extent, insulates beneficiaries against inflation and price volatility. In the view of the fact that as cash transfers involves crediting of fixed amount to the bank account of the beneficiaries, it is difficult for the poor to purchase required food at increased price. Thus, with rising food prices, it is the risk that the value of the cash transfer will diminish over time unless a robust system of inflation-indexing is put in place (Sinha and Patnaik, 2016). Moreover, the cash subsidies are often regressive by which it mean that a rich household benefits more than a poor household. In addition, as the transferred amount is estimated based on the prevailing MSP level and not on the retail price levels, it is insufficient maintain pre-cash transfer consumption levels. Despite that the insufficient last- mile delivery mechanism in terms of banking which includes infrastructure as well as banking habits of the consumer, frequent change of mobile number, non-availability of network and digital illiteracy are the other challenges glaring (Saini 2017). After discussing the pros and cons of cash transfer, the question is really about the preference between PDS and DBT in India. The study conducted in the three union territories namely Chandigarh, Puducherry, and Dadra Nagar Haveli suggests that choice-based approach is the simple and powerful to revamp the effectiveness of comprehensive mechanism of food- cash subsidy as the results were of mixed opinion (Muralidharan et al 2018).

## Conclusion

The debate about the relative merits of in-kind and direct cash transfer has been long standing among the academicians and policy makers. Therefore, it is not surprising that there are many who favour PDS over DBT. It is because theoretically, cash subsidies over in-kind subsidies only enhance the dietary diversity. In fact, it is feasible only in those places having market infrastructure and diverse consumption habits. In addition, it does not give any compensation for rising prices. Hence, there must be choice between public distribution system and direct

<sup>1</sup> As per the Cash Transfer of Food Subsidy Rules, 2015, issued by Gol's Department of Food and Public Distribution, published on 21 August 2015 in the Gazette of India

cash transfer until the present system is adapted to the alternative mechanism with all requirements.

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## AWARENESS OF DIGITAL PAYMENT AND ITS POPULARITY

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### Supreetha K

Final Mcom

Saint Mary's Syrian College, Brahmavar

Email id: supreetha.holla@gmail.com

### Jovita Trene Lewis

Final Mcom

Saint Mary's Syrian College, Brahmavar

Email id: jovitatrenelewis@gmail.com

### Nikhitha

Final Mcom

Saint Mary's Syrian College, Brahmavar

Email id: nikithakharvi14@gmail.com

### Abstract:

India is a fourth largest user of cash in the world. Government of India has taken measure to promote a cashless economy through digital payments. Popularization of digital payments in this decade-electronic wallets, swipe cards, debit cards etc. Digital payment is a way of payment which made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. In the present scenario according to the Government of India the digital payment will increase the employment, reduces risk related to cash like carrying or storage of large amount of cash and made all transactions to be done digitalized which helps the people to transfer the money with security and safety at high speed. In digital payment banking sector plays a major role by providing digital instruments. This research paper focuses on the impact and importance of digital payment in India. Focuses on awareness and knowledge on digital payment to students. Data are collected from primary and secondary data.

Keywords: Digital payment, importance, scope, recommendations.

## Introduction:

Digital payment platforms, especially post demonetization have become the most convenient method to transact in Indian economy. After the government announced the scrapping of Rs 500 and 1000 notes, Indians had to hastily move to digital payment system for their daily needs in all spheres of their life, right from shopping to paying electricity bill, to even sending money to friends and family. Payments are made using payment instruments. Cheque and cash are examples of payment instruments. However digital payment is not a single instrument but rather an umbrella term that is applied to many instruments used in various ways. It can be defined as a way of paying for services or goods via an electronic medium without the use of cash or Cheque. It is also known as electronic payment or e-payment. The origin of digital payment is associated with the beginning of the internet, which changed the world as nothing before. If there was no internet, there wouldn't be e-services and online stores.

Along with the development of the internet, online payments began to operate in the 1990s. Established in 1994, Stanford Federal Credit Union was the first institution to offer online banking services to all its customers. Initially, online payment systems were not user-friendly and needed specialized knowledge of data transfer protocol. In the beginning, the major players in the digital payment market were Millicent and ECash, founded in 1995 and 1996 respectively. In 1998, PayPal began as a mobile payment firm with wireless transactions on Palm Pilots. Due to the wide spread of internet-based shopping and banking, digital payment system grew fast. With technology development, many digital payments companies have been established to increase, improve and offer secure e-payment transactions.

## Objectives:

- To awareness among students about digital payment.
- To know the popularity of digital payment.
- To suggest improvements in digital payment system.

### Review of literature:

Sanghita Roy, Dr.Indrajit Sinha (2014), stated that E-payment system in India, has shown tremendous growth but still there has lot to be done to increase its usage. Still 90% of the transaction are cash based.

Electronic payments provides greater freedom to individuals in paying their taxes licenses, fees, fines and purchases at unconventional locations and at whichever time of the day, 365days of the year[Kaur.k.&Dr.Pathak.A,2015].

### Research methodology:

The present study is based on primary and secondary data. The primary data collected from issuing questionnaire to 100 students. The secondary data required for the study from journals, books, magazines and other relative information published on various internet sites.

### What is digital payment?

Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payment. No hard cash is involved in digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments.

### Scope of digital payment:

With the development of internet technology, the scope of digital payments has really improved. At present, around 70% of business organizations in India are managing their financial transactions through digital payments. With digital payments, we can simply pay or receive an amount over the internet connection. The mobile application is maintained with a user-friendly interface with all necessary features. The customers can use different payment options like credit card, debit card, net banking, PayPal, UPI, mobile wallets and other in order to manage payments. We can also share the payment links through SMS, email, Facebook, and Whatsapp in order to receive the payments. Because of unique mobile application, it is now convenient for the SMEs and Micro-business organizations to manage the payment in an effective way.

### Different types of digital payment in 2019:

From commonly used cards to newly launched UPI, digital payments has many types of payment. UPI apps:

UPI or unified payment interface is a payment mode which is used to make fund transfer through the mobile app. Currently, this service available for android phone users. There are too many good UPI apps available such as BHIM, SBI UPI app, HDFC UPI app, iMobile, Phonepe app etc.

### AEPS

AEPS is an Adhaar based digital payment mode. The term AEPS stands for Adhaar Enable Payment Service. Customer needs only his or her Adhaar number to pay to any merchant. AEPS allows bank to bank transactions. It uses fingerprint as a password, thus it is the most secure digital payment mode.

### USSD

USSD is a mobile banking based digital payment mode. It does not require smartphone or internet connection to use USSD banking. We can use this service for many financial and non-financial operations such as checking balance, sending money, changing MPIN and getting MMID.

### E-Wallets

E-Wallets or mobile wallet is the digital version of physical wallet with more functionality. We can keep your money in an E-wallet and use it when needed. Some of most used E-wallets are State bank buddy, ICICI pockets, Freecharge, Paytm etc.

## **I. Data analysis and interpretations**

### **1. Table No.1 Information about Age and Gender**

AGE	GENDER		TOTAL
	Male	Female	
18	21	17	38
19	4	12	16
20	18	19	37
21	2	7	9
TOTAL	45	55	100



The above table clears that the questionnaire distributed to 100 respondents (students). Out of which male respondents were 45 and female respondents were 55. Out of this 38 respondents were age of 18, 16 respondents were age of 19, 37 respondents were age of 20 and 9 respondents belongs to the age of 21.

## 2. Table No. 2 Awareness of Digital Payment

Particulars	GENDER		Total	Percentage (%)
	Male	Female		
YES	36	54	90	90
NO	9	1	10	10
TOTAL	45	55	100	100

It has been clear from above table that 90% respondents are aware of digital payment system and 10% respondents are not aware of digital payments system due to some reasons.

## 3. Table No.3 Information of users of Digital Payment System

Particulars	GENDER		Total	Percentage (%)
	Male	Female		
YES	35	31	66	66
NO	10	24	44	44
TOTAL	45	55	100	100

It has been clear from above table that 66% of respondents have been using digital payment system where as 44% of respondents are not using digital payment system.

## 4. Table No. 4 Information of usage of Digital Payment System

Particulars	Total	Percentage (%)
Daily	12	14.29

Weekly	10	11.90
Monthly	41	48.81
Yearly	21	25
TOTAL	84	100

The above table shows that the majority of respondents that is 48.81% of respondents use digital payment on monthly to make their transactions.

#### 5. Table No. 5 Why don't they prefer Digital Payment System

Particulars	Total	Percentage(%)
Risky	12	13.33
Lack of knowledge	29	32.22
Lack of interest	49	54.45
Total	90	100

The above shows that the majority of respondents that is 54.45% are lack of interested in using digital payment system because of lack of knowledge and they think that it is not secured.

#### 6. Table No.6 Why they use Digital Payment System

Particulars	Total	Percentage (%)
Easy and convenient	22	22
Economical	53	53
Secured	7	7
Offers and rewards	18	18
Total	100	100

The above table shows that 53% of respondents have been using digital payment system because it has been economical for them. Some of them think that it is easy and convenient.

**7. Table No.7 For what kind of transactions they would prefer digital payment system**

Particulars	Total	Percentage (%)
Banking transactions	26	27.08
Online shopping	48	50
Bill payment	5	5.21
Daily transactions	5	5.21
Fund transfer	12	12.5
Total	96	100

From the above table it is clear that majority that is 50% of respondents prefer digital payments for online shopping and 27.08% of respondents prefer digital payment for banking transactions. Least of them using digital payment for bill payment and daily transactions.

**8. Table No.8 Would they like to suggest others to use Digital Payment System**

Particulars	TOTAL	Percentage (%)
YES	85	85
NO	15	15
TOTAL	100	100

From the above table it is clear that majority of respondents that is 85% of them would like to do others in using digital payment system.

### **Findings:-**

- 1) Introduce standardization in digital payment.
- 2) Lower costs and increase efficiency
- 3) Increase payment speed.
- 4) Spread information about digital payment system.
- 5) Move safe transaction facility.
- 6) Reduce transaction charge over the digital payment and discourage cash transaction.
- 7) With regular interaction with rural people to generate awareness on digital payment system.
- 8) By providing them information about digital payment system.
- 9) Brings rural people to cyber area or shop.
- 10) Government should assure basic necessities in rural area and focus on developing infrastructure.

### **Suggestions:-**

- a. Give more and more information about digital payment system to people.
- b. To encourage people to use digital payment system and get benefit from it.
- c. Sound-wave technology to fill digital payment gaps that currently exist in the digital payment world.

### **Conclusion:-**

A digital payment is secure. It saves people from long queues of ATMs and banks. Digital payments are more convenient than cash payments. Use the digital payment platforms that brings most convenience to your life, and also teach others around them how to use them. By providing proper information about digital payment system to them. The study examines the awareness of digital payment and its popularity. Digital payment is one of the empowering

system in India, which leads to transparency of cash in the country and directly control the black money in India by tax payment and transparent cash flow of every individual.

We have a leadership role to play in taking India towards an increasingly digital economy. Thus as citizen and youths of India it is hour hands to promote this magnificent India by digital payment system.

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The scope for digital payments in India- the top3 players <http://www.thinkingaloud.in/home/the-scope-for-digital-payments-in-india-the-top-3-players>

### Questionnaire on Digital Payment System

1. Personal data:-

Name:

Age:

Gender:

2. Are you aware of digital payment?

Yes

No

3. Are you using digital payment system?

Yes

No

4. How often do you make use of digital payment system?  
 Daily     Weekly     Monthly     Yearly
5. Why you don't prefer digital payment system?  
 Risky                                       Lack of interest  
 Lack of knowledge
6. How digital payment has been useful to you?  
 Economical                                       Secured  
 Easy and Convenient                       Offers and rewards
7. For what kind of transaction would you like to prefer digital payment-  
 Banking transaction                       Online shopping  
 Bill Payment                                       Daily transaction  
 Fund transfer
8. Would you like to suggest others to use digital payment system?  
 Yes                       No
9. Being a student how can you help an illiterate people to use digital payment system?
10. Suggest for improving digital payment system-
11. Any other suggestions/ recommendations-
12. Areas for improvement in digital payment system-

## CORPORATE SOCIAL RESPONSIBILITY AND SHAREHOLDER WEALTH- "EVIDENCE FROM INDIAN MANUFACTURING SECTOR".

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**Mamillapalli Venkata Amuktha,**

Department of Management, Amrita Vishwa Vidyapeetham,  
Clappan p.o, Kollam, Kerala-690525.

Email- amumamillapalli@gmail.com. Ph- +91-8125991100.

**Rajiv Nair, Assistant Professor,**

Department of Management, Amrita Vishwa Vidyapeetham,  
Clappan p.o, Kollam, Kerala-690525

Email – Rajivnair@am.amrita.edu.

### **ABSTRACT**

Corporate social responsibility (CSR) disclosures became mandatory in India, from April 2014. The Companies Act (2013) specifies the modus to determine the quantum and nature of CSR expenditure and requires that affected companies disclose these details in their audited annual reports. Extant literature generally documents a positive association between CSR and shareholder value. Our study researches this association in an Indian context using a sample of top 100 (by market capitalization) manufacturing companies. Manufacturing industry contributes to environmental pollution and social costs; hence CSR could contribute towards mitigating the societal impact of corporate activities, maintaining trust and increasing shareholder value. External value measures are used by modern investors to assess company's current and prospective ability to maximize shareholder value. Therefore, we consider Dividend paid and Tobin's Q as the determinants of shareholder value. We find that CSR is

positively associated with dividend payout and Tobin's Q. The results seem to reinforce prior research findings that shareholder value can be increased by CSR.

**Keywords** – Corporate Social Responsibility, Shareholder Value, Dividend Paid, CSR Expenditure.

## INTRODUCTION

Corporate Social Responsibility (CSR) is a plan of action that enables an organization to be socially responsible. Corporate social responsibility, aka corporate citizenship, creates awareness in companies about the impact they have on society on multiple levels (eg; social, financial, ecological etc.). In India, the CSR approach is holistic and integrated with the core business strategy for addressing the social and environmental impacts of businesses while also taking into account the potential impact on shareholders. [18,16]. CSR disclosures became mandatory in India from April 2014. The Companies Act (2013) specifies the modus to determine the quantum and nature of CSR expenditure and requires that affected companies disclose these details in their audited annual reports. CSR helps create mutual trust and understanding among different stakeholders, shareholders and customer base. In addition, it also helps in maintaining the goodwill of the company, drives long term sustainability and improves shareholder value. [17]

The Indian manufacturing sector currently contributes to 16-17% of GDP and gives employment to around 14% of the country's workforce but also contributes to environmental pollution and social costs. Hence CSR becomes an ethical and moral obligation of the company. As per Confederation of Indian Industries (CII), the expenditure by Indian companies on CSR has increased by 9% in FY 2017 despite a slowdown in the economy, and the manufacturing sector is the 2nd largest contributor towards CSR activities.[14,15]



This study aims to evaluate the effect of the CSR expenditure by manufacturing companies on the wealth of shareholder. Following prior literature, we choose Dividend paid and Tobin's Q as measures of shareholder wealth.

### **LITERATURE REVIEW:**

Leonardo, Rocco, Iftexhar and Nada (2011) studied the stock market impact of firms that had exited the CSR index (Domini 400 social index, Italy) during the period 1990 to 2004. They found that firms exiting the CSR index reported significantly abnormal returns which continued to persist for a long period of time due to financial distress and market seasonality. Another interesting finding was that the penalty of the firm's exit manifested as a negative effect on the ethical value of the firm (goodwill) rather than on the shareholder value of the firm. [1]

Pamela and Robin (1998) studied the impact of voluntary positive corporate social actions on shareholder wealth. In conducting their event study, they segregated corporate social actions into 6 different categories and studied each of their effects on the stock returns for the period 1982-1995. One of their findings was that firms that engaged in producing environmentally friendly products had a huge positive impact on the stock prices only on day 0 (which is the announcement of event date on the Wall Street Journal). The findings implied that different types of corporate social actions have different effects on the market value of a firm. Therefore, management should choose wisely and perform those social activities which, while benefiting society, would also positively enhance the market value of the firm. [6]

Hariom and Shivaram (2017), in their paper, studied the shareholder value implications for those firms following the new CSR regulation (which required Indian firms to spend at least 2% of their net profit on CSR activities). Using a sample size of 9921 Indian firms they found that firms which unwillingly spend (which means spent only after the enforcement of law) on

CSR activities saw a drop of 4.1% in their market value as well as causing social burden at the expense of shareholders. On the other hand, those firms which voluntarily chose the optimal level of CSR spending saw a maximization in their shareholder value. [9]

Saurabh and Sachin (2016), studied how the marketing capability of a firm contributed to the role of CSR on shareholder wealth. Using a sample size of 1725 firms (the study was limited to US-based firms) for the year 2000-2009, the authors found that the effect of CSR activities on stock returns became significantly positive when complemented by the marketing capability of a firm. [11]

Josefina and Jesus (2017), conducted a study from a stakeholder/shareholder perspective on the relation between CSR and value creation. Using a Correlated Random Effects approach, they compared the socially responsible companies included in the Spanish sustainability index, FTSE4Good Ibex, with the companies listed on the other indices of the IBEX family. They found that CSR activities have a positive and significant influence on the shareholder value but showed a negative influence on the employees and no influence on other stakeholders of the firm. The authors state that the study was limited to large and medium-sized enterprises and only used accounting indicators which made it a quantitative study. They further state that the results might have been different if small and micro companies were included. [4]

Sajid, Nazir, Iqbal and Bilal (2012), examined the influence of dividend policy on shareholder wealth by taking a sample of 75 companies from 2005-2010. By performing a multiple regression analysis, they found that the difference in the average market value and book value of equity is highly significant among dividend-paying companies rather than non-paying companies. They further stated that the companies paying dividend on a regular basis led to the maximization of shareholder value. [5]

Xin Deng, Jun-koo and Buen Sin (2012) examined the effect CSR on shareholder value using mergers. The study was limited to those US firms valued more than US\$1 million, with the acquiring company holding less than 50% of shares before the merger. They used a sample of 650 companies over the period 1992-2007. Regression analysis of the data showed that merger with high CSR activities companies proved to be more beneficial for the acquirer and that social performance plays an important role in the shareholder wealth maximization. [3]

Phillip (2012), in his study, examined how the market reacts to CSR activities and in turn how strongly investors respond to the market reactions. Using a sample of 100 KLD newsletters and different types of CSR activities over the period 2001-2007 he performed an event study which showed that positive CSR events with strong legal and economic information content generate positive stock market returns as well as positive investors reactions. [8]

Ester and Ilanit (2015), investigate whether adopting CSR policy has different value implications for different types of shareholders in a firm. Using a sample of 226 CSR and 226 non-CSR firms during the period of 2007-2012, they performed an event study. The findings reveal that private and transient investors react positively to the CSR activities of the firm and tend to invest more whereas M&A (Mergers and Acquisition) investors and long-term institutional investors remained unaffected in their investment decisions as they did not believe much in the profit potential of a firm's CSR activities.[2]

MinChung and YongHee (2014), examined the effect of CSR strengthening (activities strengthening firm's CSR reputation which include charitable donations, support for housing and education etc.) and CSR concerning (activities potentially diminishing the reputation which includes investment controversies, negative economic impact, tax disputes etc.) activities on the shareholder value of a firm. They performed a regression analysis using a sample of 170 firms with the study limited to only publicly listed firms of the restaurant

industry from the year 1991 -2001. They found that CSR strengthening actions enhanced the shareholder value whereas CSR concerning actions reduced the shareholder value and instead lead to increasing systematic risk of the firm. [7]

Phuong, Ambrus and Mansi (2016), study the effect of CSR activities on shareholder value in the context of CSR monitoring by long-term investors. They performed multiple regression analysis on a sample of 3592 firms for the period of 1991-2009. Findings indicated that supervision of CSR spending by long-term investors ensures that managers choose the right amount of spending which leads to maximization of shareholder value. Further, they state that continuous CSR spending by the firm leads to a 5% high valuation of stock prices every year in emerging markets. [12]

Supriti and Damodar (2010) studied the influence of CSR on the financial and non- financial performance (NFP) of Indian firms. The NFP was studied via a questionnaire (sample size of 150 questionnaires) developed with respect to six stakeholder groups-employees, customers, investors, community, environment and suppliers of the sampled firms. Data on FP (financial performance) was obtained via secondary sources. Findings indicated that responsible business practices towards primary stakeholders are beneficial to a firm and positively impact the profits and shareholder wealth. [10]

Mungai (2014) researched the effect of CSR on the manufacturing firms in Kenya. The study target was a group of 68 companies from the manufacturing sector. Data analysis via a multiple regression model indicated that there was a small yet significant positive effect of CSR on the financial performance of a company. The study further recommended that small and medium manufacturing companies too should involve in CSR as that would help in increasing the customer base. This, in turn, would pave the way for further growth of the company. [13]

The foregoing review indicates that research on the association between CSR and shareholder wealth, in an emerging markets context is sparse. We address this lacuna by placing our study in India, one of the most prominent emerging markets in the world. Indian annual GDP growth has consistently been above 6%, thus outperforming most of the markets around the world. Given the large manufacturing base of the Indian economy we focus on manufacturing firms and frame our hypothesis as follows:

**H1-** In Indian manufacturing firms, CSR expenditure is positively associated with shareholder wealth.

### **SAMPLE AND RESEARCH DESIGN**

Our original sample size included top 100 manufacturing companies (by market capitalization) for the 4 years from 2014-2017, but the sample included 3 merged firms which did not have the required data for the analysis. Therefore, we have a final sample of 97 companies. The sample has been collected from secondary sources such as the Prowess database of CMIE and the National CSR portal.

This study aims to evaluate the effect of CSR expenditure on shareholder wealth. We measure shareholder wealth by using Dividend paid and Tobin's Q.

Tobin's Q has been widely utilized as a performance metric in economics, marketing, and management to test the effect of strategic choices on shareholder value (e.g., Morck et al., 1988; Waddock and Graves, 1997; Mittal et al., 2005). Tobin's Q is a firm's market value relative to its book value (e.g., Kaplan and Zingales, 1997; Gompers et al., 2003).

- $\text{Tobin's Q} = \text{Market Value of Assets} / \text{Book value of Assets}$

Dividend is the distribution of reward from a portion of the company's earnings and is paid to a class of its shareholders. Companies tend to issue regular dividends as they seek to maximize

shareholder wealth in ways aside from normal growth, therefore, establishing a positive relation between firm and shareholders.

- Dividend Paid = Average of Quarterly Dividend paid.

We run the following regressions in SPSS to test our hypothesis:

$$\text{Dividend paid} = \alpha + \beta_1 \text{CSRexp} + \beta_2 \text{SIZE OF FIRM} + \beta_3 \text{ROA} + \beta_4 \text{Market value} + \beta_5 \text{AGE} + \varepsilon$$

$$\text{TOBIN'S Q} = \alpha + \beta_1 \text{CSRexp} + \beta_2 \text{SIZE OF FIRM} + \beta_3 \text{ROA} + \beta_4 \text{Market value} + \beta_5 \text{AGE} + \varepsilon$$

While Dividend Paid and Tobin's Q are the dependent variables, CSR Expenditure is the independent variable.

The control variables are defined as: Market value is the closing price of the particular stocks.

ROA (Return on Assets) is an accounting-based measure that represents a firm's efficiency of using its assets during a given fiscal year, capturing short-term profitability of the firm. Size of the firm is calculated as the log of total assets and AGE as the log of the firm's age in 2014 i.e. (difference from the year of incorporation till 2014)

## ANALYSIS

**Table 1**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46375153240.10 4	5	9275030648.021	44.983	.000 <sup>b</sup>
	Residual	78764423558.00 3	382	206189590.466		
	Total	125139576798.1 07	387			
a. Dependent Variable: Dividend						
b. Predictors: (Constant), AGE, SIZE, MV, ROA, CSR						

**Table 2**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34381.037	5	6876.207	65.286	.000 <sup>b</sup>
	Residual	40023.342	380	105.325		
	Total	74404.379	385			
a. Dependent Variable: TOBINQ						
b. Predictors: (Constant), AGE, SIZE, MV, ROA, CSR						

The above tables (Table 1 and 2) show that our independent variables are able to account for a significant amount of variance on the dependent variable (both the models are less than 0.05,  $F(5,382) = 44.983$ , and  $F(5,382) = 65.286$   $p = 0.0001$ )

**Table 3 (Tobin's Q)**

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	114.507	6.400	17.891	.000
	CSR	.005	.001	7.538	.000
	ROA	-52.556	5.532	-9.501	.000
	MV	2.923E-005	.000	1.334	.183
	SIZE	-8.222	.485	-16.943	.000
	AGE	-1.755	.767	-2.289	.023

**Table 4 (Dividend)**

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	-35009.696	8929.940	-3.920	.000
	CSR	7.844	1.005	7.802	.000

	ROA	51472.145	7735.355	6.654	.000
	MV	-.044	.031	-1.440	.151
	SIZE	3015.371	674.780	4.469	.000
	AGE	-34.052	1072.332	-.032	.975

The above tables (Table 3 and 4) show the effect of each individual variable on the dependent variable. We are going to value each of these tests at p of 0.05. For table 3, the variables CSR, ROA, and SIZE are having p-value less than 0.05 and have a significant effect on the dependent variable expect for market value which shows p=.151 and Age which shows p=.975 and do not have any effect on the dependent variable. We can also see that 1unit increase in CSR results in 0.005 units of increase in Tobin's Q. For table 4, the variables CSR, ROA, AGE and SIZE are having p-value less than 0.05 and have a significant effect on the dependent variable expect for market value which shows p=.183 and does not have any effect on the dependent variable. We can also see that 1unit increase in CSR results in 7.84 units of increase in Dividend Further we can see that Beta of control variables except for market value (2.92) have a negative effect on Tobin's Q. The above results led to the acceptance of the hypothesis.

## CONCLUSION

There has been considerable research on a variety of CSR activities to understand the role of CSR in adding value to the social and financial performance of a firm. Such performance affects the maximization of shareholder value/wealth. Prior research has used different measures of performance such as ROA, ROE, EPS, Tobin's Q,

Our study is specific to the Indian manufacturing sector. As of 2014, Government of India made CSR mandatory for companies that meet specific criteria. However, since the large-scale adoption of CSR in India has been a rather recent phenomenon, there are certain data



limitations. Therefore, CSR Expenditure is the only measure that has been considered for this study.

Results from our study support the hypothesis that CSR expenditure has a positive effect on the shareholder wealth of the firm. Secondly, a positive relationship with Tobin's Q represents the high market value of the firm which in turn would attract increased investments.

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# GLASS CEILING VICTIMIZES WOMEN IN RISING TO THE UPPER RUNGS AT CORPORATE LADDER

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**E.SivaKalyan Kumar**

**.M.V.V. Bhanu**

**B.Praveena D.Susanna**

MVGR College of Engineering

## **Abstract:**

In Vedas also women are treated with greatest respect and regarded as the ‘**Shakti**’. But at present age’s women has been largely discriminated from time to time across the globe, in a un – fair manner. Now Governments and organisations across the globe recognised the role of women and have framed various laws to protect them. Work place gender equality in organisations is only achieved when women were able to enjoy the same power, status, rewards, resources and opportunities regardless with gender discrimination.

If, we observe the protective measures taken by governments across the globe to promote gender equality is very progressive. But, Coming to India as per a recent survey conducted by Indian women network with the collaboration of Confederation of Indian Industry that majority percentage of respondents opined that women has not given top priority in company’s board, and in senior management roles. So, it is the time for the organisations across the globe has to provide equal opportunities in achieving gender equality. Gender equality in workplaces is because not on the terms of ‘fair’ and it is the ‘ Right thing to do’, but women equality is directly linked with the overall country’s economic growth and performance. In, this paper the author’s intention is to present how women are constantly facing discrimination on the basis of gender and how they are depressed at all levels in organisations and society.

**Key – Words: Women, Organisations and Equality**

## INTRODUCTION:

Glass ceiling the buzz word that is commonly heard in most of the organizations across the globe is preventing women and minorities from rising to the highest positions or ranks in an organization. It is un-known and un clear who has exactly coined the term, but the term has drawn its attention during the mid-1980's the time period where women has started to enter into work – force in large numbers. (Every day Health) The term was firstly coined by Carol Hymowitz and Timothy D. Schellhardt on march 24<sup>th</sup>, 1986 in the article in the wall street journal, titled: 'The invisible barrier that blocks them from the top job'. ( **Lisa Quast**)

Majority of the experts opined that the glass ceiling is an invisible barrier to advancement that women face at the top – levels of the workplace. As, per the research conducted by the university of Chicago booth school of business revealed that there are plenty of evidences that showed and proved that sexism has prevented many talented women from achieving higher ladders in their careers. And, the research also stated that another evil that is holding women back is the gender – discrimination. (**University of Chicago**)

As everybody knew about the famous quote saying that: 'all men and women are created equal', but still it remains unachievable. In a world where talent is distributed equally among women and men, but still the women talent is left idle on the table. (**University of Chicago**)

Most of the companies across the globe claim that they treat men and women equally but in true sense the answer is no. As, per the recent gender – parity survey conducted among more than 1,800 business people worldwide, in association with HBR. Org revealed shocking facts that most of the companies fails to handle the issue of gender parity. (**Orit and Coffman**). The, survey also stated that nearly 80% of women employees are totally dis – satisfied, and a fewer percentage of 20% are satisfied that their companies are handling the gender – parity issues. (**Orit and Coffman**)

Despite in a rapid growth of the female presence in each and every shape of business across the globe, but when coming to the proportionate of females occupying in the senior – management positions is still very low. And, the common barrier identified is “**GENDER – DISCRIMINATION**”. Now, it is the respective organization's management role to drive away that invisible force termed as Glass – Ceiling. And, most of the research results revealed that both men and women managers have the similar attitude towards gender discrimination. To, overcome this invisible force proper culture with right mixed of human – capital has to be maintained and thereby ensuring gender – equalization by promoting equal promotable

opportunities to women alike like men in occupying higher ladders in an organization. (**Kilidi Kirmak**)

### **Literature Review**

**Stai zaretsky (2018):** As, the world at present is raising its voice against mee too movement in promoting gender equality at all places. Women not only facing gender- biases not only at corporate firms, but at also in legal professions. In fact, last year (2017) if we observe the women representation has increased by no more than a percentage point coming to legal – profession, which is very depressing. If, we see the reality in legal profession when comes to private practice, about only two-third of attorneys in this sector suits are being field by women on gender discrimination. It is the fact that only a fewer percentage of women were represented in big leadership roles in legal- profession.

**Sakshi gupta(2018) :**Glass ceiling the term while is un-seen, invisible force that stops women from reaching to higher rungs and of the corporate ladder because of gender- inequality, regardless of their qualification and attainments.

In this study the researcher pointed out their views on glass- ceiling and how it is showing its effects on women- workforce, which is stopping their career advancement compared to men. In, short the study in empirical explains the practice of phenomenon of Glass Ceiling and how it is dragging the female work workforce in this 21<sup>st</sup>- century.

**S.alter (2019):** It, is appreciable scenario that California became the first state to pass a law that all publicly traded corporations has to compulsory add 2 women to their boards with 5, and 3 women on boards with 6 (or) more, and the companies failing to act these compliances faces fine between \$1, 00, 000 and \$3,00,000.

**Jeffrey (2015):** In US and in many other developed countries more than 40% percent of graduates are women and even higher than men. But, coming to their recognition and occupying at C-suite positions and higher level managerial position women when compared to men has not been equally represented. As, per the recent fortune article women holding less that 15 percent of fortune 500 executive office positions globally.

**Genevieve Douglas (2017) :**As, per the research conducted by MCKINSEY and Lean in. organization only 47% of women occupies entry level hires but only 18% less likely to be promoted to managerial positions than their male counter-parts. As, per Lynn tetrault (executive vice president of HR and corporate affairs Astra Zeneca, 63% of the men participate

in the research of MCKINSEY opined that their company was doing good to improve gender-diversity but only 47% of the women agreed to the same question asked in the survey.

**Susan (2018):** According to gender equality score card (2017) from Australia's work place gender equality agency (WGEA), shows a fair representation in various management positions has grown consistently from 2013-14, more than 40% of management- position went to women in the year 2016-17 indicating a positive trend in breaking the barrier of GC. As, per the global recruitment firms HAYS by examining employment trend in more 3,000 firms across Malaysia, Singapore, Hong- Kong, China & Japan found that nearly 51% of the organizations framed formal diversity policies and procedures in work place. Even at Jack Ma's Alibaba company women holds only 37% of senior management levels compared to men.

**Rhett (2018):** "If women ran the world, there would be no wars". It's an old stereotype, and as per the Morgan Stanley report, more gender- diversity, in corporate organizations can leads to higher productivity, greater innovation, better products, decision-making, employee retention and satisfaction. As, per the data compiled by 24/7 Wall Street which is compiled by led better a research group reported that of the 234 companies that own almost of 2,000 of the world's recognized consumer- brands, only 14 of the countries had female CEO's, and nine of them have no women at senior level executive positions.

**Yoni (2018) :** If, we observe the world's largest 500-companies, only 10.9% of women are in senior executive's role, according to weber schandwick's gender forward pioneer index. Apple the world's number.1 position in the fortune's list also has limited participation of women at C-Suite levels at their board. (Out of 109 executives, only 19 are women). Coming to understand the meaning of diversity it is not across gender but related to cultures.

**Judith warner (2017):** The 20<sup>th</sup> century has brought significant changes and progress in women advancement in the United States, where by gender gap among men and women have lessened in majority of professions. Women percentage in climbing the management ranks steadily increased, but still the progress is uneven. If, we go back to past in the year 1980, there were no women in the top executive ranks of fortune 100, in the year 2001, it is by 11%, and the next years increased to 72% points, and 94% from 1997 to 2009, and their share in top executive positions increased from 2.8% points. In 2011 women's share in top management positions is less than 9%, in 2016 it is 18% of S&P 1500 board sets.

**Cindy Pace (2018):** Majority of the women in U.S opined that they are suppressed on racial and ethnic identity. Most of the women also opined that the organizations have to promote and maintain gender- diversity by giving equal opportunities to women with men. If, this could be possible alone in USA itself women can generate \$ 1 trillion as consumers, and \$361 billion in revenue as entrepreneurs, launching companies at 4X the rate of all women-owned business.

### **Women workforce across the Globe**

Across the globe progressive outlook on gender – diversity has stalled. To, achieve equality at work place; companies must turn good intentions into concrete action. To, achieve equality at work – place, companies has change their outlook towards women workforce employed in their organizations. As, per the recent survey conducted by Mc Kinsey in partnership with Lean In. Org, titled women in the workplace in the year 2018 and the data is collected from 279 companies employing more than 1.3 million, and surveying of over 64,000 employees and also by conducting a series of qualitative interviews. The, results of the survey is astonishing that still women are under – represented in senior management roles across the globe. **(Alexis & Lareina Yee.)**

To, promote equality at the working place hiring and promotional opportunities will be crucial. Although women earn more bachelor’s degrees than men, but still there are less likely to be hired in the entry – level jobs. The, survey also revealed that women representation in higher level manager jobs, are less when compared to male. **(Alexis & Lareina Yee.)**

### **The Global Picture**

It is a known fact in each and every job that is created men participation in labour – markets are higher than the women participation. If, we observe the statically data we can see that women work-force participation in numbers for most of the countries are well below 100%. In, some countries such as Syria, Algeria the ratio is below 25%. And, in contrast in Laos, Mozambique, Rwanda, Malawi and Togo the participation of women work-force is slightly equal and above to 100%. **(Esteban & Sandra)**

The following table shows the female work – force participation globally across 5 regions

<b>AFRICA</b>	
80%	Burundi, Mozambique, Ethiopia, Tanzania, Democratic republic of Congo, Ghana, Angola, Zambia, Uganda, Kenya, Botswana, Nambia etc.
60%	Liberia, Gambia, Senegal, Nigeria, South Africa, Gabon, Eswatini etc.

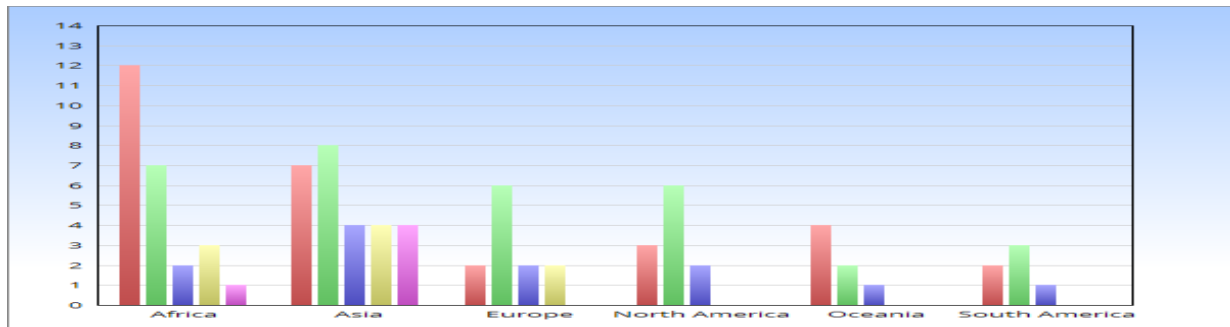
40%	Comoros, Mouritania
20%	Sudan, Libya, Egypt
0%	Algeria
<b>ASIA:-</b>	
80%	Nepal, Cambodia, Vietnam, China, Thailand, Singapore, Macao etc.
60%	Tajikistan, Myanmar, Indonesia, Maldives, UAE, Japan, Hong-Kong, Qatar etc.
40%	Bangladesh, India, Srilanka, Turkey
20%	Afghanistan, Palestine, Saudi-Arabia & Oman
0%	Yemen, Jordan, Iraq & Iran
<b>EUROPE</b>	
80%	Ice-land, Sweden
60%	Belarus, Russia, Germany, Poland, France, Ukraine etc.
40%	Moldova, Italy
20%	Bosnia and Herzegovina
0%	-
<b>NORTH AMERICA</b>	
80%	Haiti, Bahamas, Barbados
60%	Jamaica, USA, Belize, Honduras, Trinidad and Tobago etc.
40%	Puerto – Rico
20%	-
0%	-
<b>OCEANIA</b>	
80%	Papua New Guinea, Solomon Islands, New-Zealand & Australia
60%	Tonga, Fiji
40%	Samoa
20%	-
0%	-
<b>SOUTH AMERICA</b>	
80%	Peru, Colombia
60%	Bolivia, Brazil, Argentina
40%	Guyana



20%	-
0%	-

**Table – 1: Female work – force participation globally across 5 regions ( Source: World Bank Data)**

From, the above table it is true that as the time changes, the female work force participation rate today across the globe is higher than when compared to the last 3 decades, and this is true in majority of the countries across the globe.



**Figure – 1: Female work – force participation globally across 5 regions (Source: World Bank Data) 80%, 60%, 40%, 20% and 0% respectively.**

### Indian Scenario

In, the year 2012, only 27 percent of adult Indian women had a job, and nearly 20 million women had dropped out between 2005 to 2012, which is equal to the entire population of Sri – Lanka. (Annette Dixon) and, if we observe the ranking position of India in female work – force participation the rank stood at 120 among 131 countries which is very alarming for a country like India. (Annette Dixon)

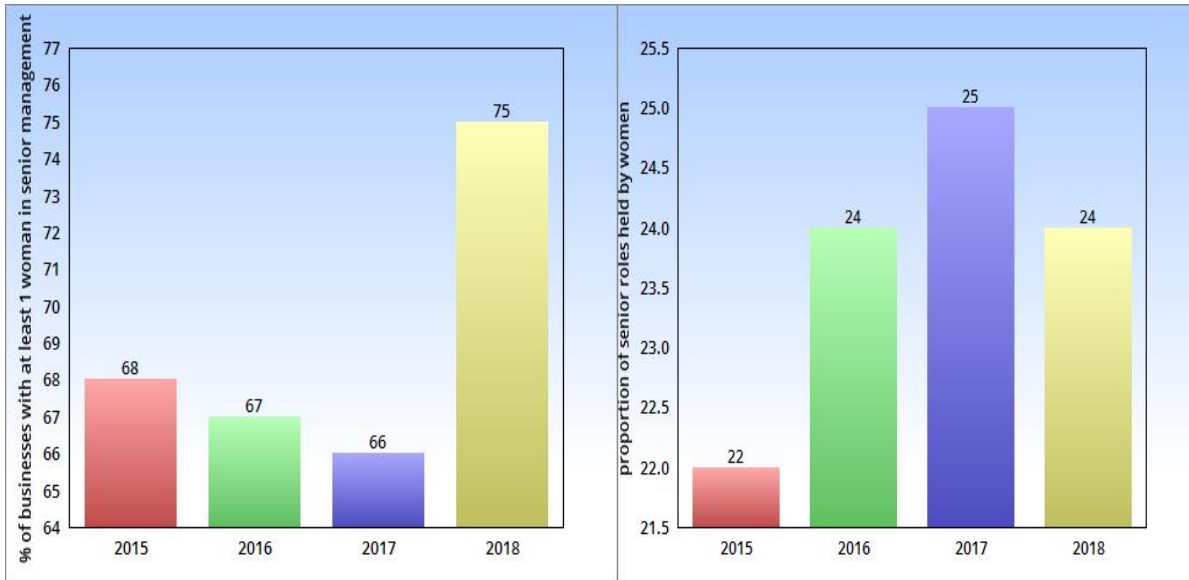
As, per the news published in the tribune, voice of the people India’s female labour force is declining over the years (25%). If, we observe our neighbouring countries Pakistan (27%) and Bangladesh (3 times higher) and their country’s women workforce participation is higher than India. And coming to the GDP contribution of women participation in India is around 17% only which is less than a half of the global average. India could boost its overall female participation growth by 1.5 percentage points to 9 percentage per year if around 50% of women could join the work – force. (Annette Dixon)

### Gender – Diversity in Leadership Roles

Coming to the India’s ranking in Gender – Diversity is improved by 20 % of women in leadership and senior level positions. (Grant Thornton Report). And, if we observe the comparison between the years 2017 & 2018 it showed a steady growth in the women leadership positions an increase from 17% to 20%. But, in the year 2014 it is only 14%. And, as per the

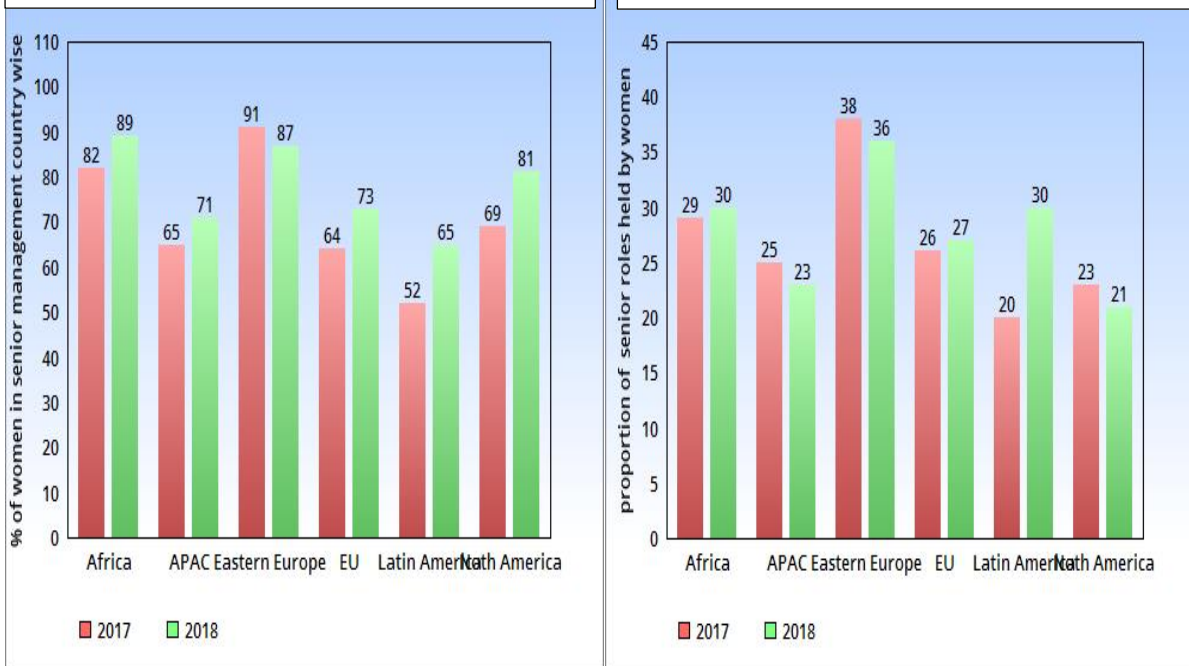
report findings majority of the respondents (30%) in India opined that most of the organizations have no women on the leadership roles. **(Grant Thornton Report).**

The following figure shows the Female Representation & Proportion in senior – management levels over the past 04 years



**Figure 2: Female Representation Proportion in senior – management levels over the past 04 years. Source:**

**Figure 3: Female Proportion in senior – management levels over the past 04 years. Source: (Grant Thornton**



**Figure 4: Percentage of Businesses with at least one women in senior – management levels. Source: (Grant Thornton Report)**

**Figure 5: Proportion of Businesses with at least one women in senior – management levels. Source: (Grant**

If, we observe the figures of women in senior management roles over the last few years it

The following figures shows the percentage and proportionate with at least one women in Senior management positions over different regions across the Globe clearly shows a declining trend up to 1% until the year 2017 and increased by 95 in the year 2018. And, coming to the proportion of women in senior roles started to increase from 22% to 25% in the year 2017, and decreased by 1% (24%) by the year 2018. And, coming to the figures representing both percentage and proportionate of women in senior – management roles is also alarming. Gender – Diversity in emerging economies like Africa and Eastern Europe is leading the way, and Latin – America showed the biggest increase in the percentage of Businesses having at least 1% of women in Senior – Management Positions.

But, coming to the scenario of North – America and other developed regions such as European Union has shown an significant raise, but compared with the proportionate of senior – levels held by the women across the various countries shown in the above figure has marginally declined. And, emerging economies in the case of proportion of senior roles held by women demonstrated higher gender – diversity, and Eastern Europe leads the way.

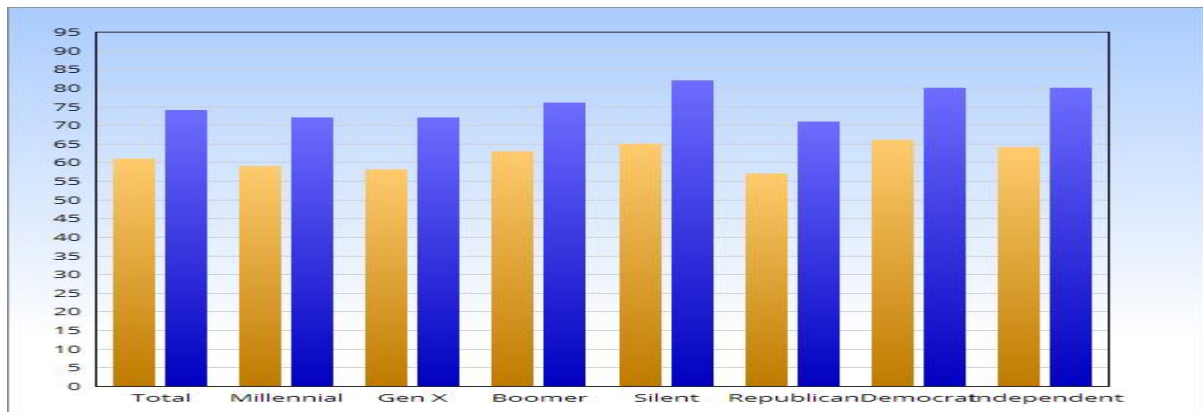
Coming to the Gender – Diversity Equality where a lot of Companies pays their attention now – a – days because of increased media scrutiny and incidents relating to diversity. But, coming to reality in organisations there is still pretty darker side prevailing when coming to Gender – Diversity in work – place especially C- Suite roles (20%), according to a study conducted by LeanIn. Org and McKinsey report in the year 2017. ( **Kaleigh – Moore**).

But, now the bigger question is how to promote Gender – Equality? And, the answer given by Marlene Gordon – Vice – President Bacardi, North – America opined that: Full and active commitment by senior – leaders in their organization, women in leadership will remain a “**much talked about goal**”. Jelly – Vision is one of the company is maintaining 50/50 split of women and men both in C – Suite roles and company wise. And, as per Jamie – Richardson, Vice – President of Whistle – Castle, shared his views that ten years ago, all the C – Suite management roles was held by men (100%) only, but now the scenario has totally changed where the women participation in same roles is 56% and this is possible through the efforts like what we call “LEAN – IN – CIRCLES”. ( **Kaleigh – Moore**).

**What’s the force that is holding back?**

Most of the Americans still believe that men have a better chance at C – Suite positions in business and even in politics. Most of them believes that (4 – in – 10) women has no role in senior management or leadership roles is of because:- 1. Family – Responsibilities, 2. Inexperience, 3. Women not being tough people. (PEW Research Centre).

The following figure shows the percentage of saying it is easier than men to get into top executive – positions in business.



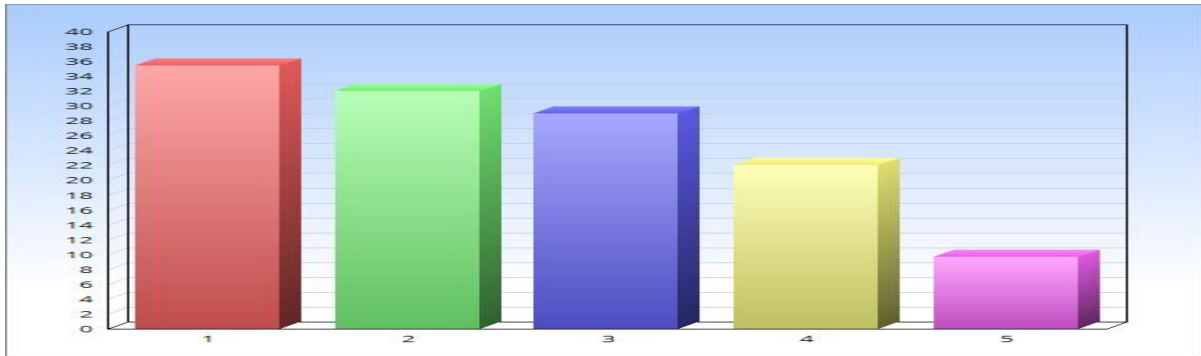
**Figure : 6 :** Shows the percentage of saying it is easier than men to get into top executive – positions in business **Source: (PEW Research Centre, 2014)**

Yellow Indicates: Men, Blue Indicates: Women

From, the above figure it is very clear that majority of women opined (6- in – 10), men has still has good chances in senior level positions compared to women in any kind of business. If, we observe the figure millennial & boomer women are 13% points more likely than their counter parts showing easier for the men to occupy the executive positions, and 14 – point gender gap among Gen – Xers, and 17 – point gap among the silent generation. (PEW Research Centre).

And, as per 20<sup>th</sup> FTSE (Financial Times Stock – Exchange) women on boards report, showed a sharp decline or drop in the number of women occupying the positions of CEO or CFO. At, present there are only 30 women in full – time executive roles at FTSE 250 – Firms that indicated a downfall from 38 when compared to last year, including 6 female chief – executives and also 19 female CFO's. (Julia Kollwe).

The following figure shows the percentage of women on various positions



**Figure: 7:** shows the percentage of women on various positions, **Source: (Guardian Graphic, Cranfield – University)**

The following are some of the good practices implemented by some of the successful companies in increasing the proportion of female at senior level positions (**Conference Board**)

Promoting Talent and proper succession planning.

Mentoring and coaching programs.

Offer job rotation.

Continuous measurement.

Creating a supportive working environment.

Through proper motivation by highlighting the success stories of successful women.

Proper senior management support.

### **How to break Glass – Ceiling**

According to the Women Workplace Report 2015, if at this current speed if women advance, we are 25 years away from achieving gender – equality at senior vice – president level, and coming to C – Suite level, we are more than 100 years away. (**Amy Power**).

As, the global workforce is changing its shape into new dimensions, everybody knew that we are nearly 20 years into the new millennium and still in most of the organizations Glass – Ceiling still exists, and it is a shame but it's a fact of life and reality to be accepted. (**Business Women India**). And, if we see there are certainly some women who has crashed those ceilings, and showed their guts and determination in driving away this invisible force. . ( **Business Women India**). If, once women decided to work seriously and competing in the workplace, it's no wonder that men closed ranks.

The following are some of the examples of women's list who have broken this invisible force named: Glass – Ceiling and stood as a inspiration for the rest of women workforce across the globe.

Mary Barra, Chairman & CEO of General Motors

Indra Nooyi, Chairman & COO of Pepsi Co.

Marillyn Hewson, President & CEO of American aerospace company Lockheed Martin.

Isabelle Kocher, CEO of French Multi – National Utility company Engie.

Feng Ying Wang, CEO of Great Wall Motor China.

Ruth Porata, SVP & CFO of Google.

Meg Whitman, COO of Hewlett Packard.

**(Source: Forbes and Fortune 2017 most powerful women in business.)**

### **Conclusion:**

Most of the organizations still claim that Glass Ceiling is no way a barrier for women in their career advancement, but in reality it is not true that still women were underrepresented in senior management levels across various businesses. Many think that Glass Ceiling and Discrimination is similar but they have different meanings, and as long as Gender – typing continues in the workplace the women is held back in reaching the upper rungs of Corporate Ladder in many organizations.

It is the measures that the companies has to take to drive away this invisible force by treating both women and men on equivalent terms and creating equal opportunities for their career development and advancement in reaching greater heights in their job. Companies across the globe has to take adopt strict procedures to reduce the gender stereotyping and promoting equal opportunities for the women to occupy higher ladders. And, finally the term Glass – Ceiling is not a myth it is an invisible barrier and force that stops women in reaching greater heights, and still women fighting very hard to break that glass to promote equality in workplace.

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# A STUDY OF PERCEIVED IMPACT OF GOODS AND SERVICE TAX (GST) ON COMMON PEOPLE

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**Usha<sup>1</sup> and AshwiniKumari N<sup>2</sup>**

Research Scholar, Lecturer in commerce

Government First Grade College & Centre for P.G. Studies,  
Thenkanidiyoor, Udipi -576106 (M)<sup>1</sup>-7676393609 (M)<sup>2</sup>-8073790489

ushapoojary123@gmail.com<sup>1</sup>, ashwininshetty57@gmail.com<sup>2</sup>

## **Abstract**

The Goods and Services Tax (GST) is so far the biggest tax reform in the country. A comprehensive dual GST was introduced in India from 1 July 2017. Prime Minister Narendra Modi described GST as a Good and Simple Tax. More than 160 countries have implemented GST so far. GST was hailed as the biggest tax reform ever since Independence. It is a single *indirect tax* for the whole of India. GST reduces the *cascading effect of taxes* or a tax on tax. GST is a comprehensive indirect tax charged on the manufacture, sale and consumption of goods and services across India. GST has replaced Central Excise Duty, Service Tax, Special Additional Duty of Customs, Additional Duties of Excise and Customs, VAT, Central Sales Tax, Purchase Tax, Entry Tax, Entertainment Tax, Taxes on Advertisements, lotteries, betting and gambling and State Cesses and Surcharges. GST replaced at least 17 indirect taxes. This paper represents a study of perceived impact of GST on common people in Karnataka.

**Keywords:** GST, common people, Tax, India.

## **Introduction**

Goods and Services Tax (GST) is a value-added indirect tax at each stage of the supply of goods and services precisely on the amount of value addition achieved. It seeks to eliminate inefficiencies in the tax system that result in 'tax on tax', known as cascading effect of taxes. GST is a destination-based tax on consumption, as per which the state's share of taxes on inter-state commerce goes to the one that is home to the final consumer, rather than to the exporting state. GST has two equal components of central and state GST. The main objectives of GST

model are removing cascading effects, easy compliance establishment of systematic input credit machinery and reduction of cost of production.

### **Who is liable to pay GST?**

Businesses and traders with annual sales above Rs. 20 lakh are liable to pay GST. The threshold for paying GST is Rs. 10 lakh in the case of north eastern and special category states. GST is applicable on inter-state trade irrespective of this threshold. Which taxes will be included in GST? GST will be substituting all indirect taxes levied by the state and central government. GST would apply to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel and natural gas and alcoholic liquor for human consumption. Indirect Taxes that are going to subsume under GST are given below:

### **Taxes to be subsumed in GST:**

Central taxes to be subsumed in GST:

Following Central Taxes should be, to begin with, subsumed under the Goods and Services Tax:

- ❖ Central Excise Duty (CENVAT)
- ❖ Additional Excise Duties
- ❖ The Excise Duty levied under the Medicinal and Toiletries Preparations (Excise Duties) Act 1955
- ❖ Service Tax
- ❖ Additional Customs Duty, commonly known as Countervailing Duty (CVD)

State taxes to be subsumed in GST:

Following State taxes and levies would be, to begin with, subsumed under GST:

- ❖ VAT / Sales tax Entertainment tax (unless it is levied by the local bodies)
- ❖ Luxury tax Taxes on lottery, betting and gambling State Cesses and Surcharges in so far as they relate to supply of goods and services
- ❖ Octroi and Entry Tax
- ❖ Purchase Tax

## Types of GST:

Indian economy is highly diverse due to numerous industries operating in different sectors having the different location, supply chain and target consumers. To understand the detailed impact of GST, let's discuss its three types-

<b>CGST</b>	<ul style="list-style-type: none"> <li>• CGST stands for Central GST</li> <li>• This is applicable on supplies within the state.</li> <li>• Tax collected will be shared to Centre.</li> </ul>
<b>SGST</b>	<ul style="list-style-type: none"> <li>• SGST stands for State GST</li> <li>• This is applicable on supplies within the state.</li> <li>• Tax collected will be shared to state.</li> </ul>
<b>IGST</b>	<ul style="list-style-type: none"> <li>• IGST stands for Integrated GST</li> <li>• This is applicable on interstate and import transactions.</li> <li>• Tax collected is shared between Centre and State.</li> </ul>
<b>UTGST</b>	<ul style="list-style-type: none"> <li>• UTGST stands for Union Territory Goods and Service Tax</li> <li>• If transaction is related to any Union Territory (At present: Andaman &amp; Nikobar Island, Lakshadweep, Dadra &amp; Nagar Haveli, Daman &amp; Diu and Chandigarh), then in place of SGST, UTGST will be charge.</li> </ul>

## GST rates in India at a glance:

The four-tier tax structure contains four separate rates: a zero rate, a lower rate, a standard rate, and a higher rate.

- ❖ Exempted categories: 0
- ❖ Commonly used Goods and Services: 5%
- ❖ Standard Goods and Services fall under 1<sup>st</sup> Slab: 12%
- ❖ Standard Goods and Services fall under 2<sup>nd</sup> Slab: 18%
- ❖ Special category o Goods and Services including Luxury Goods: 28%

### **Review of Literature:**

**Vinod Kumar (2017)** conducted study on the 'Impact of implementation GST on common man and Indian economy: Positive or Negative'. He has concluded that GST is expected to significantly ease double taxation and make taxation overall easy for industries. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services.

**V.Vasudha singh, K. Sangeetha, Reshma Khanam (2017)**. GST-And its impact on Common Man. This paper highlights the challenges in implementation of GST in India and the impact of GST on Common man.

### **Objectives of the study**

- ❖ To study the perception of common people about the various concepts of GST.
- ❖ To understand the perceived impact of implementation of GST on common people.

### **Research Methodology**

The study is based on primary as well as secondary data sources. Primary data were collected through survey method with the help of well structured questionnaire as a research instrument. The Questionnaire consisted of three sections i.e., demographic profile, general information about GST, and impact of GST on common man. The common people of different age group with varied occupations were considered as sampling unit for the study. The questionnaire was administered personally as well as through electronic medium(i.e., web based survey). The questions are generally framed by 5 point Likert Scale and answers by respondents in form of Agree, Disagree, Neutral, Strongly Agree, and Strongly Disagree. The secondary source of data, have been obtained from various GST implementations discussion papers, published article in journals, web articles, past studies and newspapers.

### **Limitations of the study**

An online survey was conducted in selected regions of Karnataka. Hence, the scope of the study is limited. This study comprises of 154 respondents and focuses on the perception of the common people and is limited to the basic concepts of GST.

**Data analysis and Result:****A. Demographic Profile:****Table 1.1 Demographic Profiles**

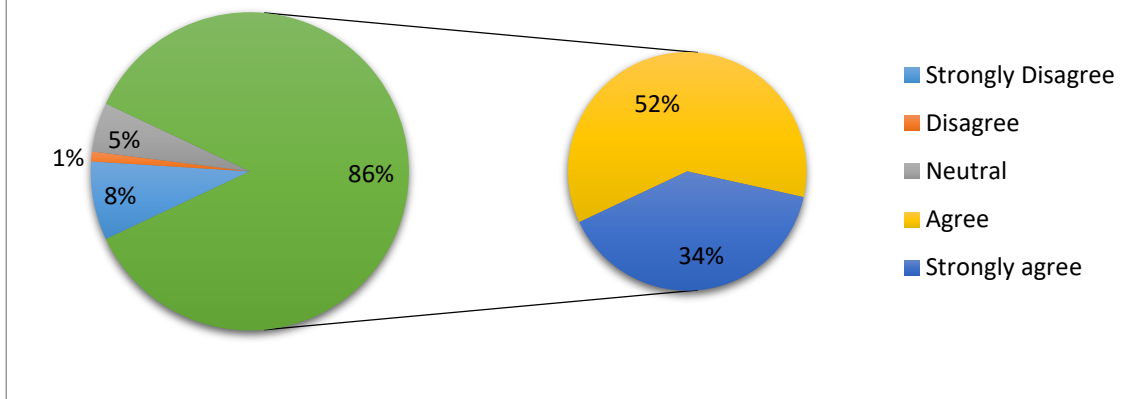
STATEMENTS	CATEGORIES	FREQUENCY	PERCENTAGE
<b>Age</b>	20-25 years	86	55.9%
	26-30 years	26	16.9%
	31-35 years	19	12.4%
	36-40 years	5	3.2%
	41-50 years	13	8.4%
	Above 51 years	5	3.2%
	<b>Total</b>	<b>154</b>	<b>100%</b>
<b>Education</b>	Below primary, High school	24	15.6%
	Graduates	54	35.1%
	Post Graduates	73	47.4%
	PhD and Others	3	1.9%
	<b>Total</b>	<b>154</b>	<b>100%</b>
<b>Work type</b>	Business	9	5.8%
	Professionals	35	22.7%
	Service	10	6.5%
	Students	68	44.2%
	Others	32	20.8%
	<b>Total</b>	<b>154</b>	<b>100%</b>

Source: Primary data

**Interpretation:** The demographic details of the respondents are present in Table 1.1. Out of the total sample 55.9% of the respondents were found to be aged below 25 years, 16.9% were between 26 to 30 years, 12.4% were between 31 to 35 years, 3.2% were between 36 to 40 years, 8.4% were between 41 to 50 years, and 3.2% were found to be above 51 years. 15.6% were having education below Primary and High school, 35.1% and 47.4% were found to be graduates and postgraduates respectively, 1.9% of the respondents were found to have done PhD and others. 5.8% of the respondents belonged to business category, 22.7% were found to be professionals, 6.5% were in service, 44.2% were students and 20.8% were belonged to other category.

**B. Perception of common people about GST:**

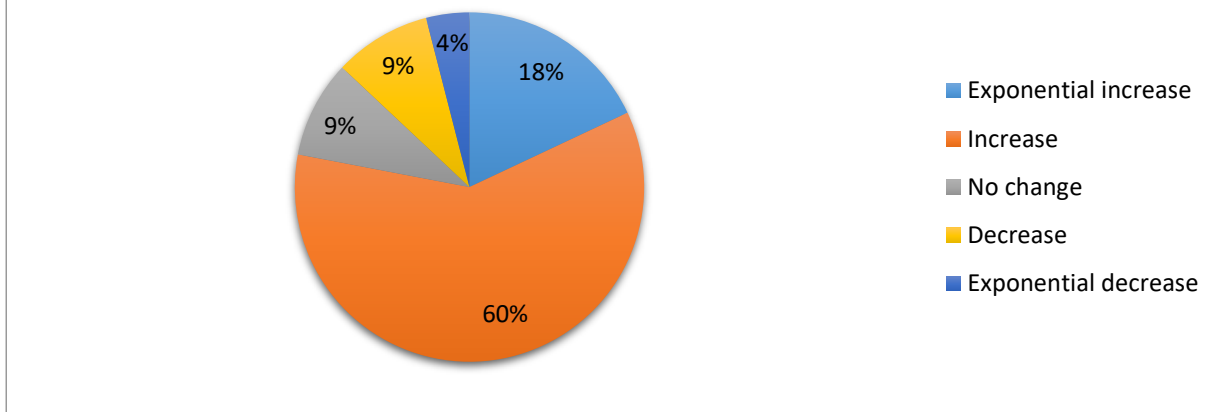
**Figure No.1.1 GST is applicable on supply of goods and services**



Source: Primary data

**Interpretation:** Figure No.1.1 shows that 34% of the respondents strongly agreed that GST is applicable on supply of goods and services, 52% were agreed, 5% of respondents were found to be neutral while 8% strongly disagreed and 1% disagreed.

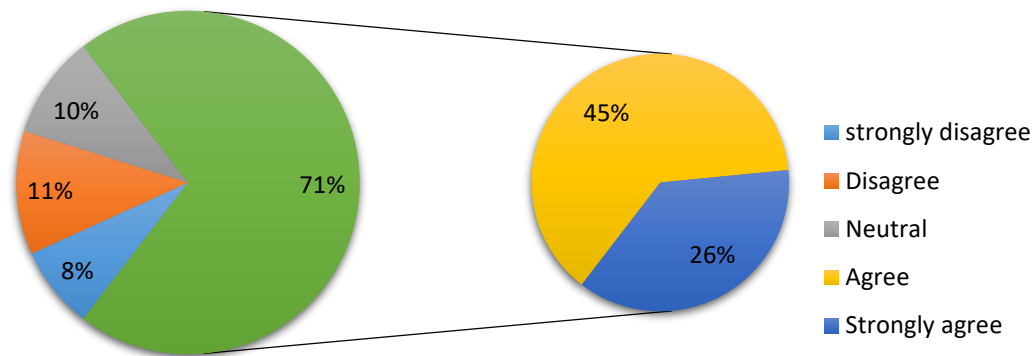
**Figure No.1.2 Impact of GST implementaton on GDP of India**



Source: Primary data

**Interpretation:** Figure No.1.2 presents that 60% of the respondents opines that the impact of GST on GDP of India is increased while 18% exponential increased, 9% decreased, 4% exponential decreased and 9% no change.

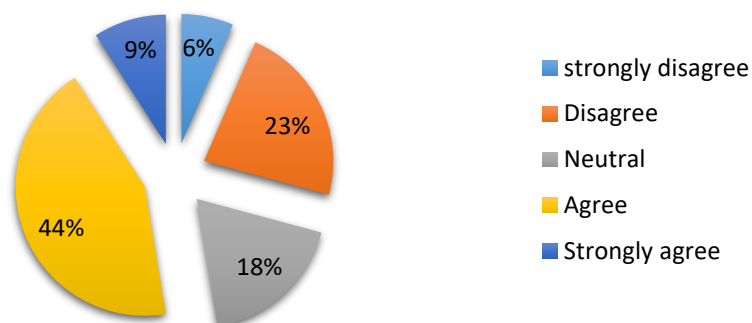
**Figure No.1.3 GST is simpler tax as compared to old indirect tax**



Source: Primary data

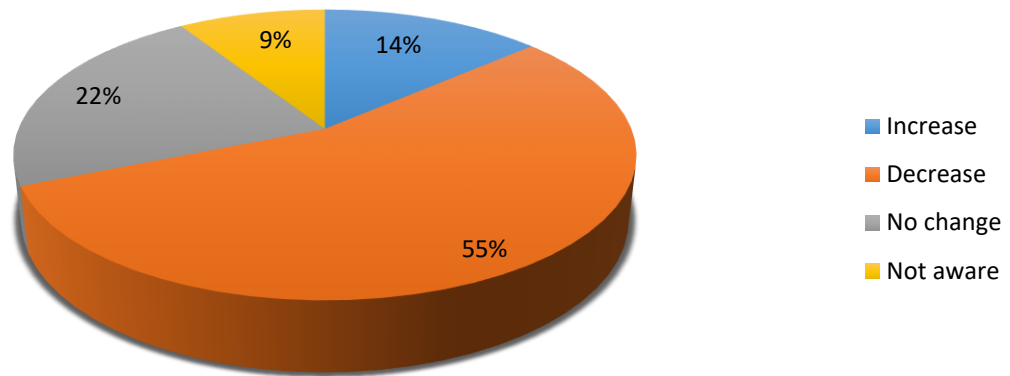
**Interpretation:** Figure No.1.3 presents that 26% of the respondents strongly agreed that GST is simpler tax regime with fewer rates and exemptions as compared to the tax structure of old indirect tax while 45% of the respondents were agreed, 10% of the respondents were neutral, 8% of the respondents strongly disagreed and 11% were disagreed.

**Figure No.1.4 Goods and services will be cheaper after implementation of GST**



Source: Primary data

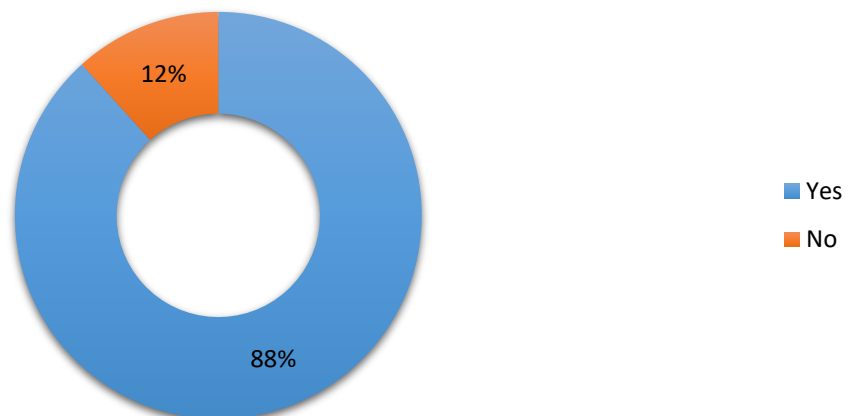
**Interpretation:** Classification of Respondents on the basis of response of the respondents regarding the implementation of GST will result in the products or services to be cheaper. From the above figure no.1.4 depict that majority of the respondents i.e. 18% are neutral and 23% are Disagree with this statement. Further also 9% and 6% are strongly agreed and strongly disagreed in respectively. Hence it is concluded that the maximum respondents are agreed i.e. 44% and result may positive.

**Figure No.1.5 Impact of GST implementation on corruption**

Source: Primary data

**Interpretation:** Figure No.1.5 shows that perception of respondents regarding the impact of GST implementation on corruption, 55% majority were decreased, 22% no change, 9% not aware and 14% increased.

### C. Factors impacting common people as a result of implementation of GST.

**Figure No.1.6 Implementation of GST in India**

Source: Primary data

#### **Interpretation:**

Figure 1.6 presents that 88% of respondents were agreed to implementation of GST in India and remaining 12% were disagreed to implementation of GST in India.

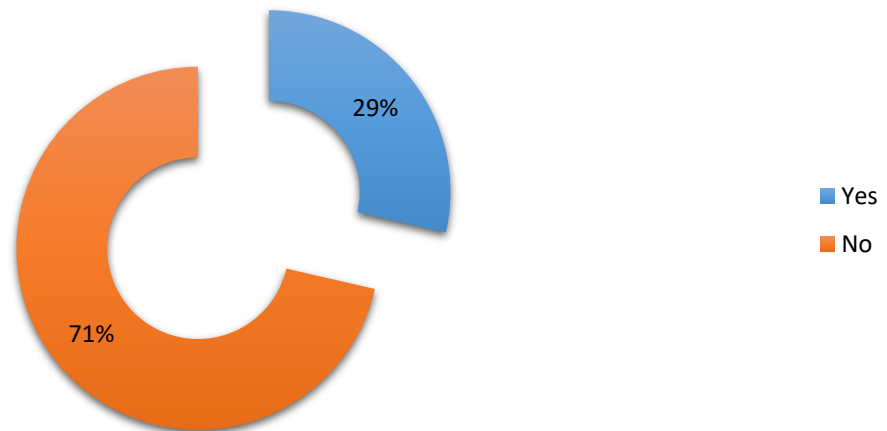


Table No 1.2 depicts the perceived impact of implementation of GST on the Indian economy and in turn on the common people.

**Table No.1.2 Factors impacting common people as a result of implementation of GST.**

Perceived impact of GST	5	4	3	2	1	Total	Mean score	Rank
GST will make India a unified common market.	63	36	21	15	19	154	571	3
GST will eliminate cascading effect of tax (Double taxation)	69	28	18	13	26	154	563	5
GST will result in reduction in the prices of goods and services	44	37	33	17	23	154	524	7
GST will result in transparency in the taxation system, thus curtail corruption and circulation of black money	67	37	15	14	21	154	577	2
GST will lower the overall tax burden on the consumer	62	29	23	14	21	154	549	6
GST has made the tax compliance procedure simple and easy	68	36	17	15	18	154	583	1
GST will give boost to investment and export and generate more employment.	59	40	25	11	19	154	571	4

Source: Primary data

**Figure No.1.7 GST will burden the people/consumer**

Source: Primary data

### **Interpretation:**

The above figure shows that 71% of the respondents opines that GST will not burden the people/consumer and 29% of the respondents thought that GST will burden the people/consumer.

### **Findings and suggestions:**

The following are the major findings of the study:

- Most of the respondents i.e. 55.9% comes under the age group 20-25 years.
- Most of the respondents were postgraduates (47.4%) and graduates (35.1%) in educational level.
- More than 44.2% respondents are students and 22.7% are professionals.
- The most of the respondents' perception are very positive towards the implementation of the GST and they are aware of GST.
- Most of the respondents' opinion that GST is fair tax. And also GST is predominantly compliance tax.
- Most of the respondents' perception that GST is very beneficial to the country and also affects GDP.
- Some of the respondents opines that contribution of every citizen is needed to develop our country and GST is a step towards it.

- It is further observed that the common people is of the view that GST will make India unified common market and eliminate the cascading of taxes, bring in more transparency in the taxation system, thus curtail corruption and circulation of black money.
- However, GST will not bring in immediate benefits to the common people in terms of reduction in the overall tax burden and reduction in the price of the goods and services.
- There is need to conduct awareness programs and workshops so that the common man clearly understand the concept of GST and its implementation in the Indian economy.

## Conclusion

Taxation policy of the government plays an important role in economic development and build up the nation. Good simple taxation system generate more revenue and support to government expenditure on infrastructure development and public service. GST will have a positive effect on the manufacturing sector, GDP growth, export and employment generation and negatively impact on basically service sector because of the proposed GST rate is higher. The government to put in more effort to ensure that consumers have a clear understanding and develop a positive perception towards GST leading to its acceptance.

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## IMPACT OF GST ON INDIAN STARTUP

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Anna Catherin Baby<sup>1</sup>, Sneha Rose Thomas<sup>1</sup> and Dr. Suvaiba Pirani<sup>2</sup>

<sup>1</sup> Bachelor of Arts

Xavier's College (Autonomous), Mahapalika Marg, Mumbai, Maharashtra 400001, India

annacatherin@gmail.com, sneharose.thomas1@gmail.com

<sup>2</sup> Assistant Professor

Xavier's College (Autonomous), Mahapalika Marg, Mumbai, Maharashtra 400001, India

suvaiba.pirani@xaviers.edu

### **ABSTRACT:**

GST (Goods and Services Tax) is an indirect tax for the whole nation, which makes India one unified common market. It is a single tax on the supply of goods and services. Introduction of GST has increased transparency, simplified the tax system, and reduced documentation cost. India is home to the third largest startup ecosystem and is the youngest startup nation with more than 1,200 startups came up in 2018, taking the total number to 7,200 startups, NASSCOM reported. This paper examines the impact of GST on the startups in India considering all possible advantage and disadvantages of GST. The applicability of GST and its salient features like automated registration, efficient tax refund policy and a comparison of the previously existed tax regime with GST are discussed. This paper also aims to understand how GST has improved ease of doing business in the Indian economy. Although proposed GST act may not be completely ideal it is yet one of the most business friendly reforms in India and in long run the benefits of GST are likely to triumph over the problems of GST.

**KEYWORDS:** GST, Startup companies, ease of doing business, automated registration, efficient tax refund policy.

### **Introduction:**

*India* has emerged as the fastest rising major *economy* in the world and is expected to be one of the top three *economic* powers of the world. In spite of it being one of the best places to invest due to its skilled and cheap labor and the low political and legal risks the entrepreneurs are burdened with the complex tax structure in India. The taxes are divided into two parts: direct taxes (taxes paid directly by final consumers) and indirect taxes (taxes indirectly paid by consumers in the last). The direct taxes are income taxes, corporate taxes, taxes on the distribution of dividends, taxes on securities transactions and indirect taxes such as customs, services, value added, central sales tax.

To increase commercial transparency and ease of business, the government introduced a single tax on products and services (GST) for almost all indirect taxes (Nazia & Rizvi, 2017). GST is one of the largest and most important tax reforms in India with the objective of eliminating the fiscal barriers of the current tax system and creating a single market for all. The GST approved and ratified the 2014 Constitution Amendment (Law 122, 2014) of Lok Sabha and Rajya Sabha to implement the GST before April 1, 2017 (Ansari & Jain, 2017). GST simplifies indirect taxes by integrating all major indirect taxes, such as special taxes, services and value added taxes. With a goal of simplifying tax structure, GST proposes to remove the geographical hindrances for trading, and changing the entire nation to 'One Common Market Place.' While it's known that the 'One Nation- One Tax' regime paves way towards a better economy of our nation, the real question is how this reform is going to be any better than the earlier tax transformations that India has seen over the past years.

GST replaced several indirect taxes mainly VAT.

**Table 1: A comparison between GST and VAT is given below:**

<b>BASIS FOR COMPARISON</b>	<b>VAT</b>	<b>GST</b>
Meaning	VAT is a consumption tax that is levied on the value addition, at each stage of production/distribution of goods.	GST is a destination based tax, charged on the manufacture, sale and consumption of goods and services.
Point of taxation	Sale of goods	Supply of goods and services
Payment Mode	Offline	Online
Registration	Compulsory if turnover is greater than 10 lakhs.	Compulsory if turnover is greater than 20 lakhs.
Basis of taxation	Summary based	Transaction based
Revenue Collection	Seller state collects revenue	Consumer state collects revenue
Excise Duty	It is levied, on the manufacture of excisable goods.	It is not levied.

Interstate sales	Input credit is not possible in case of interstate sales.	Input credit can be availed in case of interstate sales.
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Over past few years, the startup culture in India has evolved. Last year, Indian startups raised \$12.7 billion across 855 deals. There is a clear shift in the preference of Indian youths from job seeking towards entrepreneurship and providing new opportunities to Small and Medium scaled enterprises. India is home to the third largest startup ecosystem and is the youngest startup nation with more than 1,200 startups came up in 2018, taking the total number to 7,200 startups, NASSCOM reported. Startups in India are expected to go beyond 10,000 by 2020 (Ambrish,2016). The promising startup verticals are Internet of Things, analytics, health tech and hyper local e-commerce.

The need of the hour for startups to initiate an economic growth was addressed by the government. In order to build a more conducive business environment, and for ease of doing business, the Government of India recently launched the startup campaign (Mohan,2017). A series of regulatory and tax-related perks and benefits have been proposed under the campaign for incubating growing startups. However, to further promote startups and create an environment for ease of doing business, reforms also need to be introduced from an Indirect Tax perspective (GST) is one such measure.

### **OBJECTIVES:**

To understand the ease of doing business through taxes paid.

To compare the existing tax system with proposed GST

To ascertain the positive and negative impacts of GST on Indian startups

To determine the impact of GST on various modes of startups like service, manufacturing, merchandise etc.

### **LITERATURE REVIEW:**

Monica Sehrawat and Upasana Dhanda (2015) through their research work concludes that the burden of taxation under GST will be owed comparatively fairly between manufacturing and services sectors which will result in low tax rates with increase in tax base and minimized exemptions. They also believe that success of GST will be dependent on coherent design and timely execution of GST.

Nishita Gutpa (2015) argues that GST is not simply VAT plus service tax, but a major improvement over the previous system of VAT and disjointed services tax– a justified step forward.

Conversely Shefali Dani (2016) sees that the new GST regime as a feeble attempt to rationalize and change old indirect tax structure. She argues that there is no clear consent over certain significant issues like threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate.

On the other hand Sachin Abda (2017) through his paper highlights advantages, objectives and history of GST and vindicated that India needs a strong and defined system of GST to overcome the shortcomings of VAT.

Kumar (2018) discusses few issues and challenges that an Indian startup has to face and the opportunities that the country can provide in the current ecosystem in terms of the ‘Make-in-India’ initiatives and other government schemes.

Ansari and Jain(2018)briefly describes the salient features of GST, its applicability and important provisions like concept of taxable person, taxable point and composition levy scheme and a comparison of existing tax regime with the proposed GST and their impact on



manufacturers, Traders, Service providers, Importers and Exporters. They concluded that the introduction of GST will increase transparency and simplify the existing tax system, hence reducing documentation cost and increasing the ease of business for startups but it will also lead to an increase in effective tax rate for service providing startups and will at least increase inflation in short term.

### **METHODOLOGY:**

To get a deeper comprehension of the impact of GST on Indian startups, this research has gathered both primary as well as secondary data. Additional details will be presented in the following part.

#### **Primary Data**

To cover all objectives as intended, a self-administered questionnaire using Google forms, helped in quick and efficient data collection. The data was collected from various startup hubs and colleges which incubated startup companies. The sample size used for the current study is 40. Various statistical techniques have been used to draw inferences. The study was conducted over a period of two months starting from mid December 2018.

#### **Secondary Data**

Since GST was implemented recently, very few researches have been conducted in this field. Data has been collected from various secondary sources. The main source of secondary data was the Draft GST bill available at Finance ministry's website along with reports of various firms like PWC and EY.NASSCOM's report on startup and CRISIL's report on logistics cost has been used for assessing the impact of GST on startups. Apart from this various newspaper articles and websites has been considered for this research paper list of which can be found in reference section.

## ANALYSIS:

From the data collected following inferences can be made:

### 1. Average Hours Spent by the Startups Per Month Preparing Tax Returns.

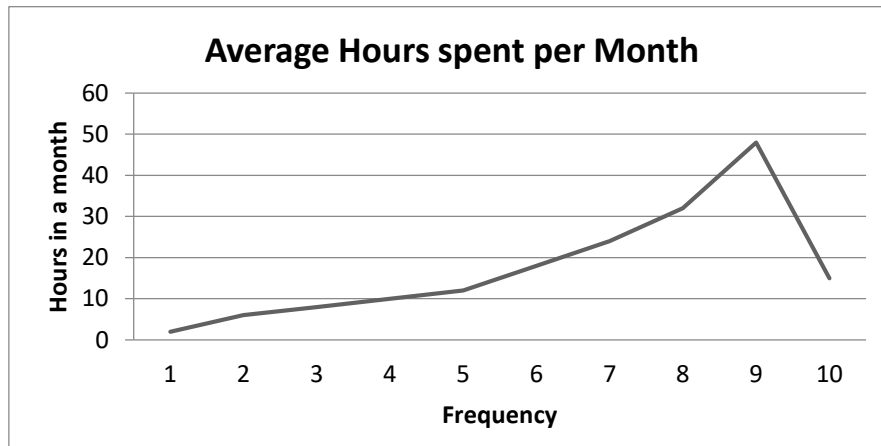


Figure 1

According to a report in Times of India, filing and tax payment time under VAT was 105 hours per quarter (Sidhartha,2018). From the survey, the average hours spent by most startups is 12 hours in a month which is 36 hours in a quarter and it is one third of the time that was consumed earlier under the old tax regime. Startups mostly work on low budget and cannot spend on resources to look after the various taxes under Excise, VAT, CST, Service Tax etc (Gupta,2018). This new tax regime will sum up all of this thus; reducing the time spent for tax filing. Thus GST has been successful in saving of time in the preparation of tax returns which would be of great help to emerging startups.

### 2. Role of an Expert Tax Handler Before and After Implementation of GST

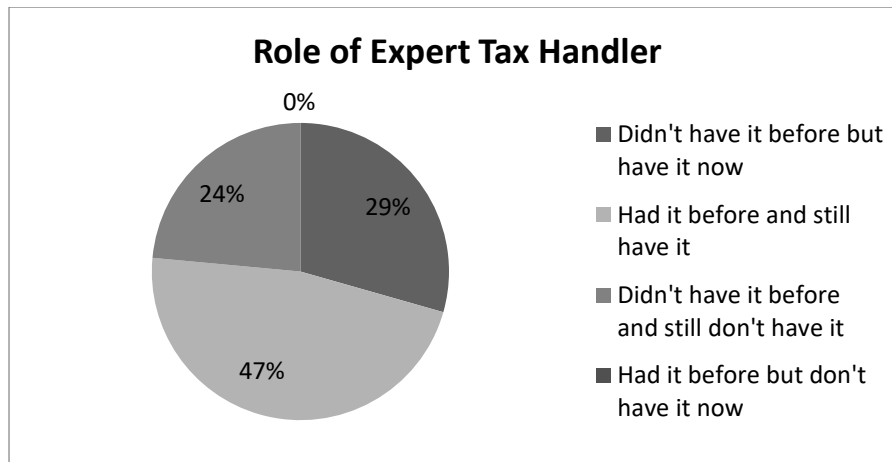


Figure 2

When asked about the role of expert tax handler before and after the implementation of GST, most of them (47%) said that they had an expert tax handler both before and after GST. But none of the respondents who had tax handlers before let go of them after the implementation of GST. This implies that GST has not brought the kind of ease in tax handling as was promised.

### 3. Change in Time Consumed for Refund of Tax

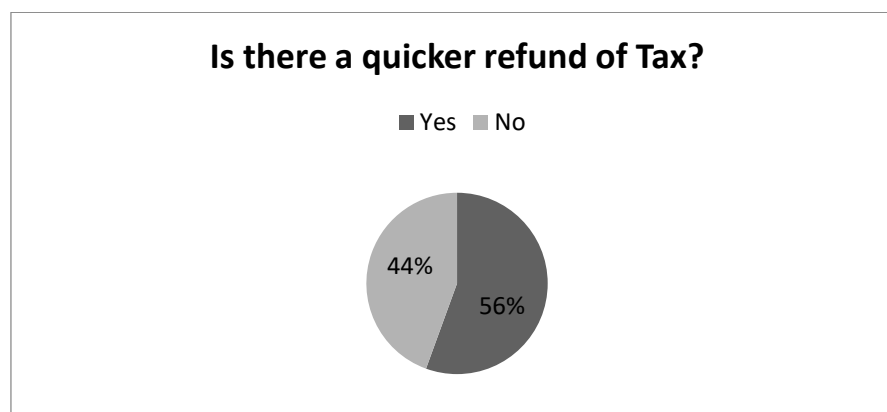


Figure 3

As expected GST fared well in decreasing the time consumed for refund of tax. This inference could be drawn as 56% of the sample agreed to it. The process is very thorough in itself and once followed properly, then availing refund becomes very smooth and hassle free. It will change the face of the slow and lengthy refund process and give an incentive to the

manufacturing or export industry. Now these refunds take only about 60 days to pass unlike the past system where it used to take years. The well-built IT system and advance thinking of the GSTN have enabled this initiative.

#### 4. Impact of Increased Frequency of Filing Tax Under GST

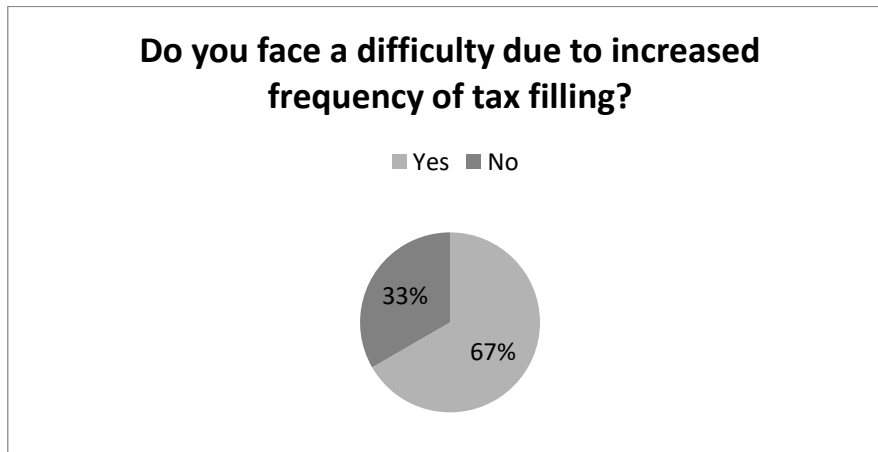


Figure 4

Under VAT system the tax payment was done on a quarterly basis. But under the new GST system only composite tax payers can make quarterly tax payments while the non-composite tax payers have to make monthly tax payments (Ainapure & Ainapure,2018). When enquired about the impact of increase in the frequency of filing tax under GST, the result shows that 67% of the respondents face difficulties due to this change.

#### 5. Change in Number of Taxes

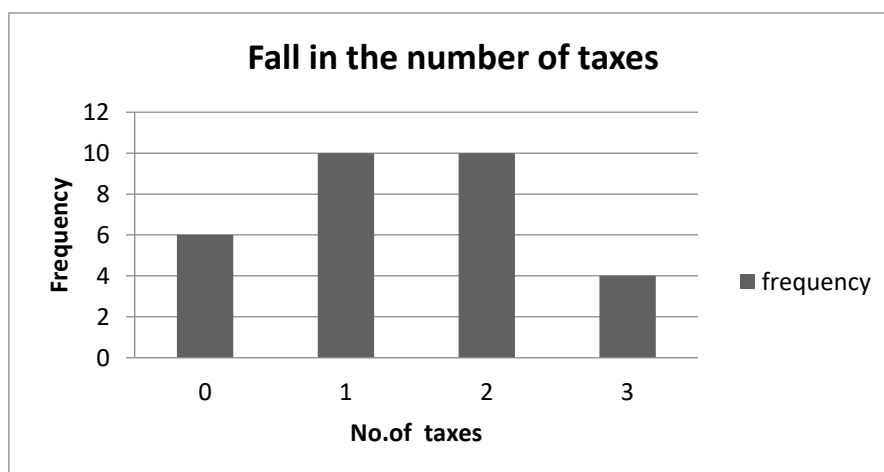


Figure 5

The GST replaces numerous different indirect taxes such as Central Excise Duty, Service Tax, Countervailing Duty, Special Countervailing Duty, Value Added Tax (VAT), Central Sales Tax (CST), Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement taxes and Taxes applicable on lotteries (Rao,2017). This is evident from the responses as at least two to three taxes has been reduced post implementation of GST for most of the respondents.

### **Effect of GST on Various Modes of Startups**

The effect of GST has not been uniform across different modes of startups. From the results that we gathered we can observe that startups under service sector have claimed that there has been a moderate impact of GST on the sales of the company. These companies were also of the opinion that GST has not been successful in creating a huge impact. The startups that are into e-commerce are required to get registration even if their turnover is less than Rs 20 lakh, which is creating a need of more compliance startups (Raheja,2018,para.7). This is a massive limitation as most service-based startups use e-commerce as a platform to venture their business. Yet the startups dealing with services will find it much easier to file and pay one **GST** instead of two taxes i.e. VAT and service tax. This positive aspect neutralizes the negative feature bringing about a moderate liking for GST.

However startups under manufacturing sector have exhibited a dislike towards the implementation of GST. This may be because earlier, manufacturing units having a turnover of less than 1.5 crore did not have to pay any duty or get registration under excise. Now, under GST this threshold is drastically reduced to as low as 20 lakhs. This has brought many small start-ups under the tax net, thereby impacting their bottom-line.

### **6. Ease in Transportation of Goods.**

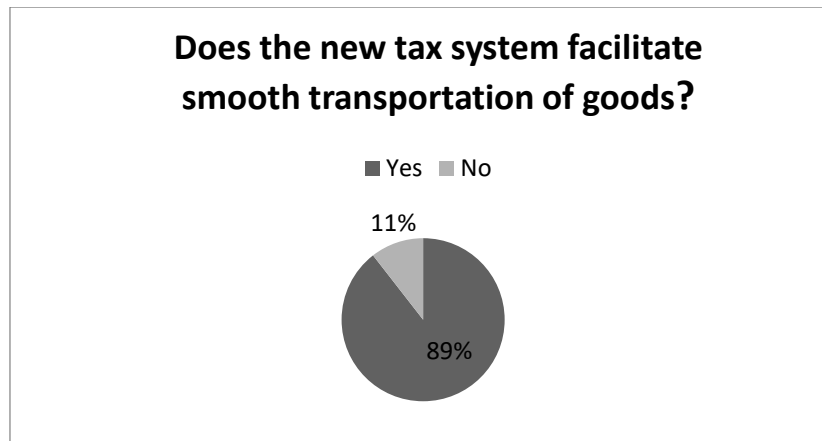


Figure 6

Under the old tax regime, the multifaceted structure and paper work compelled the transport industry to spend a lot of resources on tax compliance and deposit of inter-state sales tax. Checking and collection of sales tax at inter-state check posts led to major traffic jam at these points, resulting in slower pace of movement of goods and passenger, and consequently higher costs. The unified tax regime has forced the need for inter-state check posts. This will result in decreasing the journey time of long-distance trucks and other cargo vehicles by at least one-fifth. This, together with the new E-way bill which requires online registration for transportation of goods worth more than Rs 50,000, eases the movement of goods further, and brings in more transparency in the whole procedure ([BW Online Bureau,2017](#)). Efficient goods movement also boosts the demand for high tonnage trucks, which will in turn reduce the cost of transportation of freight. This can be evidently seen from our research where majority (89%) of startups felt that the new tax system has brought ease in the transportation.

## **INFERENCES:**

### **Positive Impacts of GST:**

#### **Ease of Starting a Business**

Earlier, an overabundance of tax compliance was required on part of startups in order to begin a sound entrepreneurship venture. With the execution of GST, that has consolidated all the indirect central and sales taxes under one single umbrella startup owners can now intend for ease of doing business. Now only one single registration needs to be done with few paper works thus making a burdensome process much simpler. Rather than targeting and wasting time on compliance of intricate tax laws, companies can use this useful time for more productive purposes in order to improve their business. As per the prior VAT structure, any business with a turnover of more than 5 lakh rupees has to get VAT registration and pay VAT which differs from state to state (Singh,2018). Under the new tax regime, this threshold has been raised to 20 lakh rupees there by exempting Small and Medium scaled enterprises and start-ups from VAT registration.

#### **Decreased Cost of Logistics**

GST has reduced bulky tax actions which brought about an ease in the inter-state delivery of goods and services all over the country. Previously, a truck passing the state borders had to pay octroi tax and this tax differed from state to state. The cost of business thus increases because of the increase in the expenditure. GST brings all these taxes in one bucket with the tax rate being same across the country. The complete GST procedure starting from registration to filing returns and payment of GST tax has become online (Sme joinup,2018). This brings about a fall in the overall expenditure incurred by startups.

### Eliminates Double Taxation

GST aims to eliminate cascading effect of taxes (tax on tax) in the supply chain between producer/manufacturer and end consumers. A continuous chain of set-off of earlier taxes from the original producer's or service provider's point up to the retailers level is established so that burden of taxes on startups has eased (Ainapure & Ainapure, 2018). GST charges a tax on the goods lastly produced and no value addition takes place at each step thereby removing double taxation.

### Easier Invoicing

Invoicing become simpler as the tax is applied homogeneously and there will be no distinction between goods and services thereby reduce tax fudging and take advantage of various tax benefits.

### Unification of Multiple Taxes

With the implementation of GST, compliance with complex taxes, cost of compliance and hard inter-state movements have come to an end. Under this regime, only one tax has to be paid making the whole taxation process non-decentralized.

### Negative Impact of GST

#### The Tax Burden for Manufacturing Sector

Previously, manufacturing businesses with 1.5 crore rupees turnover had to pay excise duties. The GST has reduced the level to 20 lakhs thus including all small manufacturing start-ups under this cap (Impact of GST on Startups- Startups Stand to be Benefited by GST. 2018. para.8). This will increase the tax burden on the manufacturing start-ups.

#### Stringent Input Tax Credit Process

If the supplier has not filed and paid his taxes then he would not be qualified for Input Tax Credit. This will affect startups because if one connection in the supply chain breaks it will bring relentless damage to the business.



### Challenge Due to Inadequate Technology

Since the filings and registration have become online certain problems may arise with respect to the technology required for GST compliance and might pose a problem to startups.

### Blocked Working Capital

With the introduction of a new financial regime, start-ups have to maintain their funds in electronic form with the tax department. This obstructs a considerable part of the company's funds leading to blockage of working capital. Thus startups have to set aside a portion of their working capital under GST (on which they cannot gain any interest).

### Measuring the Compliance Parameter

GST Compliance Rating will direct the potential buyer to choose upon the reliability with the government much like the personal credit score now a days. Businesses will do anything to uphold and maintain a good score, seeing the rigorous online micro guidelines not only about entering the data but also about payments. The good credit score would come at a cost of exclusively employed bandwidth and funds.

### Harsh Reverse Charge Mechanism

If goods are delivered by a small businessman who is exempted from GST and supplies goods to a firm registered under GST, the buyer has to pay GST on such purchases by self-invoicing and this invoice is to be uploaded at GST Network while filing the returns. This cost borne by the buyer is basically a bad debt and many of the startups are likely to face this.

### Loss to Freelancers

If one is not having a permanent place of business they are required to register themselves as a casual taxable person under the GST. The provision of 20 lakhs rupees limit is not applicable under this category of freelancers thereby the startup has to compulsorily register themselves with GST.

## **SUGGESTIONS AND RECOMMENDATIONS:**

A relaxation in GST rate can also be provided for start-ups like destination-based exemptions existed in Excise to boost innovation in the country.

Presently, a startup having its presence in different states has to get registered separately in each state. This can well be avoided. There can be a Single GST Registration number that can

be applicable for the whole of India. Like there is one currency, one Aadhaar number and one IT PAN, one GST registration number for PAN-India operations is required. The State Code or Union Territory Code may be suffixed to the common GSTIN for the convenience of the State.

GSTN can provide an Optional Billing Software, which can be adopted especially by Small & Medium scale operators. The required columns could also be provided for filling important information. Choice for both offline & online billing may be given.

If online billing is selected, the GST rate can be automatically displayed (auto-populated) against the HSN Code, SAC etc by GSTN, by accessing the GST Rates Finder. Similarly, considering the place of origin and place of supply, GSTN itself ought to flash the IGST or CGST, SGST or UTGST component and amount of GST applicable for the dealings.

The GST rules should also allow small unregistered firms to sell their products in other states, on the e-commerce websites. These steps will help small and informal businesses which create 90 per cent of the jobs, flourish and transition to the formal sector. The taxes paid by these firms in buying the inputs will remain with the Government as they do not get Input Tax Credit.

Most products fall under five GST rates (in per cent): 0, 5, 12, 18 and 28. These rates represent the taxes charged on a product pre-GST. Reducing the number of rate categories will make tax administration easy for startups.

In the beginning, everything related to GST was to be online through the GSTN. Firms were to file periodic online returns, pay GST and be done away with it. But as the GSTN is still not fully functional, manual processes crept in to keep the business going. Even the most central feature of GST, invoice matching or the matching of information provided by the buyer and seller, could not take off. So, the government should take appropriate step to rectify this.

### **CONCLUSION:**

In this paper, an attempt was made to explain the changes in indirect taxation in India after introduction of GST and its impact on various stakeholders with special focus on startups. Startups are an important source of employment and key factor in development of Indian economy besides increasing FDI inflows in India and driving innovation to solve our daily

problems. Taxation is an important factor which every startup has to consider and thus it becomes very important for them to assess the impact of the proposed GST.

GST is applicable to whole of India. It subsumes almost all indirect taxes into one tax thus creating a common market and seamless flow of goods and services across the nation. There are many advantages of GST for startups. Simpler taxation and common registration will lead to ease of business. Higher threshold limit will also help small startups. Apart from that there will be a decrease in logistics and compliance cost and increase in logistics efficiency which will ultimately benefit startups as well as Indian economy.

In every sector, there are advantages and disadvantages of GST. In the early stages, there will be difficulties faced by the entrepreneurs and owners for implementing GST due to lack of technology and skill required to device the same. This period of transition will have its own ups and down where startups will face more problems than the businesses which are already established and are burgeoning the reason behind the problem is the limits this new regime will impose on the cash flows.

However, start-up owners have external professionals as their redeemer who can help them in filing and registrations thereby allowing owners to concentrate on the growth of their business.

In conclusion we can say that Introduction of GST will have both positive and negative impact on startups. Proposed GST act may not be completely perfect but in spite of all these problems GST is one of the most business friendly reforms in India and in long term the benefits of GST for startups are likely to overcome the problems of GST.

## **FUTURE ROAD MAP:**

As India's pulsating entrepreneurial environment is emerging there is a need to understand the role of startups and create support for them to succeed. There is no doubt that startups play a note worthy role in economic growth in spite of being small companies. They act as an agent in creating employment which further leads to an improved economy. Not only that, startups can also contribute to economic dynamism by inciting novelty and inoculating competition as new entrepreneurs can bring new view points to the table. Indigenous startups will also make the lives of the common people easier through their affordable and convenient services. Therefore in all, startups are a very integral part for both social and economic development. Knowing this fact many more research is needed in this field. Startup as a research field is still in its early stages in India. Like the current study which determines the impact of GST in Indian startups, government must provide funds for research to understand the effects of fiscal policies on startups. This will in turn helps the government to bring about more effective tools to boost the startups. Private organizations considering the developmental aspect of startups must also be keen in taking up such researches.

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## **APPENDIX:**

### **Questionnaire:-**

What is the name of your company?

Can the company be categorized as a startup company (Not more than 7 years old and with an annual turnover less than 25 crore)?

Yes

No

Which mode of company does your startup belong to?

Service

Manufacturing

Merchandise

Hybrid

Has the number of taxes paid decreased after the implementation of GST? If yes by how many?

The average hours spent by your company per month preparing tax return

How would you describe the change in the sales of your company post the implementation of GST from 1 to 5, 1 being the best.

On a scale of 1-5 how would you rate the GST registration process 1 being the best.

How would you best describe the role of an expert tax handler in your company before and after GST?

Had before and still have it

Had before but don't have it now

Didn't have before but have it now

Didn't have it before and still don't have it

Do you experience a quicker refund of tax under the new tax regime?

Yes

No

Does the new tax system facilitate smooth transportation of goods?

Yes

No

Has the increased frequency of filing taxes under GST brought about any particular difficulties?

Yes

No

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## A STUDY ON RURAL AND SOCIAL ENTREPRENEURSHIP WITH REFERENCE TO SMV WHEELS PVT LTD.

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### Aparna K.

Lecturer, dept of commerce

Alva's college Moodubidre-574227

Mobile No.: 9481270196

E-mail:aparna.muddu@gmail.com

### Navyashree

III Bcom Student

Alva's college Moodubidre-574227

Mobile No.: 9482122486

E-mail: navyashree485@gmail.com

### ZubaidaNuzhaAlam

III Bcom Student

Alva's college Moodubidre-574227

Mobile No.: 9481448244

E-mail: alamnuzha@gmail.com

### **ABSTRACT:**

Developing the rural economy is one of the key indicators towards a country's success. Social entrepreneurship is the ability to draw in innovative solutions by businesses to solve different social problems. From a rural development point of view, social entrepreneurs can work to fill the societal gap, helping in social transformation of the economy. Social and rural entrepreneurship is beneficiary to both, entrepreneurs can make profits while the society gains at large. The aim of the paper is to study the rural and social entrepreneurship with reference to SMV wheels, PVT, LTD. The paper is based on the secondary data. The paper discloses how a private company fulfills social needs of rural people. SMV wheels, PVT, LTD provide their services in a deferred payment basis, which they can own after successful weekly



installments in 54 weeks. They encourage their customers or the rickshaw drivers by procuring licenses and registration from the municipal authorities.

**Keywords:** Social and rural entrepreneurship, rural development, social needs, et

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs. Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit". Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation. Entrepreneurs can change the way we live and work. If successful, their innovations may improve our standard of living, and in addition to creating wealth with their entrepreneurial ventures, they also create jobs and the conditions for a prosperous society.

Rural entrepreneurship is defined as entrepreneurship whose roots lie in the rural areas but has a lot of potential to drive various endeavours in business, industry, agriculture, etc. and contribute to the economic development of the country. Rural development can be made possible through the growth of rural entrepreneurs which further would contribute in reducing levels of poverty, unemployment, etc. Rural entrepreneurship also means rural industrialization.

Social entrepreneurship is the use of start-up companies and other entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. Social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society". Entrepreneurship becomes a social endeavor when it transforms social capital in a way that affects society positively. It is viewed as advantageous because the success of social entrepreneurship depends on many factors related to social impact that traditional corporate businesses do not prioritize. Social entrepreneurs recognize immediate social problems, but also seek to understand the broader context of an issue that crosses disciplines, fields, and theories. Gaining a larger understanding of how an issue relates to society allows social entrepreneurs to develop innovative solutions and mobilize available resources to affect the greater global society.

**Objectives of the study:**

- To know the problems faced by the organization while providing social services.
- To analyse the innovative ideas taken up by the organization for the development of rural people.
- To know how the rural people are benefited by the services given by the organization.
- To know the sources of investment of social enterprises.

**Scope of the study:**

This paper gives the information on how the rural entrepreneurship benefits the society with reference to SMV wheels pvt ltd. It mainly focuses on how SMV Wheels serves the needs of the society along with profit making motive.

**Methodology:**

This paper is mainly based on the secondary data collected through internet and company's official website.

**Limitation of the study:**

- Practical scenario could not be possible to get clear picture for the study.
- The study was difficult due to lack of information.

SMV (Slow Moving Vehicles)Wheels was established in April 2010, in Varanasi, Uttar Pradesh. Naveen Krishna is the founder and MD of SMW Wheels and has a Master's degree in social work from Banaras Hindu University. He had closely worked with auto rickshaw pullers before starting up his venture and was previously working for the Ministry of Urban Development's funding arm, CAPART (Council for Advancement of People's Action and Rural Technology), where he was working for the Centre for Rural Development and was involved as a national coordinator for the Rickshaw Bank projects. He assisted the expansion of Rickshaw Bank in Tripura, Tamil Nadu and Gujarat as well as set up branch offices. He spent 10 hours every day in last 5 years with the rickshaw pullers in 6 states across the country.

SMV Wheels is an innovative social enterprise empowering rickshaw pullers. It is the first cycle rickshaw for-profit company in India trying to work with a disciplined approach and with this community. Their mission is to provide cycle rickshaws and vocational support to cycle

rickshaw drivers and cart operators across India will significantly enhance their quality of life. They have the potential to bring dignity and empowerment to a vast community of India's poor, in a sustainable manner. It serves cycle rickshaws to poor rickshaw drivers on a deferred payment basis so that they can manage weekly payments over approximately one year period. By the end of this period, the drivers have full ownership of their own licensed rickshaws. Along with this, the company also provides insurance for the driver's life, disability, rickshaw theft, and accident cover. They also assist them in procuring driving and vehicle licenses as required by government bodies, uniforms, operating cost and post sales service to rickshaw pullers.

The aim of SMV Wheels is to bring dignity to rickshaw drivers through asset ownership and other value added services which benefited more than 11,000 rural residents. SMV Wheels has won various awards through these years. Some of them are, Social Impact-Dasra (First Light Ventures) 2010-2011, Sankalp Technology for Development Sector 2010-2011, Unltd India 2010-2011, Unreasonable Institute Finalist 2011, ISB iDiya runner up 2011, Echoing Green Semifinalist 2012, Featured in Outlook Magazine 1 Sept 2012 In 24 Good Businesses.

Dreams and ambition is what keeps us all going. We all dream of something big or small we want to achieve. In case of cycle rickshaw pullers, one of their dreams is to have 'Apna Rickshaw'. And helping thousands of rickshaw pullers turn their dreams into reality was the vision of Naveen Krishna, who started up SMV Wheels. It was when Naveen saw that rickshaw distribution could be a sustainable business activity which could help drive demand on sales. Instead of pushing new rickshaws into the market through NGO model. Improving flaws of the existing distribution as well as helping increase the dignity for drivers through helping them buy their own vehicle without any charity was his idea.

Cycle rickshaws are a significant means of conveyance in this country. According to a recent estimate, there are 10 million cycle rickshaw drivers and million push-cart vendors in India. Most of them are the victims of exorbitant daily rentals which does not allow them to own the cycle rickshaws. Based in Varanasi, SMV Wheels is a social enterprise that serves cycle rickshaw drivers in India. SMV Wheels is the first cycle rickshaw for-profit company in India who also serve the needs of the society. SMV Wheels provide cycle rickshaw drivers with assets, i.e. cycle rickshaws, trolleys and push carts of the deferred payment basis, which they can own after successful completion of weekly payment of about Rs.300 across 54 weeks. Additionally, by aggregating demand, SMV is able to better represent the auto rickshaw drivers

by procuring licenses and registration from the municipal authorities. The company also provides identification cards to the drivers so that they are not harassed by the police.

However, it was only after Naveen got an opportunity to work with CAPART in Guwahati that he got acquainted with an NGO which was working for the rights of these pullers. He understood the problems of the rickshaw pullers and dreamt of starting a social enterprise that would help them. But he lacked funds for the project he had in mind. A Chartered Accountant contributed Rs.50,000 as start-up capital after much persuasion. Finally, Naveen launched his company, SMV Wheels Private Limited in Varanasi. Few others also invested in the company soon after.

It was established in April 2010 and sold its first rickshaw in November of the same year. Naveen's passion for the rickshaw driving community and belief in the model, he won the support of various international investors. In the year 2011, SMV Wheels won the Sankalp Award, and the first Light Village Capital Award. It has recently taken the step to internalize the supply chain to ensure quality and reduce unwanted expenses. It has facilitated ownership of 1,200 rickshaws in Assam and assisted in the expansion of the rickshaw project in the cities of Lucknow, Allahabad and Varanasi. The venture also became the finalist for the Unreasonable Institute and secured 300,000 in convertible debenture funding. It has attracted overseas investors. Five companies from US, UK, Netherlands have invested in the company. The funds were utilized for expanding company, which setup its first branch in Jaunpur. The company approach rickshaw distribution as a 'for profit' company makes it attractive to impact investors who can inject large amounts of capital, and the rickshaw drivers get greater confidence as they see their hard-earned money being used to buy a rickshaw on their terms, and makes them free from charity. SMV Wheels sells a relationship with rickshaw drivers, which has the additional benefits of a livelihood asset, insurance, and legal operation. Our clients can do business in a way that brings them confidence and respect.

The company makes its money by selling cycle rickshaws at a small markup above the actual price. They also sell advertising space on the back of the rickshaws, which is also shared with the auto driver. SMV Wheels purchases the rickshaw, insurance and license for Rs. 11,500, which includes administrative costs for KYC compliance checks, weekly home visits by field staff, and any other overheads. The clients then make manageable weekly payment, which allows them to obtain full ownership of the vehicle in approximately a year. There are approximately 1,200 SMV Wheels rickshaws on the road and 150 outright owners. Their plan

is to benefit at least 20% of the estimated 10 million cycle rickshaw drivers in the coming decade. The venture recently tied up with government of UP to introduce solar rickshaws and have successfully trained 50 solar rickshaw drivers.

There are various problems faced by SMV Wheels. Till November 20, 2012, the company had sold 1,000 rickshaws in Varanasi and Jaunpur and in the process has liberated many who plied their rickshaws paying high daily rentals to mafias. In addition to that, the company is battling a host of challenges with the banks that ask 100 per cent collateral for loans. It is difficult for social enterprises to grow if banks are not willing to provide loans and charge 14 per cent interest rates.

### **Findings:**

Company has come up with the new concept of solar auto rickshaws.

It has attracted many overseas investors from various countries.

It has fulfilled the dreams of many rickshaw drivers to have 'Apna Rickshaws' by letting them own the rickshaw in installment payments over 52 weeks.

The company faces difficulty in obtaining loan from bank as they charge high rate of interest at 14%.

### **Suggestions:**

The company should encourage women as they need a development too.

In addition to social welfare, it can provide employment opportunities for the rural development.

It can also encourage the home workers like textile, food makers for marketing their products.

It can multiply its branches as there are many rural areas in our country.

### **Conclusion:**

SMV Wheels is a social enterprise which is setup in the rural areas of Varanasi. It has been growing tremendously over 9 years, since 2010. It has attracted many investors for investing

in the company and it fulfilled the dreams of around 1500 rickshaw drivers by giving them the ownership of the rickshaw by payment in installments over 52 weeks. The unique initiative taken by the people for providing ease loan to the poor people leads to rural development. Likewise, it can also concentrate on similar development programs. It has bought up various innovations in auto rickshaws in order to reduce the cost of rickshaw drivers like production of solar auto rickshaws.

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# A STUDY ON RELATIONSHIP BETWEEN CORPORATE FINANCIAL PERFORMANCE AND ENVIRONMENTAL SOCIAL & GOVERNANCE SCORE (ESG SCORE)

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## Amritha M

Amrita School of Business  
Amrita Vishwa Vidyapeetham  
Coimbatore, India-64112  
Mobile: 8939032010  
Mail: [amrithampai@gmail.com](mailto:amrithampai@gmail.com)

## Dr. P Balasubramanian

Amrita School of Business  
Amrita Vishwa Vidyapeetham  
Coimbatore, India-64112  
Mobile:9894101275  
Mail: [bala@amrita.edu](mailto:bala@amrita.edu)

## ABSTRACT

This study aims to find the relationship between Environmental, Social and Governance score and Corporate Financial Performance. The ESG score was collected for the period of five years from 2014 to 2018 from Yahoo Finance and financial data from Prowess IQ. Nifty 100 index from NSE was used as a platform to shortlist firms. Tobin q was used as proxy for the firm value which in turn determines the corporate financial performance. The method used for testing the hypothesis was Ordinary Linear Squares. The study found that ESG score did have effect on the firm's corporate financial performance. The subgroups, environment social and governance also had an effect on the performance. In addition to this the firm size also affected the firm value.

Keywords: Environmental, social and governance, Corporate financial performance, Ordinary linear square.

## INTRODUCTION

Resources are scarce and it's very important to use them efficiently. Firms that indulge more in corporate social responsibility and use the resources optimally come across attractive to the society and to socially responsible investors. It was interesting to know now more and more



investors are also sharing this view. One of the important factors for an investor is the money and that investment brings in returns. Social responsible investing is an emerging concept and when a firm is doing well not just in terms of financial performance but also in terms their responsibilities towards the society, it's making the firm's more appealing. Social Responsible Investing (SRI) is when the investors focus on the financial return as well as the social good. World Business Council for Sustainable Development (2002) defined Corporate Sustainability as - "the commitment of business to contribute to sustainable economic development, and to work with employees, their families, the local community and society at large to improve their quality of life." ESG is a non-financial performance indicator which will help investors to make a more rational and informed decision. It was first coined in 2005 in a landmark study named "Who Care Wins" written by Ivo Knoepfel. The report emphasized that inclusion of environmental, social and governance will lead to more sustainable markets and better impact on the society.

Even though it seems as if SRI and ESG are more or less the same, the difference is that ESG is focusing on maximizing the financial return, SRI is more concerned about balancing the financial returns with social outcomes. ESG is about economic value where as SRI is about individual values. According to article by Aggarwal (2013), Ministry of Corporate Affairs issues National Voluntary Guidelines (NVG) on Social Environmental and Economic responsibilities of company in 2011, which become a base for Indian companies in reporting corporate responsibilities. SEBI also issued a circular in 2012 mandating listed companies to indulge in NVG and disclose their efforts in Business Responsibility Reports along with Annual Reports.

According to a report titled "ESG-linked investments set to balloon in India" (2018) by Ravi Samalad, Assistant manager Morningstar. in ESG is still considered as a niche market and ESG linked investments in India are estimated to be around \$240 billion in next ten years.

In India, there are a handful of socially responsible funds such as Tata Ethical Fund, Taurus and Reliance ETF Shariah BeES which follow the moral codes of Shariah law while investing. Shariah law doesn't permit to invest in companies that deal in alcohol, weapons and so on. Also according to Nielsen Global Survey of Corporate Social Responsibility (2014), more than half the customers surveyed globally were willing to pay more for products of the firms which were following activities that are committed to provide positive impact on social and

environment. Two-thirds of the group committed that they are willing to work for a socially responsible company.

Taking into consideration the developments in this area, this paper aims to find how the ESG score reporting will affect the firm's value.

## **LITERATURE REVIEW**

Yiwei et.al, (2017) examined what will be the effect of disclosure of ESG score on the firm value, also what is the underlying drivers between CEO and the role of disclosure of the firm value. It's believed that major stakeholders are in community interest and if firms have higher ESG score then it will attract more financial investors. ESG score, non-financial information will provide more insights about the business. Another application is that improving internal managerial practices from ESG disclosure can lead to stronger relationship with multiple stakeholders of firm. This also helps to reduce the asymmetric information between firm and its stakeholders leading to better operating performance. Also it helps to improve the transparency about the firm and reduces agency cost. The sample used is 350 FTSE listed firm during 2004 to 2013. The data sources are Bloomberg and Boardex. The proxy for firm value is Tobin's q. The results confirmed the assumption that firms with superior ESG disclosure have higher value and the relationship varies according to the level of power of CEO. The study also replaced Tobin's q with ROA to find relation between ESG. One of the hypotheses of the study was if there was relationship between ESG disclosure and firm value. Another was the relation between the level of power of CEO and ESG disclosure. Through regression analysis it was found that firms with higher ESG disclosure have high firm value. Also the interaction between ESG disclosure and CEO power has a positive influence on the firm value. The paper concluded that ESG disclosure will enhance the firm's transparency and accountability which in turn will help to build a strong stakeholders trust.

Van huijgevoort (2017) studied the relationship between ESG factors and the corporate financial performance of the small capitalization European firms. The period of study is from 2010 to 2016. The companies listed were listed in New York Stock Exchange. The study uses ESG data from Asset4 Data base and financial data from COMPUSTAT Global Database.

The paper put forth six hypothesis, one among hypothesis was to check if the ESG score had a positive effect on the corporate financial performance. The other hypothesis's focused on effect of subgroups of ESG on Corporate financial performance, also the effect of size of firm.

The study uses a three step approach in additional it also undergoes a regression to moderate the effect of size of firm. The regression model used was Ordinary Linear Square (OLS) estimation technique. Tobin's q is used as proxy for corporate financial performance. The study also conducted a robustness analysis of the data in order to eliminate any bias, also to understand if there was influence from the data provider the data was matched with another source namely "Bloomberg". The dependent variable in this paper is corporate financial performance and Tobin's q is used as proxy for measuring the same. The simple Tobin's q formula is used which is the company value addition to borrowings value divided by the total asset value. These values were obtained from COMPUSTAT database. The independent variable is ESG score which was obtained from Thomson Reuters, Asset4 database. The ESG rating consists of the three subgroups as described above and an economical pillar. The environmental subgroup measures a company's impact on living and non-living natural systems, including the air, land and water, as well as completes ecosystems. The social subgroup measures the ability of a company to generate trust and loyalty with its workforce, customers and society, through its use of best management practices. The governance subgroup measures a company's systems and processes, which ensure that its board members and executives act in the best interest of its long term shareholders.

Besides this study also had control variables to enhance the robustness of the results, they are firm size, return on asset, sales growth and R&D expenses. The data for control variables were also obtained from COMPUSTAT global database. It was found that as firm size increases both Tobin's q and ESG score increases. The study conducted a Wu-Hausman test, which indicated ESG score is endogenous resulting in an inconsistent OLS. To have a consistent OLS, two-stage least square estimator technique was used. The study found in some cases an insignificant relation between ESG and corporate financial performance. In case of sub-groups of ESG score positive relation was found.

The results of this study indicate that these type of investors can implement an ESG strategy where a focus on ESG-rating, corporate governance, board function and compensation policy results in a positive effect for society and financial performance.

Brooks et.al, (2017) provides insights into different literature explaining the relationship between ESG disclosure and firm value. First of all it explains what is meant by social disclosure, which is any form of information the firm passes on through the means of annual reports, stand alone reports and so on, which is related to the performance, standards or activities which fall under the umbrella of corporate social responsibility. Such disclosures can be mandatory or voluntary. It also puts forth how the reporting has changed over time. Firms will do such disclosure in order to enhance their financial values and legitimacy. When such publications are made which are beyond stakeholder's expectation, it will yield a positive outlook towards the firm. It's believed that firms which do such disclosures will be well indulged in social and environmental activities, as it requires time and cost to measure and publish such reports. Only strong performers in such areas will disclose the information. Also certain companies in sectors have some expectations of high reporting standards. It also

depends on location of the companies, which will put forth some standards for companies to report the activities. It's said that sustainable reporting will help in CSR performance as it becomes a measurable activity for the external shareholders. Another argument put forth that if CSR activities help to improve company performance it's considered as a positive link, if not a negative link between disclosure and performance. The stakeholder theory framework supports the existence of CSP and FP. It's argued that CSP can help to generate 'moral capital' for the company. This paper is a collective summary of certain articles which describe various aspects of ESG and effect of disclosure on the company.

Aggarwal (2018) examined the effect of sustainability reporting on financial performance through review of certain literatures. Sustainability is one of the most important issues faced by the companies. In today's age companies have to disclose the impact of their operations on the environment they are working in. The financial analyst, investors and other stakeholders are demanding information on non-financial information, one of that being ESG in order to make a more rational and informed decision. The number of investors engaged in Social responsible investments are growing rapidly and seeking information to support the investments.

In India, Ministry of corporate affairs issued National Voluntary Guideline (NVG) on social, economic and environmental responsibilities of business on July 2011. SEBI has made mandatory for the listed firms to issue Business Responsibility Reports along with Annual report from 2012. The paper followed a qualitative and descriptive method to review the research papers, identifying the methods, limitations and so on about the papers. This paper describes how the concept of sustainability reporting evolved through time. It's sometimes called Corporate Responsibility reporting or Triple Bottom line reporting. It explains about Global Reporting initiatives which put forth guidelines for companies around the world, so they have standardized reports. GRI sustainability reports are prepared on environmental and

social indicators. The paper put forth certain theoretical frameworks such as Legitimacy theory which is a situation when entity value is in harmony with value system of society, next the stakeholder theory, which explains about the individuals who have a chance to get affected by the operations and decisions by the firm. And lastly the agency theory which is based on the principal agent relationship. The majority of the research found a positive relationship between the sustainability reporting and financial performance, few showed negative relationship and some research also found mixed relationship.

Albertini (2013) examines how environmental management by companies will improve their financial performance. Corporate environmental management is a concept which indulges in environmental disclosure, environmental performance and management, where by firms are adopting techniques in the organization which will minimize the effect on natural environment.

There are contradicting opinions about the relationship between Corporate Financial Performance (CFP) and Corporate Environmental Management (CEM). In the view of manager's it's considered as an extra cost, as many process which will help to reduce effect on environment will lead to a higher operating cost but these cost cannot be reflected in the selling prices. Another view is that if the firms are taking initiative, they can be the first movers in emerging green market products. The paper explains about the impact of various environmental management variables on the CFP. Meta-analysis is a quantitative review method, in order to standardize and aggregate results across studies, through which it helps to identify sampling and measurement errors providing more precise outcomes. The study focused on a set of five hypotheses, among them the relevant one's to this study were: Overall relationship between Corporate Environmental Management and Corporate Financial Performance is positive, secondly CEM will influence financial profitability more positively than market based performance. It included 52 studies which were used to find relationship between CFP and

CEM. Using the meta-analysis technique it was found that overall relation between CFP and CEM was positive at 95% confidence interval.

Perfect and Wiles (1994), they tried to explain that even though Tobin's q is considered as a good estimator of firm value errors can occur. So they tried to examine different ways of arriving at the Tobin's q value from simple to construct. There are five versions of q, first one uses market value and firm reported data, second uses book value of data, third and fourth is the procedure followed Lindenberg, fifth generated from Hall. It explains, Tobin's q value if the division of the market value of firm by Replacement value of assets. One among the five versions is the Simple q, which is the division of Compval (Company value), Perfval (Preference dividend value), Short term and long term borrowings divided by the value to total assets. It explains about the advantages and disadvantages of these various estimators.

Waddock and Graves (1997), portrays what are the implication of relationship between social and financial performance of a company. The strategic managers in organizations are faced with issue of scarce resources and it's very important to allocate them efficiently.

The paper focuses on the Corporate Social Performance and its interactions on the financial performance. Another important issue faced by the manager's is how to measure the CSP and its impact on financial performance. It points about different perceptions about the relationship, one talk about the negative association that is if the firms are investing into such activities capital is not utilized and is an extra cost. Another is the neutral association, where they believe no relationship exists between the variables hence no impact. Lastly there is a positive association that is a positive relationship exists between the CSP and the firm performance. The two hypothesis followed by the paper was a better financial performance will lead to a improved CSP. Next one is an improved CSP will lead to a better financial

performance. It also included control variables to increase the robustness of the study. The study found positive relationship among the variables.

Cohen & Konar (2001) this study aimed to find if the market valued the environmental performance. Rather than just focusing on the firm value and its components, it was extended to identifying tangible and intangible assets, by separating out environmental performance out of intangible assets. It was found that firms that had worst environmental performance had a low intangible asset value. The firms were selected from S&P500 . After testing they found that poor environmental performance had a negative effect on the intangible assets value of publically traded firms.

Derwall.et al,(2012) this study tried to examine whether the stakeholder information predicted risk-adjusted returns due to errors in investors expectations. It's understood that in order to align the financial goals of the firm and that of the environment they are part of it will take a lot of time and effort. According to the Principles of Responsible investing the investors have a fiduciary duty to act in long term interest of the beneficiaries. It points out different control variables which should be included, they are; ROA , and certain dummy variables.

## **METHODOLOGY**

**Sample Selectn** The ESG score was collected from Yahoo Finance for the time period of 2014 to 2018. Yahoo Finance is a platform that provides financial data and on February 2018 the website introduced ESG ratings powered by Sustainalytics. The subgroups are scored between “1-100”, also the overall score. This helps the investors to look beyond the conventional method and make more informed decision. The companies were shortlisted from Nifty 100 index. This stock index presents 100 diversified stocks of major sectors in the economy, its 100 companies based on full market capitalization from Nifty 500. Even though



the list included 100 companies, based on the availability of ESG data of these listed companies it came down to 35 companies. ESG Overall score and subgroup scores of Environment, Social and Government was collected from Yahoo Finance for 35 companies. The methodology used for testing the hypothesis was Ordinary Linear Square (OLS). To calculate the firm value Tobin's Q was used as proxy, according to Perfect and Wiles (1994), Tobin's Q simple will help to estimate firm value. The financial data for the same was taken from Prowess IQ from 2014 to 2018.

### Formula

Tobin's Q = (Comval + Perfval + Lrbond + Srbond) / Src

Comval: it's the closing price of share of company multiplied by the total number of shares. In this case the Net worth was used as Comval.

Perfval: it's the value of preference dividend

Lrbond: its value of long term borrowing

Srbond: its value of short term borrowing

Src: its value of total assets.

### Hypotheses

H01: EGS score of the company does not have an effect on the value of the firm.

H02: Size of the firm does not have an effect on the firm value

H03: Subgroup Environmental score of ESG does not have an effect on firm value

H04: Subgroup Social score of ESG does not have an effect on firm value

H05: Subgroup Governance of ESG does not have an effect on firm value.

### Regression Equations

1. Relationship between ESG total score and Firm value.

$Tobin's\ q_{it} = \alpha_i + \beta_1 ESG\_rating_{it} + x_{it} + \epsilon_{it}$

Where: Tobin's q = Tobin's q

$i$  = indication for a specific firm;

$t$  = indication for a specific fiscal year;

ESG\_rating = the score of a firm performance on ESG

$x$  = the control variables

$\varepsilon$  = random disturbance term.

### Variables

Tobin's Q is the dependent variable, which is calculated using the formula mentioned above. ESG rating, control variables are the independent variables. If a negative sign then the variables are affecting in a reverse manner, that is as the as ESG rating affects the firm value in a negative manner. If positive then variable ESG rating affects firm value in a positive manner.

### Control Variables

The control variables used in the paper are R&D expenses, Return on asset, Sales growth and firm size. These are variables which can have an effect on the financial performance of the firm. The references for these variables are taken from Derwall (2007), Waddock & Graves (1997). The firm size is the natural logarithm of the total value of assets, the data for which is taken from Prowess IQ from 2014 to 2018. These variables are used to increase the robustness of the relationship. These variables have an effect on firm value, using them as control variable the accuracy of relationship will increase.

## 2. RELATIONSHIP BETWEEN SUBGROUPS OF ESG SCORE AND FIRMS VALUE

### ENVIRONMENT SCORE AND FIRM VALUE

$$\text{Tobin's } q_{it} = \alpha_i + (\text{Environment score})_{it} + x_{it} + \varepsilon_{it}$$

This regression equation is to check if there any relationship exists between the ESG subgroup Environment score and the Firm value. If it shows positive sign then relationship between the variables are positive, stating environmental score will help to improve the firm value. If negative then, the relationship between the variables are negative, environmental score brings down the firm value.

### Social Score and Firm value

$$\text{Tobin's } q_{it} = \alpha_i + \beta \varepsilon (\text{Social score})_{it} + x_{it} + \varepsilon_{it}$$

This regression equation is to check if any relationship exists between ESG subgroup Social score and Firms value. If a positive sign, then social score of ESG will affect the Firm value in a positive manner. If a negative sign then the relationship between the variables are negative, social score brings down the firm value.

- GOVERNANCE SCORE AND FIRM VALUE

$$\text{Tobin's } q_{it} = \alpha_i + \beta \varepsilon (\text{Governance score})_{it} + x_{it} + \varepsilon_{it}$$

This equation is tested in order to understand the relationship between the governance score and the firm value. If it shows positive sign then relationship between the variables are positive, stating governance score will help to improve the firm value. If negative then, the relationship between the variables are negative, governance score brings down the firm value.

## RESULTS

### 1. RELATIONSHIP BETWEEN ESG TOTAL SCORE AND FIRM VALUE.

```

regress TobinsQ ESGtotal RDEXPENSESinmillions SalesGrowthinmillions ROAinmillions Ln, level

```

Source	SS	df	MS	Number of obs = 175	
Model	.373645938	5	.074729188	F( 5, 169) =	4.35
Residual	2.9033003	169	.017179292	Prob > F =	0.0009
Total	3.27694624	174	.018833024	R-squared =	0.1140
				Adj R-squared =	0.0878
				Root MSE =	.13107

TobinsQ	Coef.	Std. Err.	t	P> t	Beta
ESGtotal	-.002976	.0008461	-3.52	0.001	-.2601935
RDEXPENSESinmillions	-8.45e-07	1.61e-06	-0.52	0.601	-.0386297
SalesGrowthinmillions	1.24e-07	1.83e-07	0.68	0.500	.0500577
ROAinmillions	-.0013125	.000846	-1.55	0.123	-.1189671
Ln	-.0291032	.0112958	-2.58	0.011	-.1956205
_cons	1.303852	.16405	7.95	0.000	

The relationship between ESG total score and Firm value was tested using OLS at 90 percent confidence interval. It was found that a unit of increase in ESG total will lead to fall in Tobin's Q value by .0029 unit. That is ESG total does have an impact on the Tobin's Q value.

## 2. RELATIONSHIP BETWEEN

```
. regress TobinsQ E RDEXPENSESinmillions SalesGrowthinmillions ROAinmillions Ln, level(90)
```

Source	SS	df	MS			
Model	.284440797	5	.056888159	Number of obs =	175	
Residual	2.99250544	169	.017707133	F( 5, 169) =	3.21	
Total	3.27694624	174	.018833024	Prob > F =	0.0085	
				R-squared =	0.0868	
				Adj R-squared =	0.0598	
				Root MSE =	.13307	

TobinsQ	Coef.	Std. Err.	t	P> t	[90% Conf. Interval]	
E	-.0017887	.0006778	-2.64	0.009	-.0029097	-.0006677
RDEXPENSESinmillions	-1.15e-07	1.65e-06	-0.07	0.944	-2.84e-06	2.61e-06
SalesGrowthinmillions	1.12e-07	1.87e-07	0.60	0.550	-1.97e-07	4.21e-07
ROAinmillions	-.0014124	.0008583	-1.65	0.102	-.002832	7.14e-06
Ln	-.0290792	.0114744	-2.53	0.012	-.0480569	-.0101015
_cons	1.231719	.1634908	7.53	0.000	.9613186	1.50212

### ESG SUBGROUP ENVIRONMENT SCORE AND FIRM VALUE

This relationship between ESG subgroup Environment score and Firm value was tested using OLS at 90 percent confidence interval. It was found that ESG subgroup score, Environmental score does have an impact on the Tobin's Q value but it's a negative impact

## 3. RELATIONSHIP BETWEEN ES

```
. regress TobinsQ S RDEXPENSESinmillions SalesGrowthinmillions ROAinmillions Ln, level(90)
```

Source	SS	df	MS			
Model	.246722837	5	.049344567	Number of obs =	175	
Residual	3.0302234	169	.017930316	F( 5, 169) =	2.75	
Total	3.27694624	174	.018833024	Prob > F =	0.0204	
				R-squared =	0.0753	
				Adj R-squared =	0.0479	
				Root MSE =	.1339	

TobinsQ	Coef.	Std. Err.	t	P> t	[90% Conf. Interval]	
S	-.0016759	.000767	-2.18	0.030	-.0029445	-.0004073
RDEXPENSESinmillions	-1.44e-06	1.69e-06	-0.85	0.395	-4.23e-06	1.35e-06
SalesGrowthinmillions	5.70e-08	1.86e-07	0.31	0.759	-2.50e-07	3.64e-07
ROAinmillions	-.0015881	.0008587	-1.85	0.066	-.0030083	-.0001678
Ln	-.0295019	.0115428	-2.56	0.011	-.0485928	-.0104109
_cons	1.233991	.1660017	7.43	0.000	.9594376	1.508545

### G SUBGROUP SOCIAL SCORE AND FIRM VALUE

This section was trying to find relationship between the ESG subgroup, Social and Tobin's Q value. It was found that ESG subgroup score, Social Score have an impact on the Tobin's Q value. The impact is negative Social Score on Tobin's q value is negative.

## 4. RELATIONSHIP BETWEEN ESG SUBGROUP GOVERNANCE AND FIRM VALUE.

```
. regress TobinsQ G RDEXPENSESinmillions SalesGrowthinmillions ROAinmillions Ln, level(90)
```

Source	SS	df	MS			
Model	.316556219	5	.063311244	Number of obs =	175	
Residual	2.96039002	169	.017517101	F( 5, 169) =	3.61	
Total	3.27694624	174	.018833024	Prob > F =	0.0039	
				R-squared =	0.0966	
				Adj R-squared =	0.0699	
				Root MSE =	.13235	

TobinsQ	Coef.	Std. Err.	t	P> t	[90% Conf. Interval]	
G	-.0025809	.0008664	-2.98	0.003	-.0040138	-.0011479
RDEXPENSESinmillions	-5.57e-07	1.63e-06	-0.34	0.732	-3.25e-06	2.13e-06
SalesGrowthinmillions	9.74e-08	1.84e-07	0.53	0.598	-2.08e-07	4.03e-07
ROAinmillions	-.0013323	.0008557	-1.56	0.121	-.0027476	.0000829
Ln	-.0308706	.0113985	-2.71	0.007	-.0497229	-.0120183
_cons	1.316112	.169065	7.78	0.000	1.036492	1.595732

This section tried to study the relationship between ESG subgroup Governance score and Tobin's Q value. It was found that there is a negative impact of governance score on Tobin's Q value. In addition to this the size of the firm also had an impact on the firm value which is negative

## CONCLUSION

As the resources available for a firm is scarce it has to be allocated optimally. Social responsible investing is when the investors use ESG score to screen the companies for investment. It's essential that every resource including the amount invested by the investors to be utilized in the best manner and provide positive return. Also keep in mind to have a minimal negative impact on the environment and social community. There were certain limitations faced during the study, which are difficulty in access to all data points of Nifty 100 companies, especially the ESG score values. Based on results it was found that the ESG score and the Subgroup scores had a negative impact on the firm value. This is a new area in Indian market and requires further study. This niche market in India is expected to grow to a \$240 billion industry in 2028.

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## ISLAMIC FINANCE AND FINANCIAL INCLUSION – A THEORETICAL ANALYSIS OF ROLE OF ISLAMIC FINANCE IN POVERTY ALLEVIATION AND FINANCIAL INCLUSION

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**Mir Mohsin**

Ph.D. Scholar

Institute of Management Studies

Kuvempu University

Shankaraghatta, Shimoga, Karnataka

Email: [mirmohsin78@gmail.com](mailto:mirmohsin78@gmail.com)

## Dr. H. N. Ramesh

Professor

Institute of Management Studies

Kuvempu University

Shankaraghatta, Shimoga, Karnataka

Email: [hnrameshku@gmail.com](mailto:hnrameshku@gmail.com)

### Abstract:

The fundamental principle of economic theory is that resources are scarce, therefore, proper and optimal distribution and allocation of resources is must for the overall welfare of the society. The fundamental principles of Islam accentuate on trusteeship, social justice, inclusion, and sharing of resources between the haves and the have nots so that justice and equality is established in the society. It is forecasted that Islamic financial assets will exceed USD 3 trillion by 2018. Though this rapid expansion has been strenuous in Middle East, South Asia and East Asia, however with the promising growth prospects it is expected to enormously alleviate poverty in India which has substantial population of poor Muslim as well as non-Muslims population. This paper empirically analyzes how Islamic banking in India can fill the gap of economic inequity between Muslims and non-Muslims by a way of financial inclusion. This study examines how Islamic finance deals with the issue of financial inclusion or access to finance via promotion of profit and risk-sharing contracts. Further, the current study assesses role of Islamic finance in distribution of wealth by means of various available Islamic financial redistribution instruments like Zakh, Sadaqat, Waqf, and Qard -al- Hasan, complement risk-sharing etc.

**Key words:** *Financial inclusion, Islamic Finance, profit, risk sharing, Zakh.*

### Introduction:

Islamic banking or Interest Free (IF) Banking is a faith-based and socially responsible brand of community banking as it bases its financing models, its operations, and the moral and ethical values of its staff, management, board of directors, and shareholders on Judeo-Christian-Islamic values.



Some experts have described “Islamic banking” as conventional banking minus the word “interest,” with a new contract that does not include the word “interest” and that is structured in an elaborated version of buy/sell, in which the seller changes ownership to the bank or finance company and then the bank sells it to the eventual buyer. Generally following are considered to be the true conceptual fundamentals of the IF brand of banking, based on the Judeo-Christian-Islamic value system.

- Bestowing credit is a basic human right.
- Banking should be responsible and ethical intended to deliver services to the community according to the guidelines of the Judeo Christian-Islamic value system. For example, IF bankers cannot finance businesses that sell intoxicating drinks or drugs, gaming, gambling, polluting businesses, or other unethical activities. IF banks finance businesses in a fair and just way without discrimination, because discrimination is a sin in the Judeo-Christian Islamic value system. Therefore, no one is too small to serve and work with and every community member is expected to live within his/her means.
- Low overhead, lower risk, and lower loan losses, because the IF banker knows his/her clients, as he/she is active in the community.
- A commodity should be tangible asset, and/or service must change hands at a fair market value—one that is gathered from the live market—using the concept of marking to the market.
- IF banking involves actual financing of and investing in tangible assets, services and economically viable projects.
- Investment in specialized activities and projects to make a difference in peoples’ lives. IF financing requires that the RF banker/financier should know where and how the applicant will use the money and the agreement involves the exchange of assets/properties/businesses or the leasing of such.
- Considers speculation and its tools—like trading in risk—and paper trading are divinely prohibited (haram).
- Deems in financing for community development. Promotion of community development and reinvestment in the community is of prime importance.
- Judges that wealth should be circulated within the community employment creation, economic growth, and prosperity. It uses the power of congregations and networks in places of worship and in social organizations to enhance its market penetration at the

grass roots, thus fulfilling the financing and banking rule of “know your customer.” This approach minimizes losses due to ill-conceived financing of the wrong project with people who may not meet the needed prerequisites for a successful venture.

- Believes that one of its prime objectives is to remove riba/ribit from peoples’ behaviour and lives, one step at a time.
- The intention of IF banking is to develop an alternative system that serves all people, regardless of faith or background.
- Measures success by return on investment, the number of households finance and its achievement in making a difference in the lifestyle of the family and in the community.
- Does not treat fiat (paper) money as a commodity that commands a rental fee (interest rate). market forces of supply and demand—not on the rental of money.
- Believes that the value of different things in fiat (paper) currency must be related to one of the reference commodities using the commodity indexation system.
- Believes in full transparency and disclosure as a part of the contract, because deceptions, ruses, and/or attempts to misrepresent (called gharar) are haram (divinely prohibited).
- Believes that it must comply with the laws of the land without violating God’s Law (Shari’aa).

<b>Difference Between Riba-Based Conventional Banking and IF (Islamic) Banking</b>		
Bases	Riba-Based Conventional Banking	IF (Islamic) Banking
Dominant attractor	Money	Life as prescribed by God in all Abrahamic faiths, as ordained in the Judeo-Christian-Islamic value system and way of life
Defining purpose	Use money to make money for those who have money	Employs available resources within its means to meet the basic needs of everyone without extravagance

Bank size	Very large (e.g., mega-banks)	Small and medium-sized
Ownership	Impersonal, with absentee shareholders' role in most cases	Personal, with shareholders playing an active role in bank direction and procedures
Financial capital	Global, with no borders	Local/national, with clear community reinvestment borders and assessment areas
Purpose of investment	Maximize private profit and wealth	Increase beneficial output to the community to make it prosper
Role of profit	An end to be maximized	An incentive to invest productively in the community
Coordinating mechanisms	Centrally planned by mega-corporations	Self-organizing markets and networks of communities around temples, synagogues, churches, masjid, and other social congregations and networks
Cooperation	Among competitors, to escape the discipline of competition and in some cases to avoid regulations	Among people and communities to advance the common good for all
Purpose of competition	Eliminate the unfit and capture markets	Stimulate efficiency and innovation
Government's role	Protect the interests of property	Advance the human interest, as revealed in all God's messages
Trade	Free, but for the benefit of mega-corporations	Free, but fair and balanced
Political orientation	Elitist, democracy of the money (greed is good!)	Populist, democracy of persons
<b>Source:</b> David C. Korten, <i>The Post-Corporate World</i> , a co-publication of Kumarian Press Inc. and Berret-Koehler Publishers, Inc., 1999, p. 41.		

### **Literature review:**

According to Willison (2009) and Hasan and Dridi, (2010) plenty of conventional banks have encountered financial complications and failure due to the global financial crisis (2007–2008). However, Islamic banks have successfully survived this crisis because of financial regulation of Islamic banks guided by Shariah principles which proscribes the payment or receipt of interest (riba) and encourage risk sharing.

Siddiqui (2006) opines that Islamic banks are relying more on mark-up financing contracts rather than Profit and Loss Sharing (PLS) based financing contracts.

Chongand Liu (2009) and Khan (2010) affirmed that only a small portion of Islamic banks financing is based on PLS and that Islamic deposits are not interest-free.

Bourkhis and Nabi (2013) described that in most Islamic banks, less than 20% of total assets are dedicated to long term and risk sharing investments. They detected that Islamic banks are imitating the commercial strategies of their conventional peers and diverging from their theoretical business model.

Metwally (1997) assessed the differences between the financial characteristics of 15 interest-free banks and 15 conventional banks from 1992–1994. He differentiated two groups of banks on the basis of liquidity, leverage and credit risk. Iqbal (2001) propounded that Islamic banks are better capitalized and more profitable than conventional banks.

Olson and Zoubi (2008) scrutinized whether financial ratios can be used to distinguish between conventional and Islamic banks in the GCC region over the period 2000–2005. They declared that non-linear techniques are able to correctly distinguish between the two categories of banks with a 92% success rate. Moreover, their results signify that Islamic banks are more profitable but lack efficiency as compared to conventional banks.

Beck et al. (2013) in their study estimated the difference between conventional and Islamic banks on a sample of 510 banks across 22 countries and affirmed few significant differences in business models. However, they observed that Islamic banks are less efficient, but have higher intermediation ratios, have higher asset quality, and are better capitalized vis-à-vis conventional banks. Further they confirmed that Islamic banks perform better during crises in terms of capitalization and asset quality and are less likely to disinter mediate than conventional banks.

Abedifar et al. (2013) explored risk and stability features of Islamic banking using a sample of 553 banks from 24 countries. They revealed that Islamic banks are, on average, more capitalized and profitable than conventional banks. In addition to this they find that small Islamic banks that are leveraged or based in countries with predominantly Muslim populations have lower credit risk than conventional banks. Further they confirmed that in terms of insolvency risk, small Islamic banks also appear more stable.

Srairi (2010) with the aid of stochastic frontier approach to investigated the cost and profit efficiency levels of 71 commercial banks in GCC countries over the period 1999–2007. He acknowledged that in terms of both cost and profit efficiency levels, the conventional banks are more efficient than Islamic banks.

Abdull-Majid et al. (2010) probed the efficiency of a sample of Islamic and conventional banks in 10 countries (1996–2002), using an output distance function, and found that Islamic banks have moderately higher return to scale than conventional banks.

Belanes and Hassiki (2012) surveyed the efficiency of 32 Islamic and conventional banks from the MENA countries (2006–2009) and found no significant difference in the efficiency scores between these two types of banks using Data Envelopment Analysis (DEA) method.

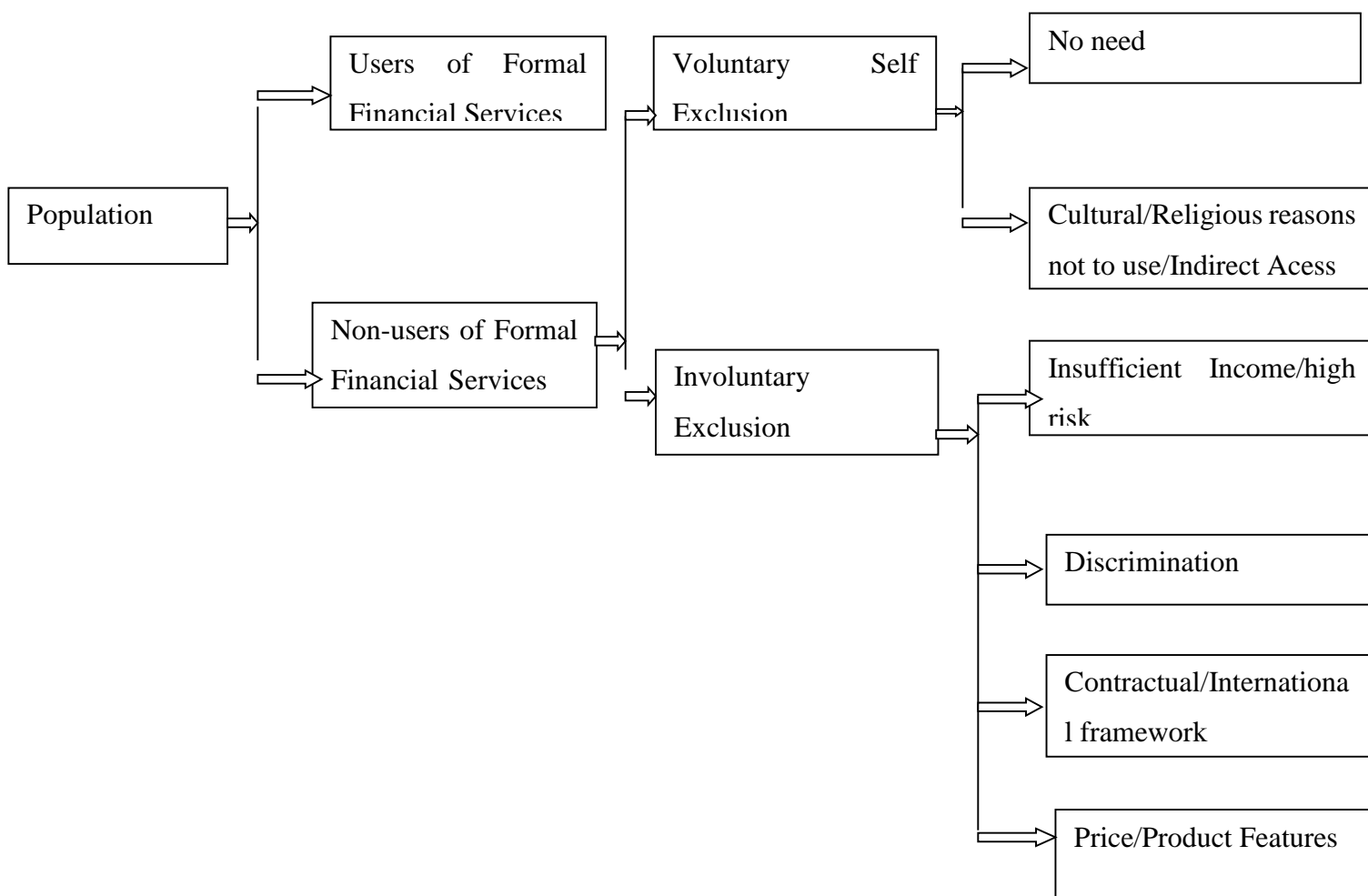
### **Financial Inclusion and Economic Development:**

Financial access to the poorer members of society including potential, or would be, entrepreneurs has been always a great challenge. The concept of financial inclusion can be divided into four dimensions: easy access to finance for all households and enterprises, sound institutions guided by prudential regulation and supervision, financial and institutional sustainability of financial institutions, and competition between service providers to bring alternatives to customers. Conventionally, the financial inclusion of an economy is measured by the proportion of population covered by commercial bank branches and ATMs, sizes of deposits and loans made by low-income households and SMEs. However, according to Beck and Demirguc-Kunt (2008) availability of financial services may not equal financial inclusion, because people may voluntarily exclude themselves from the financial services for religious or cultural reasons, even though they do have access and can afford the services. What distinguishes use of financial services from access to financial services? To what extent is lack of use a problem? This is illustrated in figure 1 below:

Financial exclusion might due to discrimination against certain population groups based on social, religious, or ethnic grounds (red-lining). Other reason is that the contractual and informational framework might prevent financial institutions from reaching out to certain population groups because the outreach is too costly to be commercially viable.

Development economists propound that the lack of access to finance for the poor dissuades key decisions regarding human and physical capital accumulation because of which poor people may find themselves in the “poverty trap”, as they cannot save in harvest time or borrow to survive a starvation.

Fig 1. Reasons behind Financial Exclusion:



**Source:** The World Bank (2008) Finance for All? Policies and Pitfalls in Expanding Access, A World Bank Policy Research Report, World Bank, Washington, DC. USA

Galor and Zeira (1993) and Banerjee and Newman (1993) entail that financial exclusion not only holds back investment, but results in persistent income inequality, as it adds to negative incentives to save and work and encourages repeated distribution in a society. Beck, Demirguc-Kunt and Levine (2007) described that building a more inclusive financial system also pleads to a wider range of philosophical perspectives than can redistributive policies: redistribution aims to equalize outcomes, whereas better functioning financial systems serve to equalize opportunities. Beck, Demirguc-Kunt and Levine (2007) empirically revealed that countries with deeper financial systems experience faster reductions in the share of the population that lives on less than one dollar a day.

### **Concept of Economic Development and Inclusion in Islam**

Islam is a rule-based system that stipulates rules for social and economic activities of the society. Economic principles of Islam include:

1. The rules of behaviour (similar to the concept of economic institutions) as they relate to resource allocation, production, exchange, distribution and redistribution;
2. Economic implications of the operations of these rules; and
3. Incentive structure and policy recommendations for achieving rules compliance that would allow convergence of the actual economy to the ideal economic system envisioned by Islam.

Islam emphasizes that poverty is not caused by scarcity, paucity of natural resources, lack of proper synchronization between the mode of production and the relation of distribution, however it is a result of waste, opulence, extravagance and non-payment of what rightfully belongs to the less able segments of the society.

Mirakhor and Askari (2010) aptly remarked that the concept of development in Islam has three dimensions: individual self-development, the physical development of the earth, and the development of the human collectivity. The first specifies a dynamic process of the growth of the human person toward perfection.

Economic development and growth, along with social justice, are the basic essentials of an Islamic economic system. All members of an Islamic society must be given the same opportunities to advance themselves; technically a level playing field, including access to the

natural resources provided by God. One of the most important economic institutions that operationalize the objective of achieving social justice is that of the wealth distribution/redistribution rules of Islam.

Islam aims for just distribution of resources by creating a balanced society that avoids extreme of wealth and poverty, a society in which all understand that wealth is a blessing provided by the Creator for the sole purpose of providing support for the lives of all of mankind. To avoid a state of extreme wealth and extreme poverty, Islam puts restriction on wealth accumulation and imposes limits on consumption through its strict rules prohibiting overspending (*israf*), waste (*itlaf*), ostentatious and opulent spending (*israf*). Islam accentuates financial inclusion via risk-sharing and redistribution of wealth that differentiate its operations from conventional financial industry.

El Hawary and Grais (2005) empirically revealed that the proportion of the Muslim population using financial services is less than their non-Muslim counterparts. This reduced access to finance results into the failure of businesses and industries that are owned and operated by Muslims. Therefore, the access to finance among Muslims or Non-Muslims can be enhanced by using Islamic finance via two approaches:

- i. Through Risk-Sharing Using micro-finance, micro-SME, and micro-insurance.
- ii. Through Islam's redistributive mechanisms such Zakh, Sadaqat, Qard-al-hasan, and Waqf.

### **Inclusion through Risk-Sharing:**

One of the core economic principles of Islam is the notion of risk-sharing. This is based on the principle of liability, which states that profit is justified on the basis of taking responsibility, possibly even becoming responsible for the loss and the consequences. This legal maxim, said to be derived from a saying of the Prophet (pbuh) that "profit comes with liability," implies that Sharah distinguishes lawful profit from all other forms of gain and that entitlement to profit only when there is also the liability, or risk, of loss.

Islam approves risk sharing as the preferred organizational structure for all economic activities and prohibits without any exceptions, explicit and implicit interest-based contracts of any kind. In other words the intention of Islamic finance is to create a financial system or offer the financial services that encourage risk-sharing and eliminate any debt-based instrument structured to extract a rent (interest) as a percentage of the principle on loaned amount for a specific time period and without the full transfer of the property rights. Thus Islamic financial



system proposes a mutual exchange (*al-bay*) in which one bundle of property rights is exchanged for another, thus allowing both parties to share the risks of the transaction—something which is sanctioned. The emphasis on risk-sharing is evident from one of the most important verses in the Qur'an with respect to economic relations.

Islamic finance highlights the significance of profit-sharing finance, which can have a positive impact on economy similar to direct investment leading to strong economic development. Entrepreneurship and risk-sharing are two essential features of Islamic finance. Both these features i.e., encouragement to entrepreneurship and risk-sharing, provide enormous room for SME financing in the form of comprehensive asset-based economic and equitable model that fulfils expectations such as social justice and human welfare.

In case of Islamic Financing modes that best suit SMEs include *murabah* (principle/agent) and *musharakah* (equity partnership) as they provide investors with high liquidity at low risk. Islamic banks are encouraged to provide more profit-sharing finance and develop arrangements that reduce risks and the costs of funding. Islamic banking institutions have started many initiatives like setting up of specialized institutions, as well as introducing new consistent products with the aim of reducing risks through pooling the funds and establishing *Wakalah* agencies to perform monitoring and to minimize moral hazard. Innovative instruments like *Ujrah* has been one of the most widely used forms of financing SMEs because it reduces the startup cost and security to lenders.

Lending to SMEs has always been meagre because of relatively high transaction cost and risks. Even Reserve Bank of India (RBI) reported that SMEs credit from conventional banks in India is under decline. Usually an interest-based system discourages innovation, particularly in case of small-scale enterprises. Small-scale enterprises dither to use modern methods of production with the help of money borrowed from conventional banks because the liability for the principal sum and interest has to be met. Since the interest-based system is security-oriented rather growth-oriented, the banks' commitment to pay a pre-determined rate of interest to depositors pushes them to confine their lending to the already well-established big business houses or to parties who are in a position to pledge an adequate security and when such avenues of lending are not sufficient to absorb all their investable resources. Therefore, they prefer to invest in government securities with a guaranteed return that exaggerated security orientation and impedes economic growth because it does not allow a smooth flow of bank resources to many potential entrepreneurs, who could accelerate the gross national product by their

productive endeavour but do not possess ample security to pledge for satisfying the criteria of creditworthiness. Thus, conventional banking is not based on the viability of the project. However, in Islamic banking system due consideration is given to the strength of the project that provides the scope for competent entrepreneurs from the poor and the middle-classes to be at least considered for financing if they have worthwhile projects, adequate managerial ability and a reputation for honesty and integrity. This enables to harness the pool of entrepreneurial ability from the lower strata of the society. Most of the people are apprehensive about loan losses from such financing. Islamic finance products like Mudarabah, funding to SMEs may be increased leaving them with only operational cost unlike suffering the financial risks in the present arrangement. It will aid in upholding the sustenance of SMEs for longer term, which in turn will fuel the economic growth in India as SMEs constitute 80% of the total industrial enterprises and have a 40% share in industrial output.

### **Inclusion through Instruments of Redistribution:**

In order to enhance the financial inclusion of the society Islamic redistributive instruments/institutions such as *Zakh*, *Sadaqat*, *Qar-al-hasan* and *Waqf* have enormous potential.

The first redistributive instrument is *Zakh*. Any Muslim individual who earns more than what he or she consumes must pay *Zakh*, which is computed according to his or her level of net worth (essentially a wealth tax). In order to promote investment in capital and construction, encourage home ownership and accelerate economic activities in a country business capital and housing are exempt from *Zakh* taxation. *Zakh* is to be given willingly, not to be paid resentfully, if Divine Law is to be fulfilled. Its obligations are to the community as a whole: they are to be made specifically and directly to the community's less fortunate members, neither to an impersonalized government nor to its revenue-collecting agencies. According to the Qur'an, poverty and denial of assistance to the needy is forbidden. The Qur'an goes on to explain that material inequalities are not a symptoms of spiritual inequalities, however such inequalities should be overcome through human effort and are thus meant to promote brotherhood, again stressing the value of *Zakh*.

The second instrument of redistribution is voluntary social spending called *sadaqat*. Researchers argue that according to Islam, reason behind the existence of inequality is not because economic resources are scarce, but because they are misallocated, inefficiently managed, unproductively hoarded, and unevenly distributed. Independent social spending,

according to Islam, is the best possible way to uphold just and equitable Islamic social order as it provides the scope for equitable distribution of wealth and resources.

The third famous instrument of redistribution is *Qar al-hasan* (beautiful loan), a loan granted to the needy under extraordinary circumstances. In other words it is a voluntary loan without the creditor's expectation of any return on the principal plus the debtor is obligated to return the principal to the creditor, on his own free will i.e. there is no compulsion exact return and time .

As we shall see, instruments of Islamic finance enable risk sharing and risk diversification through which individuals can mitigate their idiosyncratic risks. Levies—mandated or otherwise—such as *Zakh*, *Sadaqat* and *Qar-al-hasan*, enable the idiosyncratic risks of the poor to be shared by the rich, thus helping to reduce the poor's income–consumption correlation. In other words, the poor are not forced to rely entirely on their low level (or no) income to maintain a decent level of subsistence living for themselves and their families. It is possible that at some point even these levies can be instrumentalized to be included in the full-spectrum menu of Islamic financial instruments for risk sharing. In that event, Islamic finance would become a risk manager for society (Askari, Iqbal, Krichene, and Mirakhor, 2011).

### **Other Islamic instruments/institution that can aid in financial inclusion:**

**Takful***Takful* is a cooperative insurance mechanism that originated in the late 1970s in Sudan and Egypt. The concept is similar to conventional mutual risk mitigation, in which risk sharing is expressed as ta'awuni (mutual protection). Like conventional micro-insurance services an Islamic Micro-*Takful* scheme was established in 1997 in Lebanon that distinguish itself from *Takful* by targeting the low-income individuals who are living slightly above the poverty line and usually work in informal sectors. Micro-*Takful* has long been considered as one of the most promising segments among other Shari'ah-compliant financial products. Many experts have confirmed that Micro-*Takful* can play an essential role in poverty alleviation through risk-sharing among low-income individuals and deeper insurance penetration which ultimately accelerates economic growth.

### **Waqf (endowment) as a tool to enhance financial inclusion**

*Waqf* (pl. *Awqaf*) denote real non perishable properties that are voluntarily donated for philanthropic purposes mainly using fixed property like land or buildings, but can be applicable also to cash, shares, stocks, and other assets. The concept of *Awqaf* is a well-practiced

phenomenon in recent times in both the Muslim and majority non-Muslim world like North Africa or India. *Awqaf* provide a wide range of services especially in education and community services. 'Awqaf functions as follows:

- i. A founder who has accumulated private wealth endows his personal property for a specific, often pious, purpose.
- ii. The amount of the original capital, corpus, the purpose of endowment and all the other conditions of management are clearly registered in a deed of endowment submitted to the authorities. In this way the privately accumulated wealth of a pious Muslim becomes God's property.
- iii. The founder strictly stipulates how the annual revenue of the *Waqf* should be spent. This revenue (usufruct) may be allocated completely for a social welfare purpose (*Waqf khayri*), or to a group of beneficiaries.
- iv. The management of the *Waqf* is entrusted to trustees, whose functions may be fulfilled by the founder himself during his lifetime. Thus, there are four major components of any *Waqf*: the three groups of individuals; the founder, the beneficiaries, the trustees and the endowed capital itself, or the corpus.

In modern Islamic economics, the main goals of *Awqaf* are mainly directed towards the provision of social services like health, education, municipal sanitation, etc.

### **Conclusion:**

From the above discussion it evident that Islam endorses equality, liberty and opportunity that are reflected in the degree of access to resources so that less able have the right in the wealth of those who have greater ability and opportunity to produce greater wealth. This is achieved through the various levies that include *Zakh*, *Sadaqat*, *Nafaqa*, *waqf*, *Qar-al-hasan* and so on. The payment these levies is a contractual obligation that must be met in letter and spirit. Further, Islam persuades beneficence over and above these obligatory dues, but these levies are in the nature of returning to others what rightfully belongs to them. Non-fulfilment of these obligations causes concentration of wealth and misallocation of resources, which as per Islam is major source cause of poverty or speaking broadly financial and economic exclusion.

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# FINANCIAL INSTITUTIONS: CHRONICLE CHALLENGES AND CONDUCTIVE MOTIVES OF ISLAMIC ECONOMIC SYSTEM

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(Mashuqe ali, Amjad MA)(Shibili Thahir Nurani)Co-authors

(Bachelor students –commerce) (Professor-Imam shafi college)

Imam shafi College of Islamic science

Busthanabad, valiyaparampa po, Thamarassery,

Calicut-673572

8903311569 -9207039732

## ABSTRACT

Economic growth is the major intent of every Nation that contributes towards development. Moreover, economic growth of any Nation depends upon the well flow of Finance through different sectors of it. And in this post modern age, banking has a lion share of pivotal rules to make this flow of money more operative. Human resource capital is another crucial factor needed in the better progress of an economy. But if the finance and human resource doesn't work hand in hand, then there will be immense stagnation in the economy. So, banking and other financial instrument should be at the reach and ease of every contributors of the nation. So a pervasive financial setting, which provides meaningful aids to the nation's civilians, which does not obstruct the religious and social platforms of them is an emerging need of any developing Nation.

So this paper is intended to provide, a brief and authentic exposition on the excavating disputes of Banking in a secular and democratic Nations, and the perspectives and tools of Islamic economy to tackle its fatal injuries. As a secondary in the paper also discusses some of the traditional financial management Tools and techniques, and its significance in countries like India, where the religious and political motives dominate the national identity.

Keywords: *Interest free banking, Chronicle challenges, Tools,*

## INTRODUCTION

Money is behind most everything we see in our day to day life. Without it most of the things we see wouldn't exist. W.Somerest Maugham says "Money is like a sixth sense without which you cannot make a complete use of the other five. So money or finance affects everyone's life in many ways. People earn it, spend it, save it and also invest it.

Every enterprise, whether big or small, needs finance to carry on its operations and meet its goals. Finance is quit essential for staring and operating a business enterprise. That is the reason for describing finance as the *lifeblood of Business* and soul of every economic activity. So a better management of finance is inevitable for any progressive economy. Financial Institutions are the important resources which play a vital role in managing finance. Hence the Banking sectors act as the backbone of modern world of business. It mobilizes Savings and idle funds in an economy and makes them available to those who can make a better and fuller utilization of the same.

But in a democratic country like India, reliability and accessibility of this sector should agree with the interests and Ambience of every citizen. Only then a productive pool of human resources can be discovered for a better growth of the nation.

India is known as the second largest Muslims populated nations in the world. Growth of this religion is at a great progress. In India as per the Census of 2017, over 180 million, about 14percentage of the total population are Muslims. Even though it is very shameful to reveal that the world's fastest growing economy has little or no facilities for its minorities.

## FINANCIAL INSTITUTIONS V/S RELIGIOUS AND SOCIAL INTEREST

Banks are important financial institutions that conceptualized Finance in the economy. But the exact contributions from this sector emerge only through the active participation of all citizens. And when the religious obligations and financial policies come face to face, a lion share of people who sternly believe in certain religions, prefer their belief. Profit is the ultimate motive of any business. And this universal fact is same in the case of banking too. Interest is the pivotal source of income or profit of the modern banking sectors. But there are religions which strictly prohibits interest through its ethical legal norms.

Islam is not the only religion which is hostile to interest. Before the modern age the Christians and Jews too discussed and objected on interest and its ethical issues. The illegitimacy of



interest and usury were widely discussed and objected by The Scholars of various religions. But in the more recent ages, Debates have died out. As the unethical nature of interest is an important part of Islamic belief, Muslims continue to debate the issue of interest with vigor.

## **CONCEPTUAL AND OPERATIONAL FLAWS**

### **IN THE ASPECTS OF INTEREST**

The theory of interest has always been a very difficult area in economic literature. The most formidable treatment of the theory of interest has been given by the Austrian Economist Bohm Bawerk, by explaining the rationale of interest and the rate of interest in terms of time preference namely the concept of Technical superiority of present over future. This implies that an average person prefers present over future. And if he is required to forgo the present comfort or use of his funds he is entitled to some remuneration known as "interest".

Similarly the concept of abstinence given by some other thinkers is untenable in the present society. In the practical life of the modern day this theory is not applicable. This can perhaps be possible in very primitive society, where the government may force people to save thus causing abstinence or

sacrifice on the part of those who save and provide capital funds and titling themselves to a reward for the abstinence are the sacrifice in the form of interest payment.

The Keynesian concept of liquidity preference in which he explains that the determination of interest by liquidity preference is not exactly the same thing as determination of interest by supply of savings or investment funds. However doubts have been expressed about the validity of this explanation. It has not been established whether the supply of liquid funds or savings in general are determined by the rate of interest, though they may be partially affected by that phenomenon.

Perhaps the theory of interest is the least clear part of the entire economic theory. This is so because an effort has been made to explain something which is difficult to justify.

## **WHY A SWITCH OVER FROM INTEREST TO PROFIT**

Economics is fully aware that interest and profit are two factor costs that have to be paid to two different varieties of contributions made or supposed to be made by capital and Enterprise. But

most of the economists beginning with Adam Smith mix up these two fundamental terms by the use of the word profit for industry with a fair degree of frequency.

As it is familiar, the role of intermediary between the Savers and investors is the most vital service of any banks. The modern tool used to facilitate this intermediary is the "loan basis". And detailed analysis of this purpose will reveal the problems that necessitate change in the modern technique of Banking.

Banks impose deeper repercussions on economy. Banks expand and contract the whole of the investment base which in the present day setup is merely a kind of credit. All the deposits coming to the bank are lend as lone to different parties, which they actually do not need it in full and obviously redeposit the same in the bank and this redeposit will not be withdrawn very shortly. And thus further relend a major portion of the Re deposited amount. This effect will expand and multiple the credit and investment irrespective of the actual profitability. The role played by the interest is the main cause of the maladjustments between Savings and investments and consumption patterns and the production which leads to the disequilibrium involved in the trade cycle.

So if the depositors or the savers have a share in the profit itself instead of interest, Savings and investments are more directly and more genuinely related and also the conception requirements and production Trends will be concomitant.

### **INTEREST: FATAL INJURIES ON DEVELOPING ECONOMY**

According to the modern economic perspectives, the whole economic system is controlled and highly influenced by interest. By this man makes money which seems like selling goods and with no risk he earns without any concern for the progress in production of economy.

This makes the poor the poor and the lord the richest.

When the bank or the lender gives the loan, he fixes the interest rate and the borrower has to pay back the fixed rate of the amount after a period of time even if a production of that much rate is not contributed to the economy. This will lead to the concentration of economic resources in the hands of few and will expand the poverty rate. Economic imbalance is the ultimate result.

Similarly when the bank gives the money to the borrower and the marginal return from the capital goes up. The borrower will earn a lot and the bank will lost the amount that he would have received if invested in a business. On the other hand if we are distributing the risk along with the profit among the lender and borrower the problem of economic imbalance and

opportunity loss doesn't arrive.

Owner of the amount really deserve a portion what is earned from it. But if you haven't generated any profit or increase in the production, he deserves nothing more.

If we are making the banks as a medium of Business and capital formation for production process it will surely eliminate the contradictory between the interest rate and the marginal return on investment.

By the traditional interest based banking system, investment is in Contra with Bank savings. But by the Islamic banking, banks become mediators for investment and as production based capital formation. Moreover the Interest system is so destructive. If a poor peasant or household takes a loan from the bank, he will be levied high interest thus shattered by the heavy burden of interest. It spreads socio economic inequality and this lead to inconsistency of economy. Again if the producer is levied by high interest rate, he will have to impose higher price for his products. This will subsequently rise the price level and thus causes inflation. In a highly competitive market the small scale producers who have started their production by loans are forced to stop their production as they are unable to compete with the rich. They have to put higher prices due to the highest production cost for financing the interest over the loan. On the other hand the rich earn a lot with his deposits in banks with no risks and he can elaborate his production with better Technologies and thus sell his products for low prices with large scale production. In this way interest system destroys the production sector. Similarly the government sector is most affected by the interest burdens. The Public Sector loans and depth from government institutions are really living examples for adversities of interest based banking system. The interest on public debt really makes the country underdeveloped. the borrowings there done for the development of its value of its currency will get decrease due to the accumulated interest over its public debt to World Bank, IMF, etc.

In short, the three sectors of economy: households, firms, and government are facing adverse effect of Interest banking. The productive utilization of bank deposits with the risk and profit distribution amount the entrepreneurs and depositors by making deposits as investments for production sector will be a more comfortable alternative for the interest based imbalances caused to the economy. The monetary and fiscal policies can be done simply through the system by controlling rate of profit or return from the investment. In a nutshell the elimination of interest based banking will eradicate the imbalances between the money

market and product market. Instead, a strong production and investment base will be formed in economy and money supply will be in equal with the demanded production.

## **CHALLENGES OF MODERN FINANCIAL INSTITUTIONS**

Banking related services is pervasive in every hook and corners even though it is reached in the door step of every people. People are digitalized modernized all are expecting more and more benefits from the banks. Existing banking system is progress Sing day by day as well as destructing day by day so people are appearing their anxieties about the banking services especially Central Bank of India mention some big concerns about the substance ability of the country's banking system by annual financial stability report FSR list on June 13 that is Reserve Bank of India want that the banking sector is under a dangerous situation and increased the rate of bad debts and Bank frauds it will be drag down the economy.

### **Bad debts**

Proximately 10 lakh crore India piles of bank loans it is longer than the gross domestic product of at least 137 countries. Banking sector is highly providing loans by dint of it a lot of frauds borrowing very large amount from the bank and drive to another drive to other countries like Vijay Mallya, Nirav Modi. They all cheated the Indian banks very well. RBI attempt to reduce not performing nonperforming assets NPA in banking sector have yielded little result the share of gross NPA India could inch up to 10.2% by March 2018 from 9.6% till March 2017. According to the FSR in September 2016 gross NPA were 9.26%.

### **Bank frauds**

another major issue is Bank frauds. Almost all -Corporate law related fraud cases get seasonal for two to three years as NPA before they are reported as fraud" RBI said. The volume of bank frauds have increased by 19.6 percentage and 5064 cases are filed yet.

### **Cyber threats**

In this digitalized world Indians are also transformed into the digital arena." Not only simple attacks using phishing pharming and social engineering but also increasingly audacious attacks by organized gangs without hacking by state players have come to light" RBI said. Before some days global ransom ware attacks that affected a lot of computers, Especially in India.

## **Employees and Technology**

when a person attends the age of retirement the new employee will be appointed. As a result there will be alert of middle level management. It will adversely affect in decision making process. Bank especially government owned banks need t to embrace technology to offer better products.

## **Tools and techniques of interest free banking**

### **As suitable alternatives**

#### **Profit loss sharing**

It is a different type of partnership, where in one partner provides capital money to an entrepreneur for investing in a commercial initiative with the aim of sharing profit from the commercial entity. Then the entrepreneur undertakes the activities and management of the business and the profit is shared between the partners in a predetermined ratio

#### **Cost plus profit**

It is a very useful to an organization or a common man. If a person can't buy a product with full payment of money the bank purchases that product and Sell to him with installment of money without investing. In another word it is a sales contract between bank and its client. The bank buy the product on behalf of the client and Bank resells that product to the same client clearly mentioning the cost with insurance buying the product and the margin when reselling that product to the client.

#### **Joint venture**

Here the bank is an intermediary among those interested to sell and buy the shares of other business. in other words it is a contract for an agreement where two or more parties agree to contribute the capital the partnership maybe unequal or varying amounts to establish a new project or share an existing one

#### **Leasing method**

Leasing is an agreement that allows one party to use property or asset owned by another party for an agreed price over determined period of time. It is a method of asset finance which has the benefit of using assets with all the needs of ownership.

### Deferred payment sale system

It may be defined as a contract between a buyer and seller under which the seller sells certain goods permissible to the buyer at an agreed fixed price payable at a fixed future time or date in lump sum or within a fixed period of time through fixed installment.

### Forward buying

It is a contract in which, full payment is made in advance for specific goods to be delivered in the future day. Here Bank purchases product from seller and sales to one who wants that. The special feature of this tool is the payment of money as advance before transaction of goods. This is very useful for farmers and entrepreneurs.

### Benevolent lending

It is a form of interest free loan by which the loan is extended by the lender to a borrower on the basis of benevolence. It is a non commutative contract has it involves a facility graded only for the sake of the donation.

## CONCLUSION

So long the paper discussed about the applicability and scopes of the industry banking in a developing economy. It's success or otherwise will depend upon the essentiality and resources of the people who like to try it. like all fundamental changes in economic organizations which will have to be done as a part of a bigger process of change and adjustment. So a better interest free banking system can conceptualize an economy with efficient human resource capital and efficient financial infrastructure of the nation. The interest free business is only a part of the big Islamic economy having its own concepts and system of economic organization. Over and above that its enforcement will be made possible only when the social values and Outlook of the people have been changed. no changes in the fundamental values of life and economic system can be affected overnight. It requires both imagination and patients to change the basic Institutions of life and the course of history

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## A STUDY ON RURAL AND SOCIAL ENTREPRENEURSHIP WITH REFERENCE TO SMV WHEELS PVT LTD.

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**Aparna K.**

Lecturer, dept of commerce

Alva's college Moodubidre-574227

Mobile No.: 9481270196

E-mail:aparna.muddu@gmail.com

**Navyashree**

**Zubaida Nuzha Alam**

### **ABSTRACT:**

Developing the rural economy is one of the key indicators towards a country's success. Social entrepreneurship is the ability to draw in innovative solutions by businesses to solve different social problems. From a rural development point of view, social entrepreneurs can work to fill the societal gap, helping in social transformation of the economy. Social and rural entrepreneurship is beneficiary to both, entrepreneurs can make profits while the society gains at large. The aim of the paper is to study the rural and social entrepreneurship with reference to SMV wheels, PVT, LTD. The paper is based on the secondary data. The paper discloses how a private company fulfills social needs of rural people. SMV wheels, PVT, LTD provide their services in a deferred payment basis, which they can own after successful weekly installments in 54 weeks. They encourage their customers or the rickshaw drivers by procuring licenses and registration from the municipal authorities.

**Keywords:** Social and rural entrepreneurship, rural development, social needs, e

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs. Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit". Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation. Entrepreneurs can change the way we live and work. If successful, their innovations may improve our standard of living, and in addition to creating wealth with their entrepreneurial ventures, they also create jobs and the conditions for a prosperous society.

Rural entrepreneurship is defined as entrepreneurship whose roots lie in the rural areas but has a lot of potential to drive various endeavours in business, industry, agriculture, etc. and contribute to the economic development of the country. Rural development can be made possible through the growth of rural entrepreneurs which further would contribute in reducing levels of poverty, unemployment, etc. Rural entrepreneurship also means rural industrialization.

Social entrepreneurship is the use of start-up companies and other entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. Social entrepreneurs are either non-profits or blend for-profit goals with generating a positive "return to society". Entrepreneurship becomes a social endeavor when it transforms social capital in a way that affects society positively. It is viewed as advantageous because the success of social entrepreneurship depends on many factors related to social impact that traditional corporate businesses do not prioritize. Social entrepreneurs recognize immediate social problems, but also seek to understand the broader context of an issue that crosses disciplines, fields, and theories. Gaining a larger understanding of how an issue relates to society allows social entrepreneurs to develop innovative solutions and mobilize available resources to affect the greater global society.

### **Objectives of the study:**

- To know the problems faced by the organization while providing social services.
- To analyse the innovative ideas taken up by the organization for the development of rural people.
- To know how the rural people are benefited by the services given by the organization.
- To know the sources of investment of social enterprises.



### **Scope of the study:**

This paper gives the information on how the rural entrepreneurship benefits the society with reference to SMV wheels pvt ltd. It mainly focuses on how SMV Wheels serves the needs of the society along with profit making motive.

### **Methodology:**

This paper is mainly based on the secondary data collected through internet and company's official website.

### **Limitation of the study:**

- Practical scenario could not be possible to get clear picture for the study.
- The study was difficult due to lack of information.

SMV (Slow Moving Vehicles)Wheels was established in April 2010, in Varanasi, Uttar Pradesh. Naveen Krishna is the founder and MD of SMW Wheels and has a Master's degree in social work from Banaras Hindu University. He had closely worked with auto rickshaw pullers before starting up his venture and was previously working for the Ministry of Urban Development's funding arm, CAPART (Council for Advancement of People's Action and Rural Technology), where he was working for the Centre for Rural Development and was involved as a national coordinator for the Rickshaw Bank projects. He assisted the expansion of Rickshaw Bank in Tripura, Tamil Nadu and Gujarat as well as set up branch offices. He spent 10 hours every day in last 5 years with the rickshaw pullers in 6 states across the country.

SMV Wheels is an innovative social enterprise empowering rickshaw pullers. It is the first cycle rickshaw for-profit company in India trying to work with a disciplined approach and with this community. Their mission is to provide cycle rickshaws and vocational support to cycle rickshaw drivers and cart operators across India will significantly enhance their quality of life. They have the potential to bring dignity and empowerment to a vast community of India's poor, in a sustainable manner. It serves cycle rickshaws to poor rickshaw drivers on a deferred payment basis so that they can manage weekly payments over approximately one year period. By the end of this period, the drivers have full ownership of their own licensed rickshaws. Along with this, the company also provides insurance for the driver's life, disability, rickshaw theft, and accident cover. They also assist them in procuring driving and vehicle licenses as required by government bodies, uniforms, operating cost and post sales service to rickshaw pullers.

The aim of SMV Wheels is to bring dignity to rickshaw drivers through asset ownership and other value added services which benefited more than 11,000 rural residents. SMV Wheels has won various awards through these years. Some of them are, Social Impact-Dasra (First Light Ventures) 2010-2011, Sankalp Technology for Development Sector 2010-2011, UnLtd India 2010-2011, Unreasonable Institute Finalist 2011, ISB iDiya runner up 2011, Echoing

Green Semifinalist 2012, Featured in Outlook Magazine 1 Sept 2012 In 24 Good Businesses. Dreams and ambition is what keeps us all going. We all dream of something big or small we want to achieve. In case of cycle rickshaw pullers, one of their dreams is to have 'Apna Rickshaw'. And helping thousands of rickshaw pullers turn their dreams into reality was the vision of Naveen Krishna, who started up SMV Wheels. It was when Naveen saw that rickshaw distribution could be a sustainable business activity which could help drive demand on sales. Instead of pushing new rickshaws into the market through NGO model. Improving flaws of the existing distribution as well as helping increase the dignity for drivers through helping them buy their own vehicle without any charity was his idea.

Cycle rickshaws are a significant means of conveyance in this country. According to a recent estimate, there are 10 million cycle rickshaw drivers and million push-cart vendors in India. Most of them are the victims of exorbitant daily rentals which does not allow them to own the cycle rickshaws. Based in Varanasi, SMV Wheels is a social enterprise that serves cycle rickshaw drivers in India. SMV Wheels is the first cycle rickshaw for-profit company in India who also serve the needs of the society. SMV Wheels provide cycle rickshaw drivers with assets, i.e. cycle rickshaws, trolleys and push carts of the deferred payment basis, which they can own after successful completion of weekly payment of about Rs.300 across 54 weeks. Additionally, by aggregating demand, SMV is able to better represent the auto rickshaw drivers by procuring licenses and registration from the municipal authorities. The company also provides identification cards to the drivers so that they are not harassed by the police.

However, it was only after Naveen got an opportunity to work with CAPART in Guwahati that he got acquainted with an NGO which was working for the rights of these pullers. He understood the problems of the rickshaw pullers and dreamt of starting a social enterprise that would help them. But he lacked funds for the project he had in mind. A Chartered Accountant contributed Rs.50,000 as start-up capital after much persuasion. Finally, Naveen launched his company, SMV Wheels Private Limited in Varanasi. Few others also invested in the company soon after.

It was established in April 2010 and sold its first rickshaw in November of the same year. Naveen's passion for the rickshaw driving community and belief in the model, he won the support of various international investors. In the year 2011, SMV Wheels won the Sankalp Award, and the first Light Village Capital Award. It has recently taken the step to internalize the supply chain to ensure quality and reduce unwanted expenses. It has facilitated ownership of 1,200 rickshaws in Assam and assisted in the expansion of the rickshaw project in the cities of Lucknow, Allahabad and Varanasi. The venture also became the finalist for the Unreasonable Institute and secured 300,000 in convertible debenture funding. It has attracted overseas investors. Five companies from US, UK, Netherlands have invested in the company. The funds were utilized for expanding company, which setup its first branch in Jaunpur. The company approach rickshaw distribution as a 'for profit' company makes it attractive to impact investors who can inject large amounts of capital, and the rickshaw drivers get greater confidence as they see their hard-earned money being used to buy a rickshaw on their terms, and makes them free from charity. SMV Wheels sells a relationship with rickshaw drivers,

which has the additional benefits of a livelihood asset, insurance, and legal operation. Our clients can do business in a way that brings them confidence and respect.

The company makes its money by selling cycle rickshaws at a small markup above the actual price. They also sell advertising space on the back of the rickshaws, which is also shared with the auto driver. SMV Wheels purchases the rickshaw, insurance and license for Rs. 11,500, which includes administrative costs for KYC compliance checks, weekly home visits by field staff, and any other overheads. The clients then make manageable weekly payment, which allows them to obtain full ownership of the vehicle in approximately a year. There are approximately 1,200 SMV Wheels rickshaws on the road and 150 outright owners. Their plan is to benefit at least 20% of the estimated 10 million cycle rickshaw drivers in the coming decade. The venture recently tied up with government of UP to introduce solar rickshaws and have successfully trained 50 solar rickshaw drivers.

There are various problems faced by SMV Wheels. Till November 20, 2012, the company had sold 1,000 rickshaws in Varanasi and Jaunpur and in the process has liberated many who plied their rickshaws paying high daily rentals to mafias. In addition to that, the company is battling a host of challenges with the banks that ask 100 per cent collateral for loans. It is difficult for social enterprises to grow if banks are not willing to provide loans and charge 14 per cent interest rates.

### **Findings:**

- Company has come up with the new concept of solar auto rickshaws.
- It has attracted many overseas investors from various countries.
- It has fulfilled the dreams of many rickshaw drivers to have 'Apna Rickshaws' by letting them own the rickshaw in installment payments over 52 weeks.
- The company faces difficulty in obtaining loan from bank as they charge high rate of interest at 14%.

### **Suggestions:**

- The company should encourage women as they need a development too.
- In addition to social welfare, it can provide employment opportunities for the rural development.
- It can also encourage the home workers like textile, food makers for marketing their products.
- It can multiply its branches as there are many rural areas in our country.

### **Conclusion:**

SMV Wheels is a social enterprise which is setup in the rural areas of Varanasi. It has been growing tremendously over 9 years, since 2010. It has attracted many investors for investing

in the company and it fulfilled the dreams of around 1500 rickshaw drivers by giving them the ownership of the rickshaw by payment in installments over 52 weeks. The unique initiative taken by the people for providing easy loan to the poor people leads to rural development. Likewise, it can also concentrate on similar development programs. It has brought up various innovations in auto rickshaws in order to reduce the cost of rickshaw drivers like production of solar auto rickshaws.

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## AN EMPIRICAL STUDY ON TRAINING QUALITY AND ITS EFFECTIVENESS ON ORGANIZATIONAL DEVELOPMENT

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**T. Sai Prasad**

**D. Siddhardha**

**P. Madhavi Lakshmi**

### **Abstract**

This particular study has been named as “Effectiveness of Training & Development with reference to Miracle Software Solutions, Visakhapatnam.” The particular study has been made to analyze the extent to know how the training and development programs conducted in Miracle Software Solutions. People need competence to perform tasks. The nature of the job is constantly changing in the organisation environment due to various priorities, goals and strategies. Higher degree and quality of performance of tasks requires higher levels of competence in people of an organization and depends on ones experience and wide background.

Training is the corner stone of sound management for it makes employees more effective and productive. It is actively and immediately connected with all personal and management activities. The need of training is to develop specified and useful knowledge skills and techniques. It is intended to prepare people to carryout predetermined tasks in well defined job contacts. Training is basically a task-oriented activity aimed at improving performance in current or future jobs. Development is often viewed as a board, ongoing multi-faced set of activities to learn and often includes a wide variety of methods, e.g., orienting about a role, training in a wide variety of areas, ongoing training on the job, coaching, mentoring and form of self development. Organisations view development as a life-long goal and experience.

**Key words:** Training & Development, orientation, coaching

## **INTROUCTION:**

Employees are able to develop latest knowledge through concept, by which organizations have to concentrate on HRD areas. Employees are treated as important assets of an organization. Training is a planned process to modify attitude, Knowledge, Skill, Behaviour etc., and Training is a process of helping employees to enhance their competence in a planned and systematic manner. Today's organizations are operating in a fast changing environment. The skills of the employees are to be continuously updated in tune with the requirements. Training fills the gap between the present level of performance and future requirement. Though training and education differ in nature and orientation, they are complementary.

Training and Development programs perform vital functions within public organization. Few new employees in an agency or department can immediately perform the task for which they were hired. Also employees must acquire skills and abilities to meet new demands and responsibilities. Training and Developmental programmes include any planned efforts by the organization to enhance the learning of job related behaviour by employees. Training efforts generally have specific short term task related goals. In contrast, developmental programs have board, long term organizational related goals.

Hence it appeared very vital to study the activities of this organization and partly to the efficient management. Zeal to know the efficiency of management in carrying out training programs inspired me to take up the study of the "Training and Development" in Miracle Software Solutions. This also gives an opportunity to the employees to express their views about the training programs. The study will help the management to think for new development in increasing the mortal of employees and productivity in the organization.

The concept of training and development plays an essential role in any organization the HR Professionals have a complete knowledge in the planning of training and development programmes. They should plan in very easy way. The training and development programmes will be altered in every organization, job and time to time.

Porras and Robertson state: "Organisation development is the practical application of the science of organisations. OD focuses on the planned change of human systems and

contributes to organisation science through the knowledge gained from its study of complex change dynamics."

### **Need for the study**

The study covers Miracle Software Solutions, which is a unique well known for the best performance, therefore to land a comprehensive study to this research work, was chosen. In this context, study aim is to highlight the Training and Development of Miracle Software Solutions.

The project was done in Miracle Software Solutions, because it is a unique organization in the private sector. The study details about methods of Training and Development followed in a consultancy. With the recognition of training as an important avenue for development, during the last few years, the scope and application of training have been considerably widened, while, largely, it still remains a key tool for enhancing job related performance and organization effectiveness; its value has been increasingly acknowledge in engendering behavioral changes and in developing life skills, leading to personal growth.

It equips an individual with the competencies that help to cope up with day to day problems of living and manage inter personal relations; improving her interpersonal effectiveness. As a result of these developments human relations and personnel training occupy significance places in the realm of training.

### **Objectives of the study:**

The project study undertaken at MIRACLE SOFTWARE SOLUTIONS for 5 weeks is based on the following objectives.

To analyze employee response on training practices which are carried out at Miracle Software Solutions?

To outline the ways of improving T&D procedures for better talent acquisition.

### **Methodology**

The population of the study was limited in this company. Some of the aspects of training and development have been covered and also aspects regarding the participants.

### **Source of the data collection and study instruments:**

The data required for the study has been collected through the following sources.

Necessary information from the H.R department has been collected through registers and records.

Information was also taken from Journals, Magazines, etc.

The study has been made with the help of information from the following sources they are:-

Primary Sources:-

Primary data, employee perception was gathered through the survey. A well designed structured questionnaire was circulated among the employees to gather data. Thus collected data was analysed by Anova technique using SPSS.

Secondary Source:-

Secondary data are those, which have already collected through various records maintained by the personnel department and manuals of the organization.

### **Review of Literature:**

According Cole (2002) training and development is a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task. The focus of training is the job or task for example, the need to have efficiency and safety in the operation of particular machines or equipment, or the need for an effective sales force to mention but a few. Training is the planned and systematic modification of behavior through learning events, activities and programs which results in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively (Gordon 2002).

By observing today's business climate and the exponential growth in technology with its effect on the economy and society, the need for training is more pronounced than ever (Yafang, 2008). Staff training and development is a significant part as well as the key function of Human Resource Management and Development; it is the crucial path of motivating employees and increasing productivity in the business, (McClelland, 2002). Staff training is the key task to help everyone in the company to be more united. An enterprise could hire experienced employees or train employees to be skilled. When the company trains their own staff, by providing and forming a



harmonious atmosphere, accurate work specification and the passion of work, team spirit will be built between employees and management team within the process. Training and development can be seen as a key instrument in the implementation of HRM practices and policies. Nickson (2007) states that successful hotels always include staff training as their important development strategy. Sherman et al. (1998) expressly indicates that the success of a training program depends more on the organization's ability to identify training needs and the care with which it prepares the program so that if the trainees do not learn what they are supposed to learn, the training has not been successful. They further indicated that training experts believe that if trainees do not learn, it is probably only because some important learning principle had been overlooked. McGhee (1996) wrote on the nature of learning and said learning is a term used to describe the process by which behavioral changes results from experience. They also said the fact that learning has occurred could only be inferred from a comparison of an individual's behavior prior to the experiences of specific kinds of task.

A study by Kuria, Peter and Alice (2011) revealed that star Hotels have critical problem of skilled man power and capacity to compete globally. The study explained that the human capital in the Hotel industry was not properly handled explaining that unfavorable working conditions, poor payment, poor training and education levels have led to high labor turn over. Lung'ung'u (2011) in her study established that there is a positive relationship between training and employee performance in the organization. In the ministry of Agriculture training is viewed seriously, almost all staff have undergone one type of training or the other, this is because training enhances employee motivation, career, allows employees to take higher responsibilities, enhances commitment to work and so forth. Both the senior managers and employees perceive that training is important and should be enhanced further so as to have a workforce that is able to perform effectively and efficiently.

Kamau (2009) conducted a study that investigated training and development practices in the ministry for training diplomatic staff and found out that the practices include linking the public service strategic plan to training and development process, conducting training and needs assessment in the ministry, adopting a work plan that outlines a training plan, application of training methods, implementation and evaluating the effectiveness of the training process in the embassies/high commissions. She also stated that organizations are forced to train their employees

continuously to ensure they have the right skills in running business. Any organization that does not invest in training is bound to fail. It is therefore important for organizations to ensure the right training and development practices are used in training employees. If practices are not well chosen and well conducted the whole process will be considered useless.

### **Analysis and discussions:**

The following were identified as influencing factors of training and development in an organization. These factors were tested against the demographic profile of the employees which include their Age, Gender, Education, Cadre, Experience and annual salary using one way Anova. Hypothesis is framed as below

H0: There is no significant relation between employees' demographic variable and factors influencing training and development.

H1: There is a significant relation between employees' demographic variable and factors influencing training and development.

If the Significant value is less than .005 then we reject null hypothesis.

External factors

Technological changes

Job requirements and organizational needs

Changes in job assignment

Performance

Productivity enhance

Introduction of new approaches and processes to business.

Learning environment among employees.

Teamwork.

Increase in self -confidence and self- esteem.

## Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.770	10

ANOVA Results						
Factors	Age	Cadre	Gender	Education	Salary	Experience
	Sig.	Sig.	Sig.	Sig.	Sig.	Sig.
Management Support	0.946	0.53	0.843	0.642	0.691	0.533
Technological Changes	<b>0.018</b>	<b>0.005</b>	0.186	0.084	0.158	<b>0.008</b>
Organizational Needs	0.421	<b>0.04</b>	0.172	0.544	0.455	0.444
Job Assignment	0.222	0.192	<b>0.049</b>	0.097	0.613	0.777
Performance	0.554	0.576	0.707	0.978	0.916	0.954
Enhancing Productivity	0.781	0.926	0.833	0.667	0.865	0.569
New Approaches	<b>0.045</b>	0.366	0.494	<b>0.036</b>	0.538	0.578
Learning Environment	0.469	0.53	0.432	0.958	<b>0.04</b>	0.993
Motivation	0.194	<b>0.034</b>	0.884	0.212	0.666	0.446
Self-confidence	0.687	0.628	0.487	0.443	0.966	0.755

\*Source: Data collected from survey

From the above analysis it is observed that age group from 36-45 people opine that technological changes are a key factor in training and development. Since age comes along with learning and receiving, probably the age group not having proper technical education or not aware of latest technology may feel it is as one of the major factor in training & development. So proper technical learning and providing additional technical support to the age group may bring effectiveness in organisational development.

From the above table it is observed that age group above 50 is not willing to adopt new approach as they believe existing practices are more worthy and convenient. Since it is important to conduct

training programs or awareness programs on new management and technical approaches which enable them to work and work proactively for organisational development.

From data analysis it is observed that cadre of management probably not willing to accept the technological changes as they are difficult for them to learn always new platform and work with. Hence it is important to communicate the advantages of new platform and make them learn and work with the new technological practices for organisational development.

From the available primary data it is understood that gender play a major role in accepting job assignment. Mostly female gender is not willing to accept all the tasks which are assigned. Since it is important to schedule, plan and define jobs and job descriptions as accepted by all the employees for the development of organisation.

From the data analyzed above it is observed that employee's education shows impact on new approaches which are adopted, salary and compensation factors impact on motivation levels of the employees and experience levels shows impact on technology approaches.

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## DOES MANDATORY CSR LEGISLATION FACILITATE EARNINGS MANAGEMENT? EVIDENCE FROM INDIA

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**Karthika.S**

[karthika7489@gmail.com](mailto:karthika7489@gmail.com)

Student, Department of Management,  
Amrita Vishwa Vidyapeetham, Amritapuri, Kollam, India.

**Rajiv Nair**

[rajivnair@am.amrita.edu](mailto:rajivnair@am.amrita.edu)

Assistant Professor, Department of Management,  
Amrita Vishwa Vidyapeetham, Amritapuri, Kollam, India.

## Abstract

This study considers the relationship between mandatory corporate social responsibility (CSR) and earnings management. Since investors prefer firms that report steady income growth, management has an incentive to manage reported earnings and avoid fluctuations in reported income. We use panel data from a sample of 80 Indian non-financial companies between 2014 and 2017 to investigate the use of CSR funds towards earnings management. We expect to find a positive association between unspent (carried forward) CSR funds and earnings management. Our results show that companies possibly use unspent CSR funds as a mechanism to manage reported earnings. This study provides evidence to policymakers and enforcement authorities that mandating CSR expenditure could have unintended consequences such as being used to facilitate earnings management and thereby impede financial transparency of mandatory disclosures.

**Keywords**— Earnings management, Corporate Social Responsibility, Income smoothing

## Introduction

Corporate Social Responsibility (CSR) acts as an instrument for integrating environmental, social, and human development concerns in the entire value chain of corporate business (Dahlsrud and Alexander, 2008). CSR addresses complex issues like environmental protection, community relations, health and safety at work, human resources management, and relationships with suppliers and customers. It improves corporate reputation, the confidence of various stakeholders in the company as well as leads to the reduction of financial risk incurred by the firm (Prior et al. 2008). Through the companies Act (2013), the Ministry of Corporate Affairs, Government of India introduced mandatory CSR and has specified the criteria to identify firms to whom the mandate shall apply. India is the only country which has mandated CSR expenditure and disclosure across all industries.

Healy and Wahlen (1999) define earnings management as the alteration of firms' reported performance by insiders to mislead some stakeholders or to influence implicit and explicit contracts. Managers may smooth income for the sake of job security, external financing or for compliance requirements. Disguising the real value of transactions, the value of firms' assets or financial position can have a negative impact on the relevance of earnings value, share returns and companies' reputation (Zahra et al. 2005).

Previous studies document mixed results regarding the association between corporate social responsibility and earnings management. This paper studies the relationship between mandatory corporate social responsibility and earnings management. We use panel data from a sample of 80 Indian non-financial companies between 2014 and 2017 to investigate the use of CSR funds for earnings management. We expect to find a positive association between unspent (carried forward) CSR funds and earnings management. We use hierarchical multiple regression analysis to test this hypothesis.

The study is organized as follows. In the next section, we review earlier research and develop our hypothesis. This is followed by a section that presents the methodology and research design. We describe the analysis of the results in the Data analysis and Interpretation section and the study ends with the main conclusions in the Conclusion section.

### **Literature Review and Hypothesis**

Dharmapala and Khanna (2018) analyze the CSR activity of 100 largest firms in India and the unintended consequences created by Section 135 of the Indian Companies Act of 2013. They find a significant improvement in the CSR expenditure of firms which used to spend less than the mandated 2% initially and a reduction in spending by firms who used to spend more than the mandated 2%.

Hepworth (1953) is one of the first studies of income smoothing and discusses the various methods adopted by management for smoothing periodic income. He identifies factors such as income tax benefits, stable dividend policy and increasing profits as motivation for management to smooth income. DeFond and Park (1997) argue that the threat of losing their job acts as an incentive for managers to smooth earnings. They find that managers borrow from future earnings when expected future earnings are good and current earnings are poor, and, if current earnings are good and future expected earnings are poor, current earnings are saved for possible use in future.

Prior literature documents various methods to detect income smoothing. Michelson (2011) investigates the relationship between income smoothing and firm value, using Tobin's Q, The Modified Jones Model, Variance ratio (VR), Earnings trend, Earnings model, and Reported income model. He suggests that researchers should select appropriate methodology according to the specific aspects of income smoothing or earnings management that they are investigating.

Michelson, Jordan-Wagner, and Wootton (2000) examine the association of income smoothing with the stock market response to accounting performance measures. They find that companies having smooth income report high cumulative average abnormal returns. They conclude that market returns of small companies are higher than large companies.

Literature shows mixed results for the relationship between earnings management and CSR. Prior et al. (2008) find a positive association between earnings management and CSR for regulated firms, but this result is not statistically significant for unregulated firms. In addition, Jordaan (2018) finds a positive association between CSR and earnings management through income increasing discretionary accruals in listed South African companies for the years 2008, 2011, and 2013. Gras-Gil and Fernández (2016) investigate the relationship between earnings management and CSR of companies in Spain. They find that managers of companies with high free cash flow, and ROA engage more in earnings management.

Kang (2013) examines the association of CSR and investor protection measures with earnings management practices in Asia. They find that firms with high financial performance engage less in earnings smoothing and show earnings aggressiveness in countries with stronger legal enforcement. They suggest increasing CSR and investor protection measures in order to reduce earnings management and improve the ease of doing business in Asia. Grecco (2017) examine the relationship between corporate social responsibility, earnings management (EM) and the performance of entities. They find that presenting environmental information to the Global Reporting Initiative does not influence the performance of the entities and earnings management. The main results indicate that firms with higher ROA have higher added value, and such large companies are less prone to earnings management.

Hong and Anderson (2011) study the relationship between CSR and earnings management by addressing two forms of earnings management: activity based and accruals based. He finds evidence that firms which engage in CSR are less likely to manage earnings. Chih et al. (2008) investigate the relationship between CSR and earnings management in 46 countries. They find that firms which engage in CSR activities involve less in smoothing earnings. These companies also display less interest in avoiding earnings losses but they are prone to earnings aggressiveness. Prior literature does not seem to have considered the use of unspent CSR funds as a means to manage earnings. Thus, we propose the following hypothesis:

H1: Companies that manage their earnings are more likely to have higher unspent CSR amounts.

## **Research Design**

### **Sample:**

The sample employed in this study consists of 80 companies listed on the Bombay Stock Exchange. The period of the study is 2014-2017 and we limit our study to non-financial companies. Data was collected from annual reports, Prowess IQ database, and the National CSR portal. After computing unspent CSR funds, we are left with a final sample of 50 companies having unspent CSR amount in any one of the three years during the period 2014-2017.

## **Measurement of Earnings Management**

### **Income Smoothing**

The procedure we employ to determine the presence of income smoothing is the coefficient of variation method used by Eckel (1981). A firm is classified as income smoother if:

$$CV(\Delta I) < CV(\Delta S)$$

Where  $CV(\Delta I)$  is the coefficient of variation of the annual change in income and  $CV(\Delta S)$  is the coefficient of variation of the annual change in sales. If the variability of change in sales is greater than the variability in change in net income, then the firm is considered to smooth income.

## **Measurement of Unspent CSR**

We calculated Unspent CSR amount as the difference between mandatory CSR requirement and actual CSR expenditure spent by sample companies.

## **Measurement of Control Variables**

Control variables used are Size, Market to Book ratio (MB), Return on Assets (ROA), and Leverage (LEV). Following Jordaan (2018), Size is the natural logarithm of the market value of equity (MVE). MB as a proxy for growth is calculated as market-to-book ratio, measured as market value of equity divided by book value of equity. Following Prior et al. (2008) ROA is

calculated as profit before extraordinary items, scaled by total assets. Consistent with Prior et al. (2008) leverage (LEV) is calculated as long-term debt scaled by total assets.

### Model specification

The purpose of this study is to investigate whether mandatory corporate social responsibility could influence earnings management. A preliminary analysis was carried out in IBM SPSS Statistics is used to identify unspent CSR amount and its treatment in later years. Following previous studies such as Eckel (1981) and Michelson (2000), we employ the coefficient of variation of sales and income as our measure of income smoothing. In order to evaluate the effect of unspent CSR on earnings management, we regress earnings management with unspent CSR and control variables using IBM SPSS Statistics.

$$EM_i = \beta_0 + \beta_1 \text{Unspent CSR} + \beta_2 \text{Size} + \beta_3 \text{MB} + \beta_4 \text{ROA} + \beta_5 \text{LEV} + \varepsilon$$

### Data Analysis and Interpretation

From our preliminary analysis, we found that unspent CSR for 2014-15 is around 50% of aggregate CSR unspent of 3 years. It constitutes about 33% of the mandatory CSR requirement of companies' for 2014-15. Most companies stated the reasons for not spending in the annual report. For e.g. in 2014-15 annual report, Idea Cellular Ltd. stated that the company was in the process of evaluating various focus areas for its CSR activities, consulting with various organizations and formulating key projects. As it was a preparatory year for the implementation of CSR policy they could not spend the required amount as per the law. Unspent CSR for 2015-16 reduced to 21% of total unspent CSR of 3 years. This can be an indication that companies were getting familiar with the requirements of the Act and also getting in place the internal controls. But it increased to 28% in 2016-17. This may be due to the liberty of self-declaration.

### Hierarchical Multiple Regression Analysis

**Table 1 Correlations**

		Earnings mgt	Size	MB	ROA	LEV	Unspent
Pearson Correlation	Earnings mgt	1.000	.059	-.081	-.205	.146	.239
	Size	.059	1.000	-.181	.266	-.205	.265
	MB	-.081	-.181	1.000	.430	.041	-.107

	ROA	-.205	.266	.430	1.000	-.500	.009
	LEV	.146	-.205	.041	-.500	1.000	-.007
	Unspent	.239	.265	-.107	.009	-.007	1.000

The correlation matrix between the variables is given in Table 1. There is a significant negative correlation between ROA and earnings management and between MB and earnings management. The correlation of earnings management with unspent CSR, leverage, and size is positive. There is a significant positive correlation of 0.239 between earnings management and unspent CSR. It shows that, both the variables, unspent CSR and earnings management tend to increase or decrease together. High scores on earnings management are associated with high scores on unspent CSR, and that low scores on earnings management are associated with low scores on the unspent CSR. This basically supports our hypothesis that companies with higher unspent CSR expenditure are more likely to engage in earnings management through income smoothing.

**Table 2 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.246 <sup>a</sup>	.060	.034	73.6859299	.060	2.270	4	141	.065
2	.328 <sup>b</sup>	.108	.076	72.0666604	.047	7.407	1	140	.007

a. Predictors: (Constant), LEV, MB, Size, ROA

b. Predictors: (Constant), LEV, MB, Size, ROA, Unspent

Simple correlation represented by R-value shows that unspent CSR has a higher degree of correlation with EM as it is 0.108 compared to the R- value of 0.060 of control variables. R<sup>2</sup> change of control variable is 6% only whereas unspent CSR shows an additional 4.7% of the variance in

earnings management. Sig. F Change is 0.007 which is less than 0.05 showing that Unspent CSR has a statistically significant contribution in predicting the EM. These results provide support for using unspent CSR as our independent variable.

**Table 3 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-136.626	107.025		-1.277	.204
Size	12.772	8.249	.139	1.548	.124
MB	.603	1.467	.042	.411	.682
ROA	-203.287	103.175	-.231	-1.970	.051
LEV	23.517	41.336	.057	.569	.570
2 (Constant)	-70.991	107.416		-.661	.510
Size	7.191	8.324	.079	.864	.389
MB	.765	1.436	.053	.533	.595
ROA	-198.845	100.921	-.224	-1.970	.051
LEV	19.881	40.449	.048	.491	.624
Unspent	.037	.014	.226	2.722	.007

The results show a statistically significant positive relationship between EM and unspent CSR. Unspent CSR has the largest unique contribution in EM when the overlapping effects of all other variables have been statistically removed, as the beta of standard deviation is 0.226 with a significant value of less than 0.05. This provides strong evidence that firms managing their earnings are more likely to have a higher CSR amount unspent. Thus our findings provide support for our hypothesis. These results are consistent with the findings of Chih, Shen, and Kang (2008) that companies with lower unspent CSR conduct fewer earnings smoothing.

## Conclusion

This study considers the relationship between mandatory CSR and earnings management for 80 non-financial companies listed in the Bombay Stock exchange. We establish that firms managing their earnings are more likely to have higher CSR amount unspent. These results are consistent with the findings of Chih et al. (2008) and Hong and Anderson (2011) that companies with lower unspent CSR conduct fewer earnings smoothing. We also find a significant increase in CSR



activity among firms which used to spend less than the mandated 2% but firms initially spending more than 2% reduced their CSR expenditures after Section 135 came into effect. The amount of unspent CSR of certain companies such as Motherson Sumi Systems Ltd, H C L Technologies Ltd, Bharti Airtel Ltd, and Petronet LNG Ltd has an increasing trend over the years. These findings bring new evidence to substantiate that a more elaborate CSR monitoring mechanism and implementation strategy should be adopted by the Government of India.

The Ministry of Corporate Affairs has set up a Centralised Scrutiny and Prosecution Mechanism for the enforcement of CSR provisions in April 2018. They have also proposed to make amendments in the law to transfer unspent CSR amount to a separate bank account and spend within a fixed time period to force companies to spend money rather than letting them accrue in the balance sheet. These changes substantiate our study and its findings. We suggest that government should ensure that the carried forward unspent CSR amounts are utilized for CSR activities itself and direct companies to deposit the unspent money in the government funds like Clean Ganga Fund or Swachh Bharat Kosh if such amount is not committed for multi-year and long-term CSR projects.

Our study has some limitations. Firstly, our period of study is constrained because mandatory CSR expenditure came into effect from the financial year 2015 and so our period of study is limited to the years 2015-2017. Secondly, our results are very dependent on the way in which earnings management is calculated. We have used the coefficient of variation method instead of the accruals method which is widely used.

Overall, we conclude that companies could use unspent CSR funds as a mechanism to manage reported earnings. Thus, increasing efforts in improving CSR monitoring policies may reduce the unintended consequences of mandatory CSR legislation.

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# SOCIAL PERSPECTIVE OF CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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**Dr.P Srinivas Subbarao**

**Dr.Bhubaneswari Bisoyi**

<sup>1</sup> Dean Faculty of Commerce & Management, Sri Sri University, Cuttack, India

<sup>2</sup> Asst. Professor, Sri Sri University, Cuttack, India

ss\_pasumarti@yahoo.co.in, bhubaneswari.b@srisriuniversity.edu.in

## **Abstract:**

Sustainable development has become a vital part in the formulation of strategy building. The term corporate social responsibility was realised as to be an assumption for propagating sustainable development in the business environment. With the help of CSR, companies can illustrate preeminent exercises focused on organization process on these human entities, which are a vital part of the realized practices. In terms of the enterprise, commencement impinges on building up the relation between workforces, constructing the confidence level, and put into practice voluntary acts such as giving space for personal development and verifying it judiciously and relative to qualification skill compensation. The purpose of this research paper is to make a distinction about the best practices that are implemented by activity businesses for betterment and development of both internal and external stakeholder in the business environment. The evaluated ways concern facets such as place of work, practices by the employees, rights of staffs, administration and staff governance and considering the information within a stipulated timeframe. This paper focuses on the ability that business needs to adapt for bringing out the change in the macro environment and

existing trade and industry, political and community challenges through CSR has been demonstrated.

**Key Words:** Sustainable Development, CSR, Social Sustainability, Best Practises, Standard

## 1. INTRODUCTION

The term sustainable development has become an element for researchers and a never-ending topic of discussion. The key determinates of sustainability have new factors based on the aspects of social, economic and environmental. The goal of sustainable development is to hold up life in all its diversity by creating a balance between health and affluence by means of social impartiality and preserving the earth's competence to support life. The assumption in building up an economic model is based on the assumption of forming conscious relation between life standard, economic growth and ecosystem. The micro approach of attaining sustainability in business commotion is termed corporate sustainability. It can be defined that business sustainability as the implementation of companies stratagem and actions meeting the need of the enterprise and its stakeholders nowadays despite the fact that shielding, nourishing and enhancing the natural resources for the future generation (Babbie,2001). The purpose of this research paper is to bring out the best practices used as a mechanism for corporate social responsibility. This study explores the best practices implemented in the companies that comprise of the different department; logistics, transportation, trading, services, fuel and energetic. The practices of attaining sustainability in the social aspect of business activity involved in rights of the employee, organisation order, and place of work, share market, neighbouring commune and business management. This research considers both theoretical and empirical part for analysing the best practices in the present business environment (Collins, 1993). Theoretic field concerns definitions of sustainable development,

corporate social responsibility and CSR standards. Research part pertains best practices analysis using own model procedure.

## **2. CHALLENGE FOR SUSTAINABILITY THROUGH CORPORATE SOCIAL RESPONSIBILITY – COMPANY’S REACTION**

The terminology social responsibility can also be referred to as corporate sustainability as on required. The conception of CSR conception is determined on existing business and comprises various philosophies and the state of achieving sustainability is done through a set of tools. The longtime growth in the company’s value is achieved through the practice of CSR. The atmosphere required for practising corporate responsibility look for synchronising economical, ecological and social areas (Cooper and Schindler, 2001). The other approach of defining this is by believing on the principle of 3P rule, which means People-Planet-Profit. It becomes unfeasible to describe CSR topic in a comprehensible approach since it has a many-sided character (Crane, Matten, and Spencer, 2008). The most acknowledged elucidation delineates CSR as “activities time-honoured by the companies’ stakeholders and resulting in the conscious output of the activities, that the local community have been carving for. With reference to this definition, stakeholders have been nominated as the most vital part of the conception and specify their behaviour as moral and etc. There are various groups that have really stated the role of CSR in the field of sustainability (Dawkins and Ngunjiri, 2008). These groups are ISO Institution, United Nations Development Programme, and World Business Council for Sustainable Development and European Commission. The review in table 1 helps the clear the lack of solidity about CRS that would result in pandemonium. The review in table 1 assists to categorize elements, such as the integrated move towards sustainability facets, an approach for social growth and collaboration through

stakeholders. CSR connotes practising ethical behaviour in the operation of the business, construct local communities and build up the infrastructure of the well being of the society. The level of social confidence indicates the success in the conception of CSR (Hilb, 2006). The cooperation between the stakeholders and the business activity is specified by a higher level of confidence. The implementation of CSR assumptions brings out profits for the business along with the community attached. It promotes building up a welcoming societal climate, which upholds sustainability development.

### 2.1. Social Sustainability

The three facets namely, economic, ecological and social are majorly given priority in the area of sustainable development. In several cases, social sustainability is considered as an element of “secondary importance”. This is because environmental movements have been considered as the major construct for the genesis of sustainability. Moreover, it has been observed that the decision makers give more priority to economic and environmental sustainability leaving social sustainability at the back seeing that there is “something very challenging about the social dimension” (Holmstrom, 1997). The role of the social dimension in sustainability development plays a distinctive character as compared with other dimension as pointed by researchers. The major proportion of the subjective factors as compared with other sustainability dimension is included under social dimensions. Despite the referred peculiarities, the literature review consent to examine several transformations as in recent times social sustainability have begin to create a centre of attention on a business level. The survey in the context of social sustainability explored the manufacturing industries referred as SO SMART (Socially Sustainable Manufacturing for the Factories of the Future) project. With reference to the survey it was perceived that the environmental and social dimensions were less relevant as compared with an economic dimension,

but the level of awareness was high for this topic (Jensen, 2001). Therefore, social sustainability achieves its importance and possibly will be of assistance to the European Union in developing a smart, sustainable and comprehensive economy (SO SMART, 2014). It is often argued that the social dimension is apprehensive about the impact of developing sustainability by operating in a social system by considering relationship building among various stakeholders. It is basically about mitigating our needs and wants and social sustainability illustrates how societies and, human beings reside. The two facets of social sustainability are social equity and community well being. Thus, social sustainability is inevitable for the success of a business environment. It can be done by synchronizing the business environment with community development; therefore CSR comes in to picture (Irvin, 2002).

### 3. CSR STANDARDS

The rule and regulation of adopting CSR have been guided by various emerging voluntary management standards like ISO 26000, Social Accountability standard SA 8000 and AccountAbility 1000. In the year 2010, an important norm was introduced under ISO 26000 for the betterment of business, local community and economy. It's not limited to CSR. As per these norms there exists a significant influence of organisation on societal development and their activities may have an impact on competitive advantage status, financier's attitude, employee attainment capability and their self-esteem and commitment. The European Commission has recommended three documents and ISO 26000 is one of them that have been implemented for taking social responsibilities by European enterprises (Kanjia and Chopra, 2010). The most important suppositions comprise of sustainability development, community healthcare, and stakeholder's anticipations and are dependable with local law and norms. Norm is considered to be a set of directives that cannot be certified. The norms take into accounts the terminology related



to social responsibility, their developments, and vital parts that are ought to be accountable (Lehtonen, 2004).

The next standard is Social Accountability 8000. This standard has an independent external system that evaluates the necessary social responsibility meet by the organisation. The key indication is an employee and human rights. The last stage is the strategy formulation for social responsibility. The strategy formulation means a declaration by the business organization to fulfil necessary indicators, for example, not adult employing, and job strengthens, overtime working, wellbeing operational rules unfairness, disciplinary retribution and remuneration (Mainardes, Alves, and Raposo, 2011). The last standard is AccountAbility1000 an international norm. The major purpose is to build relations, channelize statement and to increase the organization's value by engaging stakeholders. Additional features are providing developments and risk management as well as community environment realization. The above-mentioned conditions are the guidelines for an operational and strategic approach. The standard AA1000SES explains the term stakeholder engagement as the meeting of local community, building a path to integrate it fully with organization's strategy, the scheme of commitment engrossed units and aim (Mitchell, Agle, and Wood, 1997).

#### **4. CSR-BEST PRACTISES**

The most excellent practices carried out inside Corporate Social Responsibility are voluntary and are not directed by law. The purpose of these best practices is obtainable in committed standards, such as ISO 26000, AA1000 and SA8000. These norms are implemented in the area of organisation order, employee and human rights, ethical business actions, eco-system, relationship with customers, and commitment with the local community. The aim of synthesizing these practices is to drive towards sustainable development. The best practices should the present need

and are steady to companies' performance (Mainardes, Alves, and Raposo, 2011). The way of improving competitiveness can also be seen through the usage of best practices. That's the deeds for humanity and surroundings can carry indirect benefits. The few examples of these actions are a reduction in air pollution, saving capital investment, the satisfaction of customer and building up relationships with the community. The information used for describing the best practices in this research article has obtained from [www.odpowiedzialnybiznes.pl](http://www.odpowiedzialnybiznes.pl) webpage. This website contains a base of best practices of CSR implemented by the business organization from various branches. The decisive factors for choosing a branch has been based on the number of companies and number of practices existing for every branch. The following branches have been considered for practices like logistics, transport, trading, services, and fuel industry and energetic (Bisoyi and Das,2017). The criteria considered for pointing out the best practices should belong to this group; place of work, employee rights, commitment and local society improvement, management and organisation order. Chosen practices have been implemented between 2003 and 2017 year as illustrated in Table 1.

**Table 1. Best practices. Own elaboration**

<b>Year</b>	<b>Company</b>	<b>Branch</b>
2002	ABB	Energetics
2003	ABB	Energetics
2004	BP Polska	Raw materials and fuels
2004	3M Poland	Trading
2005	DHL	Transport and logistics
2005	Schenker	Transport and logistics
2005	ABB	Energetics

2005	Profes	Services
2005	DB Schenker	Transport and logistics
2006	Tesco	Trading
2007	BP Polska	Raw materials and fuels
2007	Metro Group	Trading
2009	3 wings	Energetics
2009	Grupa Lotos	Raw materials and fuels
2011	Capgemini	Services
2011	Grupa Allegro	Trading
2011	Job Impulse Polska	Services
2012	Grupa Raben	Transport and logistics
2012	GAZ-System	Energetics
2013	Carrefour	Trading
2013	PM Experts	Services
2013	DB Schenker	Transport and logistics

The above-mentioned Table 1 provides information about the best practices in top companies belonging to the different area of operation. The practices to appropriately categorize implemented in sparkling companies, the unique standard of depiction is required. The standardization of their designation can be based on Practice life cycle method Usage this determinant needs general junctures of practice functioning identification. The source component is defined by the decision makers (Tureac, Turtureanu, Bordean and Modiga, 2009). These sections of people are always ready to give impulse action. The subsequent stage is coupled with stakeholders, who are the prime

focus for each practice. The aim, range, and the tools to be used a particular task is defined by the decision makers. The practice recurrence is considered to the penultimate stage. The last stage of the practice life cycle is the practice durability.

#### 4.1. Parametric Diagram of Best CSR Practices Model

The initial action for developing a parametric figure of CSR practices is judiciously selection of practices with the intention of being applied in a limited list of branches, was executed in the restricted list of branches, integrated with social facet and the time period of data collection is between 2002 and 2013 (Wolmrams and Satorius, 2009). The subsequent stage of research is to categorise the different practices due to four facets that collectively construct a practise life cycle. The facets that are considered in the practise life cycle are decision makers, stakeholders, practice repetition and permanence (Table 2).

**Table 2. Presenting different facets of the practice life cycle. Own explanation.**

Best Practice	Decision-Makers	Stakeholders	Repetition	Permanence
F <sub>1</sub>	G <sub>1</sub>	H <sub>1</sub>	I <sub>3</sub>	J <sub>1</sub>
F <sub>2</sub>	G <sub>2</sub>	H <sub>2</sub>	I <sub>2</sub>	J <sub>2</sub>
F <sub>3</sub>	G <sub>1</sub>	H <sub>1</sub>	I <sub>1</sub>	J <sub>3</sub>
F <sub>4</sub>	G <sub>3</sub>	H <sub>4</sub>	I <sub>3</sub>	J <sub>3</sub>
F <sub>5</sub>	G <sub>4</sub>	H <sub>3</sub>	I <sub>1</sub>	J <sub>1</sub>

The best CSR practices have been tried to be explained by the researcher. The CSR practices have been explained by life cycle aspects. Each facet is characterized by an alternative of response

accessible from a cluster of reactions. The last stage is a juxtaposition of a percentage in the form of a pie chart (Szczuka, 2015).

In order to convert the data presented in table 2 as percentage value using below outline  $Q = \left( \frac{\sum_{n=1}^p y_n}{p} \right) * 100$

With presumptions that:

- $y$  – option available from the set of answer from the total.
- $p$  – the number of available answers,
- $Q$  – Percentage of each answer compared with total available answers.

#### 4.2. An Illustration of the Practices Life Cycle

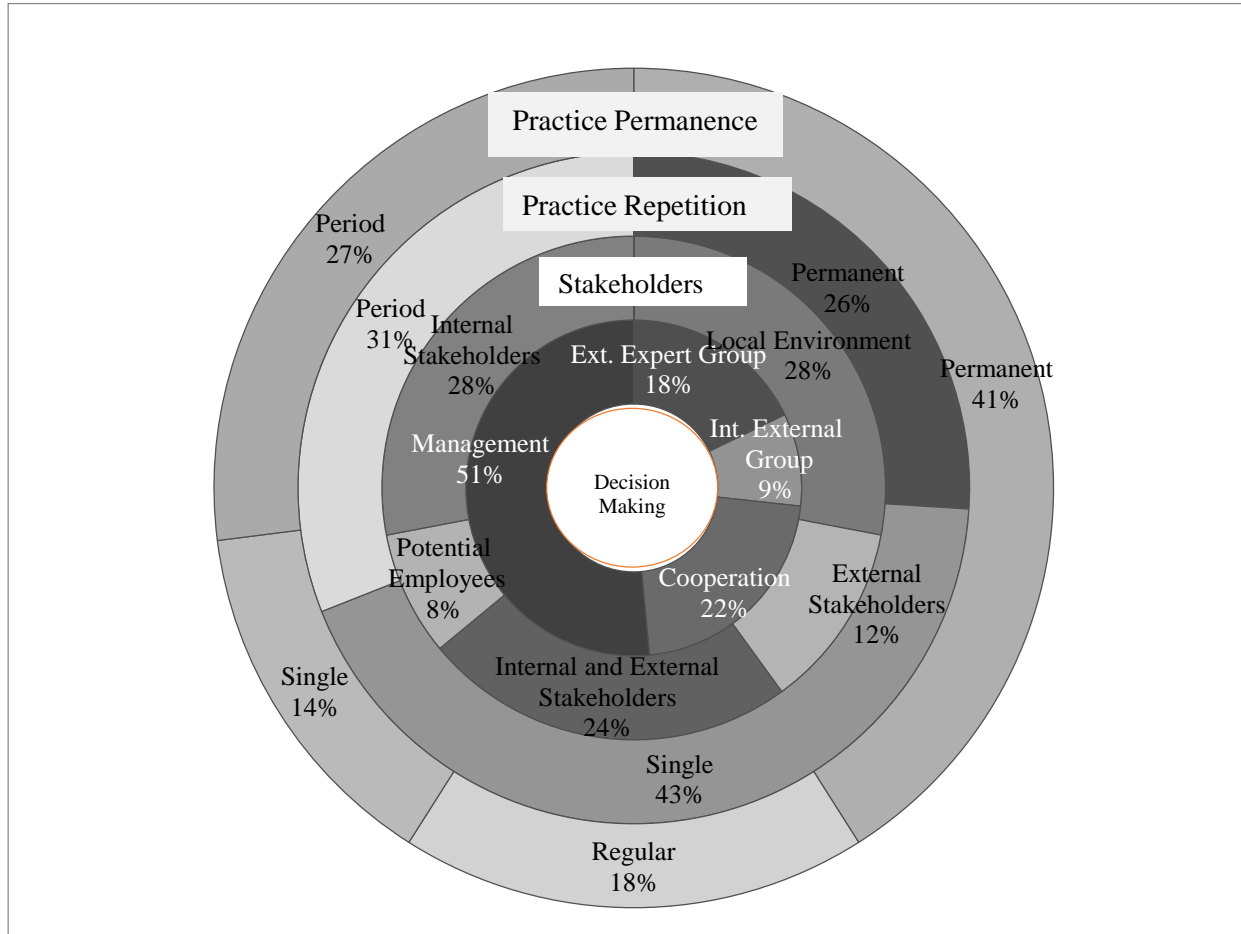
The vital part below is the interpretation of the diagram in an accurate order. This graphical method is usually compared with a blossoming flower. The initial stage of the figure is like a sprout that slowly transforms into a plant essential for the network. The diagram presented below in the research work is also similar to this situation. The sprout, in this case, is the decision makers who define the aim and practices to follow. The ultimate result is a control of neighbouring (social) surroundings. The plan is based on the models earlier presented. The information resource is explanation selected practices (Szczuka, 2015). Figure 1 portrays the categorization selected practices in the scope of the research topic. The circular section depicts each variant shown in the figure. The size of the variants is proportional to the percentage worth alongside all accessible alternatives of answers. The middle of the diagram is the starting point. The group of decision makers are the initiating factors and the biggest part refers to the top management along with the employees in the administration group. The remaining of initial subjects belongs to the internal and external expert groups, other than cooperation with other companies (Mainardes, Agle, and Wood, 1997). The subsequent stage is the stakeholder's definition about the best practices being performed. The research proves that the most often group of this interest are the local environment

along with internal and external stakeholders of the company. The practice repetition is considered to be the penultimate stage is practice life cycle. Single, period and continuous practices have similar values. Practice permanence is the last action in the cycle.

The detailed representation concerns constructing figure unfolding social facet of best CSR practices evaluated with regulations and endeavours incorporated in the definition of CSR standards. The content deification is considered to be the first step. These contents are developed from the explanation on the subject of selected preminent CSR practices. This information is also accessible through the internet on website [www.odpowiedzialnybiznes.pl](http://www.odpowiedzialnybiznes.pl). The subsequent move is to classify this information and their amalgamation. The information collected from various sources is matched with the aim and range of practices described under ISO 26000 norm and AA1000 and SA8000 standards. Amalgamation allows confused facts on information are relevant to community facet and other. The major proportion of the social facet is prominent in relation with ISO 26000 standard. Majority of the CSR actions in the selected practice are focused on the development of the community and sustainable development given highest priority.

**Figure1.** Illustration of categorization preferred ways in terms of their life cycle.

## Own explanation



With the aim that decisive factor has the principal worth of all presented values. In the sustainable actions presented by AA1000 and SA8000 project less action towards social aspects. The practice where social aspect is not given importance then it is similar to wages.

## 5. CONCLUSION

Sustainability development is considered as a set of guidelines, which presume suitable manufacturing and utilization, concern for proper action of natural resources for the betterment of our future generation. The response from the economy sector is concern towards sustainability action is believed to be called as Corporate Social Responsibility. In various aspects of

sustainability actions, CSR plays a vital part in the business activity. Commencement is directed for accountability is a possibility for building up innovation in both business and competitive advantage. This opportunity helps to mount subsequent to economy catastrophe by means of fair practices, esteem for stakeholders, building tactical judgments and ethical deeds. The companies looking for consistent development should primarily practice CSR as a part of their strategy. The local environment should be aware of the company's presence. The ecological impact due to business actions should be included. The research has reviewed that one-third of the practices don't refer to the standards AA1000 and SA8000 standards. The polish companies those do not inculcate the standards should be considered too low at their knowledge level and confidence.

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## INCLUSIVE BUSINESS : HOW COMPANIES ARE ADOPTING NEW BUSINESS MODELS AND STRATEGIES THAT CAN DELIVER AFFORDABLE SERVICES TO THOSE LIVING AT BASE OF THE ECONOMIC PYRAMID ( BOP)

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E.Siva Kalyan Kumar,

Y. Sangeeta,

A. Sai Sowmya,

MVGR College of Engineering

### **Abstract:**

In recent years, a considerable amount of research has been conducted to understand in creating inclusive businesses especially in developing economies but still it remained as an unanswerable question in integrating poor into business models and value chains. It is a known fact that India is one of the fast developing economy by 7.5% during the Fiscal year 2019 -20 estimated by world bank. At present inclusive growth has become the main mantra for both CEO'S and Indian government. Previously many of the Multi – National Companies promoted this inclusive business by doing CSR activities but now the way that the businesses are transforming into new ways the old – aged inclusive growth mantra has also taken a new birth by creating new business strategies and models in providing affordable housing, health – care, education and financial services to those who are living at the Base of the Economic Pyramid ( BOP).

In, this paper the authors main intention was to express their views how sustainable business strategies and models can be created in promoting inclusive business growth by integrating BOP into their core businesses. Here, the companies must also consider the commercial viability by doing inclusive businesses by facing both external and internal constraints. Despite of the economic potentiality of inclusive business models barriers remain that prevent in reaching the inclusive businesses to a larger sections of society.

**Key – Words: Inclusive Business, MNC'S, Base of the Economic Pyramid**

## **1.INTRODUCTION:**

### **1.1 What is inclusive business:**

There are many definitions and meanings of inclusive business, but the real meaning is how it benefits the low-income communities. Inclusive business should always aim to include poor in the business process, be it as producers, entrepreneurs (or) consumers. (Business for development).

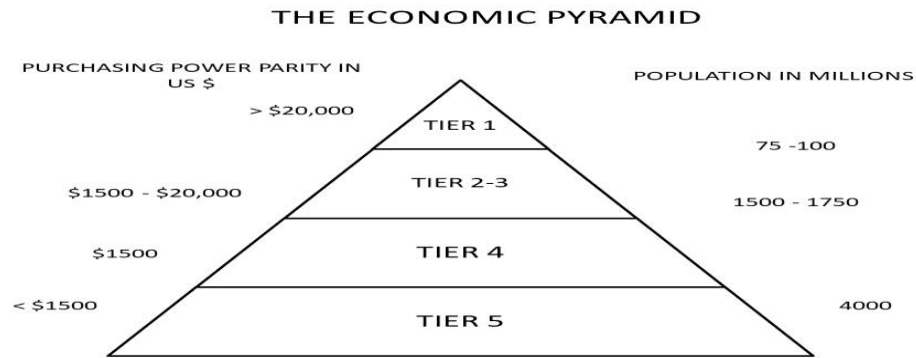
### **1.2 Bottom of economic-pyramid:**

The term Bottom of the Pyramid (BOP) was used first by the president of United States (US), Franklin D. Roosevelt, on seven April 1932 in his radio address, 'The Forgotten Man' The terms Base of Pyramid' and 'Bottom of Pyramid' are used interchangeably in various fields to represent people living at the bottom of the economic pyramid. The most significant and early contributory work done related to BOP is by C. K. Prahalad. According to Prahalad, BOP is a population of more than 4 billion people living on less than \$2 per day (**Prahalad**).

After, understanding the concept of inclusive-business and how it really benefits the low-income communities across the globe. And, we have to know firstly what is BOP (**Bottom of Economic Pyramid**).

The BOP clearly shows the picture of the community living in low-income which is even lesser than \$ 2 per-day. For, several years World-Bank, Donor-Nations, National-governments are trying their best to uplift the position of low-community level but still they failed to eradicate it. (**C.K.Prahalad**).

If, we observe the Bop globally, the entire pyramid is divided into 3 parts: 1. Upper part, 2. Middle part, and 3. The lower part is the market of BOP. The following figure shows a model of BOP:



**(Figure 1.2 : The Bottom of Economic Pyramid , Source: UN World Development Report)**

From, the above pyramid if we observe the lower or bottom level where nearly 4 million population globally is represented having no access to any of the global markets. And, from the bigger companies point of view they consider this level is no important basing on their income generated, not a key to identify as a potential market. But, in reality at this level only the true potential market lies if properly tapped.

Tier 1 according to the global wealth pyramid has 85% of the total world's wealth is held by 20% of the worlds population typically earning more than \$20,000 per year and tier 2& 3 representing the 1.5 billion people incomes ranging from \$ 1500 and \$ 20000, and at the bottom level the income level is less than \$ 1500 per year.

If, we see the true reality most of the MNCs majorily focuses on tier1 because of their purchasing power capability when compared to other tier in the pyramid shown above. But now the governments and global companies have changed their strategies in focusing how to reach the low communitis living at the bottom of the pyramid by producing affordable products and services with lower cost, quality. But in reaching the poor the companies should not forget the commercial viability because it acts an fuel for their profit earning, and also make them to stay in the global competetive world. ( **Ayush Sethia**)

## **2 INDIAN SCENARIO:**

If, we observe the rural Indian BoP market it is defined as households who are living at the bottom four expenditure quintiles (based on data from the National Sample Survey Organization, India) that spend less than Rs. 3,453 Indian rupees (US\$75) on goods and services per month. This

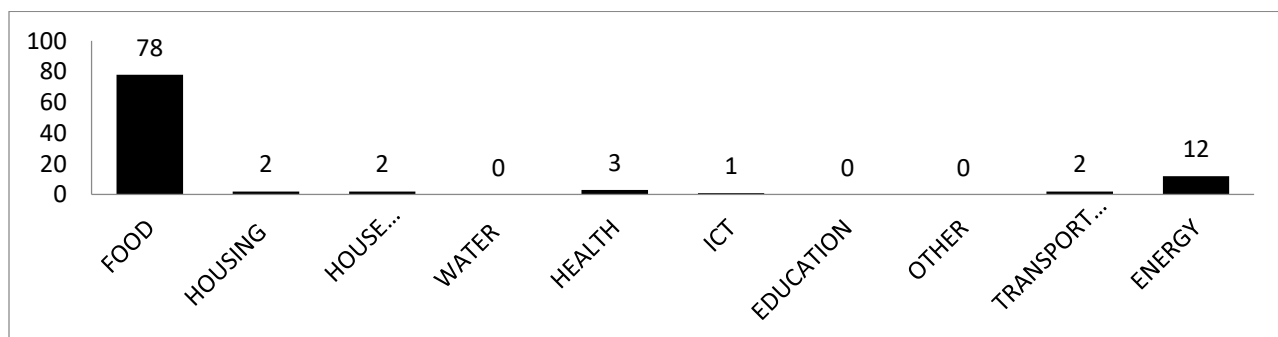
definition represents a market of 114 million households, or 76 percent of the total rural population.(Sachin & Sreyamsa)

**Rural BOP Challenge:** Is illustrated by the following figure 2:



**Figure 2: Rural BOP challenge, Source: The base of pyramid distribution by sachin & sreyamsa, 2011)**

**2.1 Rural BOP expenditure by Sector wise in India:** Is shown through this following figure



**(Figure 2.1: BOP Expenditure sector wise in India, Source: sachin & sreya, 2011)**

If, we observe the above pie – Diagram it clearly shows majority of the BOP consumption in India is towards food consumption (78%), and the next is followed by Energy and the total gap between the 1<sup>st</sup> and 2<sup>nd</sup> segment is nearly 66 percent. If we observe the scenario of India relating to the bottom of the pyramid majority of the customers go for low-priced products. To, quote as an example HUL sells various kinds of brands under one roof to increase its product penetration at the Bottom of Pyramid.**(Fe bureau).**

Most of the Indian companies have been successful in achieving the inclusive business by producing affordable products in reaching to the people living at the lower level. Godrej has been successful in refrigerator segment by its product named “ Chotukool”. In making this product commercially viable Godrej has partnered with NGOs working with rural women in selling its low priced refrigerator. In the similar fashion HUL also “ Pure it”, and Tata chemicals introduced Tata Swach, and Eureka Forbes with Aqua Sure.

**According to Euro Monitor International (2017)** has identified India, Nigeria, China, Indonesia, and South-Africa as the top five of the BOP (Bottom of the Pyramid) markets. The selection was based on the income below US \$ 10,000 and also basing on the adult-population **(Gordan,Hodgson).**

### **3. NOW WE WILL OBSERVE THE BOP SCENARIO OF THE FIVE COUNTRIES INDICATED ABOVE:**

**1. India:** In, the year 2015 India’s poorest 10% of households spent their 12.2% of their total budget on miscellaneous goods and services.

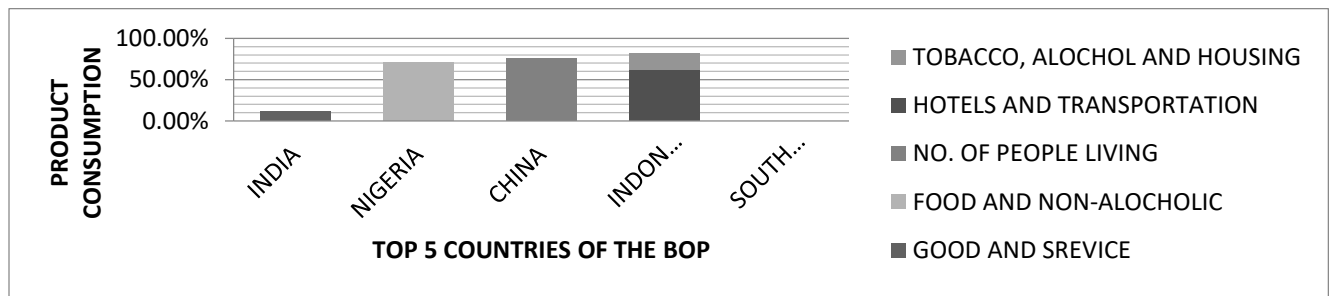
**2. Nigeria:** Coming to Nigeria poorest household consumption (71.2%) is spent for the basics of the Food and Non-Alcoholic beverages.

**3. China:** Coming to the China scenario, it is completely different when compared to other 4 Nations because the Number of People living at the BOP is declining due to its country’s fast Economic-Progression. If, we observe during the period of 2015-2030, the total no. of adults at the BOP in China is said to be shrieked by 189 million, which represents the nearest equivalent population of Brazil.

**4. Indonesia:** In, Indonesia if we measure the total adult population living at the BOP is nearly 56.8 million, and this is likely to fall 23.5 million by the year 2030. But, the income –inequalities in Indonesia is growing despite of rising incomes is bigger wary. The majority of the Indonesian population spends more money on hotels, eating at road –side stalls, transportation etc.

**5. South-africa:** If we see the BOP –Population, consumption, it is higher in alcohol and tobacco spending when compared to housing, is an astonishing fact that is very hard to believe coming South-Africa scenario. In, tobacco and alcohol it is 11.3% and coming to housing it is only 9.3% percent.

**The, following figure explains the 5 countries BOP-Scenarios:**



**(Figure 3:Top five countries of the BOP, Source:Euro Monitor International (2017))**

#### **4.INCLUSIVE BUSINESS MODELS:**

Inclusive business models if properly designed and implemented by any company can be a commercially viable tool that benefits the low-income communities by including them in the company's value-chain. Here the business model that is created by the business has to be in achieving mutual-benefits. Developing an effective inclusive business model is a challenging task for the businesses. Inclusive business models can be implemented by anyone to say, from private companies, state-owned, an even non-profit organization. But, in developing an appropriate business model the following factors have to be met:**(International Finance Corporation).**

- Human Development
- Commercial- Viability
- Environmental –impact (United Nations)

##### **4.1 Apollo's inclusive business model:**

- **Apollo hospitals enterprise limited:**



Apollo is regarded as one of the largest private integrated hospitals in India. Apollo also owns various clinics, pharmacies and diagnostic centers throughout the country. Coming to its statistics Apollo group owns nearly 30 hospitals with a total bed-strength of 8000.

Coming to the inclusive –business scenario adopted by Apollo when compared to other private hospitals is low-cost treatment service. If we measure in terms of percentage services offered us lesser than their competitors. Another, measure taken by this group to reach the bottom level is providing tele-medicine service. And, another measure taken by the group to reach the poor implementation of **(RSBY)** RashtriyaSwasthyaBimaYojana introduced by the government of India. The major drivers of the inclusive business model of Apollo are:

- Low-cost treatment
- High quality treatment
- Specialized care, basing on the diseases and,
- Quality services provided even out of the urban areas.

**Revenue aspect of the APOLLO bases on its inclusive business model:**

- Revenue earned per bed at a reach hospital is Rs. 6,000 to Rs. 7,000
- Plans to establish 250 Apollo reach hospitals in the near future.
- Estimated to serve nearly 1,20,000 patients whose average earnings are lesser than \$2 per day. **(International Finance Corporation).**

## **5. LITERATURE REVIEW:**

**Thomas I wheelen, J david hunger(2011):-**

In, this article it is to define that the new latest research, techniques, concepts of the growing field strategic management for inclusion. The new strategic decisions are to be followed by the new companies which are to be implemented. Including all the new strategies and new concepts in the book to make more usable by some special issues. technology is the main thing to deal. the book is to prepared by including all the strategies and concepts like corporate governance and social responsibility to deal with the competitive strategy , functional strategies and strategic alliances. Dealing with the climate change, energy availability and global warming are most hard issue. es the consequences socially and corporately and maintaining a book with strategies and concepts to avoid more risks.

**Stephan A Boehm, Florian Kunze, Heike Bruch(2014):-**

In this study, it is about effects of age diversity climate in the organizational level of analysis. the performance effects on the age diversity. the positive influence will help to bring a positive change in the organization. the development of the organization should effect directly on the collective perception of social exchange and in the indirect way it should effect to firm performance and employees. the policies and implementing the strategy in business will effect the organizational climate towards positive or negative energy. the correct application for inclusive business is highly important. The usage of positive age diversity climate is highly required.

**Helen May, Kath Bridger(2010):**

In This frame it is about the higher education institutions to facilitate and support the development and embedding of inclusive policies and practices to enhance the experience of students in learning. it is all about to exchange the different ideas and thoughts between the each others. the policies, with practices and procedures are developed and implemented when the exchange the ideas and thoughts. the participation of each individual is very important to develop in the wide range. the teams or groups helps to improve the new implementation and inclusive strategies in developing and embedding inclusion within policy and practices.

**Lynn R Offermann, Tessa E Basford(2014):-**

In this article it is about people at work, of how to recruit, manage and train the employees effectively with the organization strategic goals. The responsibilities and the people in the organization have changed and the labour becomes increasingly diverse. the new challenges and opportunities for human resource and for organization it serves. the work force has become the more ethically and racially diverse. the people who talks in the different languages or sexual orientation or having disability have becoming work along side. the attitudes and behavior during the work takes the dissimilarities.

**Tea Golija, SamantaPozega(2012):-**

In this article it describes about challenges faced by the inclusive business models. the future business models are mainly focused on the development and the strengthening the business. the strategic orientation and the dealings of the works are to be mostly recognized and developed. it includes the low income communities in their value chain. when two strategies are combined and becomes the combination of variety of strategies to get more adequate results. this includes both recognition of stake holders and adjustment of the targeted market. it doesn't only focuses on the

low income level but also on the companies who perform well for adequate results.

**Yu Fu, Nicolina Kamenou(2011):-**

In this review it is about cultures that effects the values on human resource policies and practices with the transnational corporations. the implementation and formulating of human resource policies and practices are has high impact on the business. the inclusive business should properly set the policies and procedures of the business to be followed.it is all about how the parent enterprise is transferred to the TNCs. the culture that impacts in the hr policies and practices.there are three factors that effects the cultures, values and ethics in the business they are human factor, seniority, guanxi. the cultures should mostly impact on the business so that the business cannot turn into top TNCs.

**John Slocum, David Lei, Paul Buller(2014):-**

This frame is about Executing business strategies through Human Resource Management practices of business at all sizes and more hyper competitive landscape. it is all about the execution of the strategy in the correct way. when one business is success in the strategy then their business turns into the change of economic and methods of creating value.the bad strategy may turns into the misdirection, complacency, technological obsolescence or the rise of unforeseen competitors. .the business begins with the strategy, leaders, customers, processes, peoples attitude.Investment also plays a major role in the business.senior manager should be consider as a effective organization design and decision making processes.

**Allan H Church, Christopher T Rotolo, Amanda C Shull, Michael D Tuleer(2014):-**

This review is about Inclusive organization development, fundamentally the process of planned change for the purpose of organizational improvement. the organizational development reflects the normative and the value based approach to the organization function.the systematic thinking, action learning, skills, leadership, communication, team lead, effective consulting are the true practices and processes. the utmost important of the taking the feedback, data and valuable inputs will truly changes the organizational transformation.the employees in the organization has to improve the inbuilt skills to improve the quality and change in the business.this helps to develop the organization inclusively.

**Berth Jekins: (2011)**Inclusive business can be really achieved or not is a bigger question from the organizations point of view. Because, if organizations becomes successful it helps in poverty elevation to some extent. As per the report of UNDD studied more than 1000 inclusive business across the globe found that 600 are from India and Africa, but most of the business are really small and isolated. He further opened that to achieve inclusive business first the organizations has to create a inclusive eco-system that integrates the business with community. In reality not all the inclusive business models are succeeded and reached the scale. To quote an example of Aravind eye care in southern part of India which has been succeeded in inclusive business by strengthening the eco-system around its business values.

**Luiz de Mello and Mark A Dutz(2011):**

In the conference held by the OECD Economics department and the world bank in march 2011, They debated on several topics and have a set of panelists who took all the proceedings foreword, They made a strong discussions on the growth typically depends on pace of economic expansion and associated improvements in the lower class of the society. Discussions are done on the how income has been distributed among the individuals and households. They stated that inclusiveness go beyond the poverty and income distribution and encompasses other dimensions. These people always say that political difference and stabilities will find a major impact and game changer. Efforts to make growth more balanced across sectors for example greater reliance on domestic sources in countries where growth is driven predominantly by the external sector would likely create job opportunities in sectors producing non-tradable goods.

**Ellen Ernst kossek, Sharaon A Lobel and Jenifer brown (2012)**

Here they have discussed human resource management perspective on workforce diversity, Increase representation from historically excluded groups, Empower diverse workforce once it is place in to participate in fully organizational development and decision making, Inclusion of diversified work force in every aspect of organizational development and organizational changes. Data from the US department (2004) illustrates that white holding the maximum management level positions which is relatively to the 84% when comparing to the other races. In Georgia they found a positive relations ship between the emphasizing the employee development and promotion and the representation of women. In cross sectional study of the of over 100 organizations konard and linnehan found that identity conscious HRM structures those explicitly address demographic group representation in HR Decision making.

**Peter boxall and John Purcell(2013):**

Here they have focused on several issues but I can strongly believe that they have done a incorporating a variety of management styles and ideologies, Management adopts a variety of approaches to managing employees variety of management practice is way of HRM, In organizations where unions are present like public sector hospitals and industries etc they have a different set of regimes for each set of groups. Not only key difference in style within firms but differences in style across firms are also widely observed, In terms of the way firms approach the voice, we see broad range of styles from one work place to other.

**Stephan A Boehm, Florian Kunze, Heike Bruch,Personnel Psychology (2014):**

The overall study investigate all about age diversity at at all levels of the organization, These people make a hypothesis on a age inclusive HR Practices on the development of an organization and wide diversity climate, Which turns out to be a directly related to collective perceptions of the all age groups, There were a group a people who/ assumed sample size of 93 german small and medium sized companies with approximate 14,000 employees, To understand them better these have introduced a structural modeling and executed bootstrapping procedures to test the significance. The age in the organizations will play a important role in few organizations not all the organizations.

**Jonathan Winterton, Nigel Haworth(2013):**

These consist role of government policies in training and development in general and especially policies designed to build sustainable growth across all sectors and most importantly with inclusive business, Government policies have a different implications on the several companies across all the sectors, Including from smallest organization to the biggest companies, In India specially Labour law plays a important role where it empower the rights and duties of the labour/workers as well as the employer also. There are several studies happened across all the countries how the government implications foster the growth of the company which is aligning to the country development vision.

**Luis F Aguilar, Cristina Galíndez, Ernesto Velasco (2005)**

The Writings have been focused on the development of human resource to increase policy capacity in public sector organizations. The capacity of the state development also includes the strengthen of the work force at public sector companies, To manage these kind of things the skill development organizations have been established wherein they focus on the several aspects of the workforce. These changes can be brought down through the several operations throughout the policy cycle. These have focus on three discussions mainly, Individual competencies and people oriented approach. Conventional and traditional training practices are not enough in the present situation. The policy makers should be thinking of inter related areas but not only on one aspect.

**Lynn R Offermann, Tessa E Basford (2014):**

From the study I have done in this article they says about Human resource management is all about people at the work, How to recruit, how to train, how to onboard, how to develop, how to enhance skills etc. The rapid change in work environments plays a crucial role in work efficiency of the employee. In united states the work force is becoming more older, Employees work with the people from different place, language, origin, opinions, sexual orientation etc, Each and every employee at the workforce must be allowed freely to express his thoughts so that the organization can achieve bigger goals and aspirations, As the people populating organizations have changed and the labour pool became more diverse and difficult to ascertain.

## **6. THE ROLE OF ORGANIZATIONS IN CREATING INCLUSIVE BUSINESS:**

Creating Inclusive business should be the slogan of organizations across the Globe. Now-a-days most of the organizations are chanting the word Inclusive business how to include communities living at the BOP level. **(International labour office).**

To Quote a policy of Accenture is the Inclusion of disability in workplace. As the per Nellie Borrero, Managing director ,Global Inclusions Diversity opined that “At Accenture, every employee irrespective of their gender, position are treated on equivalent basis, and committed to support persons with dis-abilities in promoting Inclusive and Accesable Environment.

As per the recent survey conducted by the Thomson Reuters, recently released the global Diversity and Inclusive Index for the year 2018 to Identify the 100 most Inclusive companies following the Inclusive practices globally. (People-Matters)

After the survey in studying the top 100 diversified companies promoting Inclusive business, 52 companies were new to the list, 17 companies managed to rank for the second time, and 12 companies lost their spot. The, Astonishing reality and fact is that not even one single Asian company made it the top 20. (People- Matters)

**The following Table 6 shows the top 100 companies:-**

Company Name	Percentage score(%)	HQCountry
Kao Corporation	73	Japan
Unilever Indonesia	72.25	Indonesia
Singapore Tele-Communications Ltd	71	Singapore
DIGI.com	70.75	Malaysia
Mitsuisco.Ltd	70.25	Japan
Sum Art Retail Group	70.25	Hong-Kong
Samsung Electronucs	69.5	South-Africa
Sony- Corporation	68.75	Japan
Toshiba-Corporation	68.25	Japan
Nestle(Malaysia)	68.25	Malaysia
Hankook Tyre	68.25	South-Korea
Piramal Enterprises	68	India

LG Immotek Co. Ltd	68	South-korea
CIMB group Haldimas	68	Malaysia
Fubon Financial Halding	68	Taiwan

**Table : 6 (Source:- TOP most diverse and Inclusive companies, 2008, people matters Editorial Team, DEC-2018)**

If, we observe the above table and list of the companies in top 100, only one company named primal Enterprises Ltd with a Present age of 68.00%.

It, is a Known-fact that from several years Asian countries have proven to be power-houses, Producing world- class renowned MNC'S, but the fact is none of the Asian power house has occupied the top 20 place in the list of companies that are promoting Inclusive and Diversity in the workplace. Now, the time has come that the Asian Companies has the tap the right talent, and promoting Inclusive at all aspects from the Employee perspective and organization perspective.  
**(People Matters)**

In, understanding the concept of Inclusive and Diversity it is not just a HR-Topic; but it has to be implemented aspects of work-culture **(Fabricio Teixeira)**

According to Josh- Besin called that one of the Hottest topics of 2019 is Diversity and Inclusion of more than 300 senior-Executives revealed the following results **(kayala kozan)**.

- **65%** Recruitment of Diversified Employment at all levels.
- **44%** Retaining od the Diverse –Talent.
- **35%** Ensuring and Achieving diversity in the workplace
- **29%** Developing a Robust pipeline of diverse Talent
- **28%** Said managing cross- generation issues.

From, the above results it is understood that in Inclusion Diversity at the workplace and Inclusion must be top- priority of any company, if the companies fails to follow and Implement the best diversity and hiring practices, the companies may loose its competitive position **(Kayala kozan)**



## 7. HR-STRATEGIES TO BE FOLLOWED BY ORGANIZATIONS IN PROMOTIONS DIVERSITY AND INCLUSION:

Majority of the organizations now are designing separate policies in promoting diversity and making the working environments more Inclusive business but still there exists same evils sude as glaaa –ceiling, under representations of minorities, Hiring of people with disabilities etc-  
(Diversity and Inclusion)

Here are some of the global companies which has been successful in managing diversity and making the workplace Inclusive.

COMPANY NAME	RANK(Diversity and inclusive)
1.Basf (BADISCHE ANILIN UND SODA FABRIK)	top 50 in 2013,2014,2015
2.Ford motor company	11 times in top 50
3.Sodexo	8 times in top 50
4.AIG	top 25 in 50 for second time
5.Loreal	top 50 in 2006,2012
6.Deutsche-bank	consistent in top 50
7.Bayer	consistency in top 50
8.Johnson & Johnson	11 times in top 50

(Table7: Top companies successful in promoting D& I(Diversity and Inclusion) source:-  
Leaders in Diversity and Inclusion :5 Lessons from the Global Companies, posted on  
December 3<sup>rd</sup>, 2015, in aperian-global.

And, finally promoting a proper Inclusion and Diversity should be the top-priority for any modern day business. Here, promoting Diversity and Inclusion is not hiring people of different nationalities races genders but in creating a sustainable working environment among the Employees.(Nicole fallon). Although, many organizations follows different strategies to promote D &I, as per our study conducted the following are some of the strategies to be Implemented in promoting D&I:-

- Start from the TOP Management  
(By creating a confidence among them by treating them fair and equally) irrespective of their Nationalities, Skin colours, genders and sexual orientations)
- Creating a safe spaces for employees, and protective environment.
- Using AI technology to avoid bias during Hiring.

**8.CONCLUSION:-**Creating an Inclusion business is the mantra that most of the governments and companies are chanting. But, how to achieve Inclusive business and reach to the communities living at the bottom (or) Base of the Economic pyramid is the key for many companies now-a days. Majority of the Economists viewed that CSR has taken its New shape as Inclusive business business is achieved it really lifts the position of the communities living at the low level of pyramid and thereby enhancing the overall economic growth of country.

But coming to the organizations perspective Diversity and Inclusion has to be incorporated to become more visible and more competitive. In, simpler diversity is being asked to dance. Although, several companies has framed various strategies to achieve Diversity and Inclusion.

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