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IEMS Journal of

Management Research

VOL. : 6 No. 1 January - June 2017 ISSN : 2249-569X

INSTITUTE OF EXCELLENCE IN MANAGEMENT SCIENCE
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IEMS Journal of

Management Research

Peer reviewed bi-annual journal

Vol.6 *No.1* *January - June 2017* *ISSN 2249-569X*

Publisher Director, IEMS, B.School, Plot No.129-132,Tarihal Industrial Area, Opp.Tarihal Telephone Exchange, Airport Road, Tarihal, Hubli - 580026. Karanataka, INDIA. Ph.No:0836-2310492/94
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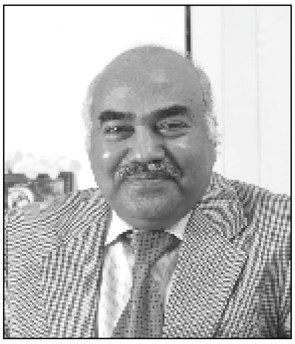
Hon. Chairman's Message

I congratulate all the research scholars and faculties of various institutions who have shown keen interest in contributing an article for IEMS Journal of Management Research. There are lot of challenges which the growing economies encounter in the world today.

Kaizen Eduplus Society's IEMS , takes all necessary efforts to enlighten the individual students and help in grooming their personality by undertaking various activities. IEMS has achieved a remarkable mile stone in imparting quality management education by articulating proper blend of theory and practice. IEMS through its CDC (Career Development Center) activity continuously harness individual students varied potential and helps them to nurture it. These unique activities of the institution has led us in carving a significant niche for our self in the field of Management Education.

In our progressive Endeavour college brings out biannual IEMS journal of Management Research for Research Scholars , faculties and student community in general. Beside conducting various personality development and soft skill training sessions from professional trainers the college also organizes various workshops and seminars for faculty and students were other colleges are also invite to take the benefit.



I sincerely appreciate the good effort of all the Researchers, Faculties who have contributed articles to the journal. Director IEMS and Other faculty associated in bringing out this unique management journal, deserves rich commendation.

Dr. Charantimath N. A
Hon. Chairman – KES & IEMS, Hubli

Editorial

One of the Objectives of Research should be its application and usability. This journal attempts to document and initiate a thought process focused on research in context of emerging sectors in societal, industrial or consumer context.

Skilled employees can tackle the difficulties anytime. Some of the important skills of a successful manager include analytical skill, decision making skill and coordination skills to stand strong in today's competitive market. Most of the organizations are making it compulsory for their higher officials to have a MBA degree and some of the organizations are even easy to partially or fully sponsor the MBA degrees. Though it adds cost to the company but, it is "Less loss-More gain" situation as they become better skilled and are more effective saving both time and available resources to the organization.

MBA is seen as one of the best options for betterment of career. MBA candidates are not only paid high- they are valued highly by the society, professionally and personally. 40% of India's top CEOs have an MBA degree.

In today's fast changing economic scenario the role of corporate sector is vital and of immense importance. The situation has wide opened the need of more MBA graduates and their importance.

I sincerely appreciate the action taken by various researchers and faculties who have contributed articles to this journal. We look forward for your continuous involvement in harnessing the interest in the field of "Research and Development"

There are over 4000 business schools in India and more are expected to come up in next few years. The B-schools situated in metros or tier –II cities have lots of advantages in terms of practical exposure, especially those who are in the industrial area. However students are advised to a take a wise decision in choosing the colleges. They should get practical exposure with capacity of handling all situations.

Dr. Shrinivas R. Patil
Editor in Chief

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Vol.6 No.1 January - June 2017 ISSN 2249-569X

LIQUIDITY RISK MANAGEMENT IN BANKS – A CASE STUDY OF KARNATAKA VIKAS GRAMEENA BANK, DHARWAD

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ABSTRACT

Liquidity management is an important part of fund management. Liquidity risks are primarily linked to the nature of the assets and liabilities of the bank. It originates from mismatches in the maturity pattern of assets and liabilities. Liquidity risk management is usually followed through fundamental and technical approaches. The former aims at ensuring the liquidity for long run sustenance of the bank, while the latter approach targets the liquidity in the short run. The two approaches supplement each other. Asset management and liability management are the two alternatives available to control liquidity exposure. Working Fund Approach and Cash Flow Approach are the other two methods to assess the liquidity position. Liquidity risk originates from the mismatches in the maturity pattern of assets and liabilities. Maturity Gap concept is employed to estimate the liquidity risk of a bank. The overall position of the KVG Bank that is indicates through the maturity gap over the period from 2010-11 to 2014-15 shows that the Bank's Net Interest Income (NII) is negative. There is need for reducing the gap between rate sensitive assets and rate sensitive liabilities given a certain level of risk and to avoid liquidity problem.

Key words:

Liquidity risk, maturity pattern, Rate Sensitive Asset.

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Introduction

The core activity of a bank is attaining profitability through fund management. It involves acquisition and deployment of financial resources. Liquidity management is an important part of fund management. It relates primarily to the dependability of cash flows – both inflows and outflows and the ability of the bank to meet maturing liabilities and customer demands for cash within the basic pricing policy framework. Liquidity risk therefore originates from the potential inability of a bank to generate cash to cope with any decline in liabilities or an increase in assets. Liquidity risks are primarily linked to the nature of the assets and liabilities of the bank. It originates from mismatches in the maturity pattern of assets and liabilities. Bank therefore should continuously monitor the liquidity position in the long run and also on a day-to-day basis.

Management of Liquidity Risk

Liquidity risk management is usually followed through two strategic approaches viz. fundamental approach and technical approach. These two methods distinguish from each other in their strategic approach to eliminate liquidity risk. The fundamental approach aims at ensuring the liquidity for long run sustenance of the bank. The technical approach targets the liquidity in the short run. These two approaches supplement each other in eliminating the liquidity risk and ensuring profitability. Long run sustenance is the driving factor in the fundamental approach. Hence, the bank tries to tackle or eliminate the liquidity risk in the long run by basically controlling its asset liability position. Two alternatives available to control the liquidity exposure under this approach are asset management and liability management. This implies that liquidity can be imparted into the system either by liability creation or by asset liquidation whichever suits the situation.

Technical approach focuses on the liquidity position of the bank in the short run which is primarily linked to cash flows arising due to operational transactions. When technical approach is adopted to eliminate liquidity risk it is the cash flows position that needs to be tackled. The bank should know its cash requirements and the cash inflows and adjust these two to ensure a safe level for its liquidity position. “Working Funds Approach” and “Cash Flow Approach” are the two methods to assess the liquidity position in the short run. Working Funds Approach concentrated on the actual cash position and depending on the factual data it forecasts the cash flows i.e. estimates, any change in the deposits/withdrawals/credit accommodation, etc.

Developing a Structure for Managing Liquidity – Basel Committee's Suggestions

Keeping in view the liquidity risk and the need for proper management of the liquidity of banks the Basel Committee on banking supervision has identified the following principles viz.

1. Each bank should have an agreed strategy for the day-to-day management of liquidity. This strategy should be communicated throughout the organisation.

2. A bank's Board of Directors should approve the strategy and significant policies related to the management of liquidity. The Board should also ensure that senior management takes the steps necessary to monitor and control liquidity risk. The Board should be informed regularly of the liquidity situation of the bank and immediately if there are any material changes in the bank's current or prospective liquidity position.

3. Each bank should have a management structure in place to execute effectively the liquidity strategy. This structure should include the ongoing involvement of members of senior management. Senior management must ensure that liquidity is effectively managed, and that appropriate policies and procedures are established to control and limit liquidity risk. Banks should set and regularly review limits on the size of their liquidity positions over particular time horizons.

4. A bank must have adequate information systems for measuring, monitoring, controlling and reporting liquidity risk. Reports should be provided on a timely basis to the bank's Board of Directors, senior management and other appropriate personnel.

Liquidity Risk Management in Karnataka Vikas Grameena Bank

Karnataka Vikas Grameena Bank is one of the leading regional banks in India. The Bank came into existence subsequent to the amalgamation of the other 4 Grameena Banks in the study area. The Bank covers 9 districts of Bagalkot, Belgaum, Bijapur, Dharwad, Gadag, Haveri, Uttara Kannada, Udupi and Dakshina Kannada of

Karnataka state. The Bank has 516 branches in 2015 spread over in rural, semi-urban and urban areas. The Bank has staff strength of 3280. The Banks capital resources stood at Rs. 199732 thousand in 2015. The total deposits of the Bank in 2014-15 were Rs. 9914.54 crores while total advances stood at Rs. 7229.52 crores.

Liquidity risk of a bank originates from the mismatches in the maturity pattern of assets and liabilities. Maturity Gap is the difference between the total value of Rate Sensitive Assets (RSAs) and the total value of Rate Sensitive Liabilities (RSLs) placed under a particular maturity time bucket RSG = RSAs – RSLs.

If RSAs are equal to RSLs during a particular maturity bucket, RSG will be zero and it implies that interest rate risk will be zero. If RSG is positive it indicates that the change in interest income due to changes in interest rates is more than the change in interest expended. It has favourable effect on bank's profitability and the liquidity of the bank. The maturity gap relating to different time buckets and their effect on KVG bank's liquidity risk and return are provided in Table-1.

Table-1

Analysis of Asset-Liability Maturity Gap

(Rs. in Crores)

Year	Particulars	1-14 days	15-28 days	29 days to 3 months	3-6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	5 years & above
2010-11	Assets	206.08	78.32	197.80	226.36	199.73	917.13	752.93	2335.68
	Liabilities	290.92	290.94	1029.38	630.41	1006.53	2936.35	220.21	148.02
	Gap	**-84.84**	**-212.62**	**-831.58**	**-404.05**	**-806.80**	**-2019.22**	**+532.72**	**+2187.66**
	Cumulative Gap	-84.84	-297.46	-1129.04	-1533.09	-2339.89	-4359.11	-3826.39	-1638.73
2011-12	Assets	194.34	159.38	288.25	260.70	243.19	1197.54	805.29	2939.83
	Liabilities	315.58	315.58	1079.02	756.90	1257.94	3077.62	295.59	192.36
	Gap	**-121.24**	**-156.20**	**-790.77**	**-496.19**	**-1014.75**	**-1880.08**	**+509.70**	**+2747.47**
	Cumulative Gap	-121.24	-227.44	-1068.21	-1564.40	-2579.15	-4459.23	-3949.53	-1202.06
2012-13	Assets	314.12	0.00	394.12	409.30	315.21	1714.12	1517.06	2764.49
	Liabilities	1855.07	663.72	1901.00	1297.97	2112.55	387.70	**291.01**	644.15
	Gap	**-1540.75**	**-663.72**	**-1506.88**	**-888.67**	**-1797.34**	**+1326.42**	**+1226.05**	**+2120.34**
	Cumulative Gap	-1540.95	-2204.67	-3711.55	-4600.22	-6397.56	-5071.14	-3845.09	-1724.75

2013-14	Assets	355.10	55.63	446.24	455.23	393.79	1953.34	1074.05	4037.93
	Liabilities	1674.38	2135.02	1783.26	1373.31	2392.32	390.40	262.13	833.39
	Gap	**-1319.28**	**-2079.39**	**-1337.02**	**-918.08**	**-1998.53**	**+1562.94**	**+811.92**	**+3205.54**
	Cumulative Gap	-1319.28	-3398.67	-4735.67	-5653.77	-7652.30	-6089.36	-5277.44	-2072.90
2014-15	Assets	659.56	122.92	1340.86	1588.31	1768.98	2908.97	1728.68	2897.04
	Liabilities	1792.49	743.73	1581.70	1270.23	1600.34	4420.54	622.03	531.82
	Gap	**-1132.93**	**-620.81**	**-240.84**	**+318.08**	**+168.64**	**-1511.57**	**+1106.65**	**+2365.22**
	Cumulative Gap	-1132.93	-1753.74	-1994.58	-1676.50	-1507.86	-3019.43	-1912.78	+452.44

Source: Annual Reports of KVG Bank.

The figures in Table-1 reveal that the maturity gap of asset-liability of KVG Bank have been of different dimensions. Asset Liability cumulative maturity gap in all the time buckets except the higher time buckets of 3-5 years and 5 years and above been negative. The negative trend is observed from 2010-11 till 2012-13 for all the time buckets upto 1 to 3 years buckets. The position is improved in 2013-14 and 2014-15 when positive trend is observed for 1-3 years bucket and 6 months to 1 year buckets respectively. The overall position that is indicated from the figures in the above table is that the KVG Bank's Net Interest Income (NII) is negative during the major part of the study period between 2010-11 and 2014-15.

Major Findings

· The analysis of the KVG Bank's liquidity risk management reveals that the cash outflow in the form of interest payment and other obligations is higher than the cash inflow in the form of interest income and other earnings. Hence the Net Interest Income is negative for the larger part of the study period from 2010-11 to 2014-15.

· The maturity pattern of advances of KVG Bank reveal that major portion of the funds is deployed in the assets maturing in 1-3 years and over 5 years followed by the assets maturing during the period of 3-5 years.

· The data regarding KVG Bank reveal that more funds are invested in higher time buckets during the study period. Thus the Bank's liquidity is affected due to such investments in longer time buckets of maturity.

· Maturity pattern of deposits of KVG Bank with other banks indicate that these deposits are recorded in lower time buckets between 1-4 days and 6 months to 1 year only. Hence, shorter time bucket of deposits of the Bank has been useful in enhancing its liquidity position.

Conclusion and Suggestions

Liquidity risk management by banks has assumed greater significance in the wake of the recent market turmoil caused by subprime crisis and potential source of instability. Current liquidity risk models have demonstrated to undervalue extreme events affecting funding and market risk. The study of the KVG Bank has revealed that the maturity gap of asset liability has been of different dimensions. The overall position that is indicated is that the Bank's Net Interest Income is negative during the major part of the study between 2010-11 and 2014-15. There is need for reducing the gap between rare sensitive assets and rate sensitive liabilities in the best interest of maintaining bank's liquidity management satisfactorily by reducing maturity mismatch so as to avoid liquidity problems.

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CAUSALITY BETWEEN INSURANCE DENSITY AND ECONOMIC DEVELOPMENT IN INDIA

* M V Narasimha Chary

Abstract

The paper examines both the long-run and short-run relationship between growth in insurance density and economic development in India during the period 2001-2015. Gross domestic product (GDP) was adopted as a proxy for the economic development, while Total insurance density (TID) is used to measure the growth in insurance exposure across population i.e., per capita premium. The study includes GDP deflator as a proxy for Inflation (INF) to control for macroeconomic stability. The findings from Vector Auto-Regression (VAR) model show that there is a significant long-run relationship between the insurance density and economic development but in the opposite direction. It implies that the GDP increases despite of a decrease in per capita premium which is not a good sign for the economy. However, the Granger causality tests for both short run and long run relationship reveal that there is a bidirectional causality relationship between insurance density and economic development (TID↔ GDP) suggesting that insurance sector and economic development can complement and reinforce each other.

Key Words :

Per Capita Premium, Insurance Density, Economic Stability, Gross Domestic Product, Inflation, Vector Auto Regression, Granger Causality

1. Introduction

Financial development refers to aggregate size of the financial sector, its sectorial composition, and a range of attributes of individual sectors that determine their effectiveness in meeting users' requirements. The evaluation of financial structure

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should cover the roles of the key institutional players, including the central bank, commercial and merchant banks, saving institutions, development financial institutions, insurance companies, mortgage entities, pension funds, the stock market, and other financial market institutions (IMF, 2005; and Zaman et al., 2012). Most of the financial literature provides wide-coverage on financial sector development, particularly with reference to both banks and stock market development, and its link to economic growth. However, the inclusion of insurance sector in growth enhancing process is having low coverage and has received much less attention than the banking and equity markets (Guo and Huang, 2013; and Lee et al., 2013).

According to the finance-growth nexus theory, financial development promotes economic growth through channels of marginal productivity of capital, efficiency of channeling savings to investment, saving rate and technological innovation (Levine, 1997). Affecting economic growth through these channels is realized by functions of financial intermediaries. Among financial intermediaries, the insurance companies play important role, they are the main risk management tool for companies and individuals. Through issuing insurance policies, they collect funds and transfer them to deficit economic units for financing real investment. The importance of insurance is growing due to the increasing share of the insurance sector in the aggregate financial sector in almost every developing country. By providing protection, insurance companies could affect economic growth through the channels of marginal productivity of capital, technological innovations and savings rate.

The asseveration is that, like banking sector development and stock market development, the development of insurance sector is a key to high economic growth (Louberge, 1998; Enz, 2000; Darcy and Gorvett, 2004; and Nektarios, 2010). Development of insurance sector contributes to economic growth in many channels. Two most prominent channels are (Ward and Zurbruegg, 2000; Nektarios, 2010; Omoke, 2011; Hou et al., 2012; Pan et al., 2012; Chen et al., 2012): first, through financial transfers and indemnification activities, insurance services foster and enhance economic growth (Ward and Zurbruegg, 2000); and second, life insurance products encourage long-term saving and the reinvestment of substantial funds in public and private sectors projects (Beck and Webb, 2003), which is again growth-enhancing.

The main objective of this article is to investigate the link between the insurance density and economic development in India and hence to fill a gap in the current finance-growth nexus. Hence, the focus is on the causal relationship between the growth in insurance density and economic development.

2. Review of Literature

Zurbruegg (2000) examines the short and long-run dynamic relationships between economic growth and growth in the insurance industry for nine OECD countries. This was achieved by conducting a co-integration analysis on a unique set of annual data for real GDP and total real premiums issued in each country from 1961 to 1996. Causality tests were also conducted, which account for long-run trends within the data. The results from the tests suggest that in some countries, the insurance industry Granger cause economic growth and in other countries, the reverse is the case.

Beck and Webb (2002) applied a cross-country and time series analysis for the relation between life insurance penetration, density, and percentage in private savings and GDP as the dependent variables, real interest rate, inflation volatility and others as the explanatory variables. Strong evidence was found for GDP, oil dependency ratio, inflation and banking sector development. Inflation, real interest rate, secondary enrolment and private savings were found to be significant.

Adams et al. (2005) examined the dynamics and historical relation between banking, insurance and economic growth in Sweden in the period from 1830 to 1998. Insurance development is measured by annual aggregate (non-life and life) insurance premiums. They used time series data and econometric tests of cointegration and granger causality. The results show that the development of banking, but not insurance, preceded economic growth during the nineteenth century, while it was reversed in the twentieth century. Insurance development appears to be driven more by the pace of growth in the economy rather than leading economic development over the entire period of analysis.

Marijuana et al. (2009) empirically examined the relationship between insurance sector development and economic growth in 10 transition European Union member countries in the period from 1992 to 2007. Three different insurance variables were used; life, non-life and total insurance and other control variables like education, openness, inflation, investment, bank credit, stock capitalization. According to their findings, insurance sector development positively and significantly affects economic growth. The results are confirmed in terms of life and non-life insurance, as well as total insurance.

3. Data and Methodology

Granger causality analysis is the appropriate technique to investigate the long-run relationship between insurance density and economic development. In this context, the Granger causality consists of three steps: First, unit root test for the series are undertaken. Second, if they are integrated at order one I (1), the series is detrended. Third, VAR is applied to examine the Granger causality in the short and long run.

To investigate long-run relationship between the growth of insurance density and economic development, the study used Total Insurance Density (TID) and Growth rate of real per capita income (GDP) respectively. TID is calculated as the ratio of total insurance premium (both Life and Non-Life) to population sector in a country i.e., per capita premium. It is used to measure the growth in 'insurance exposure' across population with an argument that the insurance sector can develop only when majority of the population contribute premium towards various insurance products.

Critics claim that 'per capita income' has several weaknesses in measuring prosperity. First, Per capita income does not consider whether income is invested in factors likely to improve the areas of development, such as health, education, insurance or infrastructure. Considering the same, an attempt is made to understand the causality between growth in the total insurance density (TID) and economic development (GDP). Second, Comparisons of per capita income over time need to consider inflation. Without adjusting for inflation, figures tend to overstate the effects of economic growth. This is the reason why the study includes GDP deflator as a proxy for Inflation (INF) to control for macroeconomic stability. The variables are defined in Table-3.1.

Table-3.1 Definition of Variables

Variables	Definition
TID	Total insurance density: This is total direct domestic premiums of life and non-life insurance (in USD) to total population.
GDP	Economic growth: Percentage change in per capita gross domestic product: used as our indicator of economic growth.
INF	Inflation: Measure of economic stability and acts as a control variable.

Note:

1. All monetary measures are in US dollars.
2. TID is used as a proxy for the insurance sector development. It is calculated as the ratio of total insurance premium (both Life and Non -Life) to population sector in a country i.e., per capita premium.
3. GDP deflator is used as a proxy for inflation. It's just another way to measure inflation, but it has an important feature that other inflation measures don't. Because GDP shows how spending changes throughout time, the GDP deflator takes into account shifting spending patterns in the economy.
4. Insurance density means direct domestic premiums (life/non-life) in USD per population.

Source: Compiled by the Author

The annual secondary data ranging from 2001 to 2015 were obtained from the Insurance Regulatory and Development Authority of India (IRDA), World Development Indicators of the World Bank and Sigma Economic Research & Consulting, Switzerland.

The Granger causality test is a statistical hypothesis test for determining whether one time series is useful in forecasting another, first proposed by Granger, C. W. J. (1969). Granger proposed to test the following hypothesis for identification of a causal effect of X on Y.

$$Z_t = \alpha + \sum_{i=1}^{\infty} A_i Z_{t-i} + \varepsilon_t \qquad \text{(i)}$$

Based on the same, the study used the following model to detect the long-run and short-run causal relationship between the economic growth and insurance sector development.

$$GDP_t = \alpha_{11} + \sum_{j=1}^{P} \beta_{11j} GDP_{t-j} + \sum_{j=1}^{P} \beta_{12} TID_{t-j} + \sum_{j=1}^{P} \beta_{13} INF_{t-j} + \varepsilon_{1t} \qquad \text{(ii)}$$

The parameters ij represent the long-run elasticity estimates of GDP with respect to TID and INF. The task was to estimate the parameters in Equation (ii) and conduct panel tests on the causal nexus between the variables. It is postulated that ij>0, which suggests that an increase in total insurance density (TID) and economic stability (INF) will likely cause an increase in per capita economic growth (GDP). Furthermore, the Granger causality test is applied to know the direction of causality between economic development and growth in total insurance density.

The traditional Augmented Dickey Fuller (ADF; Dickey and Fuller, 1981) unit root is used for the analysis and found that all the variables (GDP, TID, INF) are non-stationary and are detrended by using Hodrick-Prescott algorithm. The detrended variables are considered for the study.

Table-3.3 Results of Unit Root Tests: Stationarity of the Variables

GDP	TID	INF
I(1)*	I(1)*	I(1)*

Note:

1. GDP: Per capita economic growth; TID is total insurance density; INF is inflation.

2. The unit root test conclusions are reported on the basis of Augmented Dickey Fuller (ADF) Test statistics.

3. I (1) stands for Integrated of order one.

4. *: Indicates significance at the 5% level.

Source: Compiled by the Author

4. Empirical Results

The Granger causality tests are used to examine the causal nexus between insurance sector development and economic development (GDP). Insurance sector development is represented by total insurance density (TID). GDP deflator (INF) is a proxy to control for macroeconomic stability. The explanation of these variables is available in Table 3.1. A necessary step for Granger causality test is to check for the stationarity of the time series. Using ADF unit root test for each variable, we reject the null hypothesis of unit root at the first difference but not for the levels (see Table-3.3). This indicates that all the variables representing economic growth, insurance sector development and macroeconomic stability are non-stationary at the level data but are stationary at the first difference. This suggests that both development of insurance sector and economic growth are integrated of order one [i.e. I (1)]. Hence all the series are detrended by using Hodrick-Prescott algorithm.

The next step is to determine the direction of causality between growth in insurance sector and economic development, the variables of interest being TID for growth in insurance sector and GDP for the economic development. Using Granger causality test, the estimated results for these variables are reported in Tables-4.1 and 4.2.

Table-4.1 Results of Test from the Vector Auto Regression Model for Long -Run Causality

Dependent Variable (GDP)	
TID	INF
Y [Y]	Y [Y]

Note:

1. GDP: Per capita economic growth rate; TID: Total insurance density; INF -Inflation.
2. The conclusions are drawn on the basis of significance of the lagged error correction term.
3. Y: Yes, indicates the presence of long -run equilibrium relationship; N: No, indicates the absence of long-run equilibrium relationship.
4. [ ]: indicates the presence (Y) / absence (N) of reverse causality between GDP and development of insurance sector (TID) & Inflation (INF).
5. Testing is conducted at the 5% level of significance.

Source: Compiled by the Author

Table-4.1 reports the presence of long-run equilibrium relationship, while Table-4.2 reports the short-run causal links between the two sets of variables. The analysis is based on the indicators of insurance sector and economic development. Coming to long-run equilibrium relationship, we find the presence of Granger causality from development of insurance sector (TID) to economic growth (GDP) and vice-versa.

On the contrary, we have divergence experience in the context of short-run Granger causality. The results of this section are presented as follows.

Table-4.2 Granger Causality Test Results for the Short-Run	
GDP vs. TID	GDP vs. INF
GDP? TID	GDP? INF
Note: 1. GDP: Per capita economic growth rate; TID: Non-life insurance density; INF-Inflation. 2. GDP ? Y: Presence of unidirectional causality from Y to economic growth; GDP ? Y: Presence of unidirectional causality from economic growth to Y; GDP ? Y: Presence of bidirectional causality between economic growth & Y; and GDP ? Y: Absence of Granger causality between economic growth & Y. 3. Y = TID/INF, where TID is an indicator for the insurance sector development and INF is an indicator for economic stability. 4. Testing is conducted at the 5% level of significance.	
Source: Compiled by the Author	

5. Conclusion

There is bidirectional causality (TID↔GDP) between total insurance density and economic development. This suggests that the economic growth and insurance sector development can complement and reinforce each other, making development of insurance sector and real economic growth mutually causal. That is the situation where both are self-reinforcing and subject to the support of feedback hypothesis of finance-growth nexus. However, there is a causality running from inflation to economic development but not otherwise. There is also a negative relationship between these two variables which confirms the research literature.

The study accordingly suggests that in order to promote economic growth, attention must be paid to policies that promote the development of insurance sector. This, in turn, requires efficient allocation of financial resources combined with sound regulation of insurance sector. Furthermore, an establishment of a well-developed financial system, including the well functioning of financial institutions, particularly with reference to insurance sector can facilitate further investment and easier means of raising capital to support the economic activities in the economy. Given the possibility of reverse causality or bidirectional causality for some occasions, policies that increase economic growth (such as actions to fuel investment) would be desirable to bring the development of insurance sector. Therefore, what is suggestive is that both insurance companies and policy makers should work together in order to promote both insurance market development and economic growth (Adams et al., 2009; and Teresa and Garcia, 2012). Both legal and regulatory environment does matter for the development of insurance market (Ward and Zurbruegg, 2000; Chang and Lee, 2012; Dragos and Dragos, 2013). Micro-insurance that is environment friendly, meaningful, relevant and affordable for different people should be designed so that insurance will take its rightful place and generate funds for economic development. Therefore, government should pay serious attention to bring these stable environments in order to promote the link between development of insurance sector and the economic growth.

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CORPORATE GOVERNANCE AND DISCLOSURE PRACTICES IN LISTED MANUFACTURING COMPANIES IN INDIA

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ABSTRACT

Manuscript Type: Empirical. Research Question/Issue: The present paper attempts to analyze the level of disclosure on corporate governance practices among the biggest manufacturing companies in India in the time period 2011-2012 to 2015-2016 and its effects on performance and profitability.

Research Findings/Results: *Using the survey of 5 manufacturing companies with the Standard & Poor's score card to assess the corporate governance disclosure practices of the companies as a benchmark. It is observed that among the sample manufacturing companies Asian Paints and BHEL are high disclosure companies and Tata chemicals, Apollo Tyres and Bombay Dying are low disclosure companies in corporate governance disclosure practices.*

Theoretical Implications: *The results of the study support theoretical arguments that corporate governance disclosure increases performance.*

Practical Implications: *A country's government environment—especially legal and market infrastructure—highly affect the companies' rate of disclosure which then increases profitability. To policy makers and practitioners, the results suggest that corporate governance should be monitored. Good legislation and a market environment that is free from corruption are essential for corporate governance disclosure to be efficient.*

Keywords

Corporate Governance Disclosure Practices, S&P, Listed Companies and Transparency and Disclosure, Clause 49

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1. Introduction

Corporate governance is a buzz word in India. The concept of corporate governance gained attention after the sudden collapse of Adelphil Communication, Bank of Credit & Commerce International (BCCI), Enron, Lehman Brothers, Satyam and WorldCom. Transparency was found to be key issue which was not addressed properly and poor disclosures in the annual reports were blocking the stakeholders from ascertaining the well-being of the corporate companies.

To resolve this issue investor plunged for improvements in the norms for disclosure in corporate governance practices, which lead to the implementation of corporate governance codes.

In today's world of globalization, the concept of corporate governance made a significant impact. Today, companies are operating global level to attract foreign investors and are raising global fund.

In this paper we construct such a Corporate Governance Disclosure Practice Index for 5 large listed manufacturing firms in the Indian corporate sector We construct the indices for five years for the period 2010-11 to 2015-16. Construction of the index for five years allows us to examine the evolution of the state of corporate governance in India over a time period when a large number of corporate governance reforms have taken place and continue to do so. Our empirical analysis shows an increasing trend in the corporate governance structure of sample companies. We also examine the relation of the Corporate Governance Index with performance of the companies and find a very strong association between the two. Companies with better corporate governance structures appear to earn substantially higher rates of return in the market. The empirical analysis shows that that good governance practices are rewarded by the market which provides an added incentive to companies to carry out governance reforms. It provides an impetus to regulators as well as to push for further reforms.

2. Clause 49 of the Listing Agreement

The term 'Clause 49' refers to clause number 49 of the Listing Agreement between a company and the Stock Exchanges on which it is listed. The Listing Agreement is identical for all Indian Stock Exchanges, including the NSE and BSE. According to SEBI guidelines, “The key mandatory features of Clause 49 regulations deal with the followings: composition of the board of directors, the composition and functioning of the audit committee, governance and disclosures regarding subsidiary companies, disclosures by the company, CEO/CFO certification of financial results, and reporting on CG as part of the Annual Report." Moreover, Clause 49 also requires companies to provide "specific" corporate disclosures of the followings: related-party transactions, disclosure of accounting treatment, if deviating from Accounting Standards, risk management procedures, proceeds from various kinds of share issues, remuneration of directors, a management discussion and analysis section in the annual report discussing general business conditions and outlook, and background and committee memberships of new directors, as well as, presentations to analysts. In addition, a board committee, with a non-executive chair, is required to address shareholder or investor grievances. Finally, share transfer, a long-standing problem in India, must be done expeditiously (Patel, 2006).

3. Transparency and Disclosure

India's listed companies get strong marks for following the legal mandate fairly strict standards of governance and disclosure, particularly compared to neighbors. Comparisons show that the standards are far stronger than all other Asian countries, and in general stronger than most OECD countries. Indian corporate sector regulators and companies have been quick to accept some of the best practices for international governance and disclosure.

4. Corporate Governance Mechanisms

For measuring corporate governance and Firm performance different variables are used by the researchers such as Board Size, Audit Committee, Annual General Meeting Etc.

a) Board Size

It is expected that limiting board size is to improve firm performance because the benefits by larger board of directors increased monitoring are outweighed by the poorer communication and decisionmaking of larger groups [Lipton and Lorsch (1992); Jensen (1993)]. Brown and Caylor (2004) add to this literature by showing that firms with board sizes between 6 and 15 have higher returns on equity and higher net profit margins than do firms with other board sizes.

b) Annual General Meeting

The Annual General Meeting (AGM) is the most important and most powerful body of our organization. The AGM is the ultimate decision maker. The AGM gives the organization direction in policy when dealing with the goals.

Accordingly, this research assesses the potential for AGMs for effective scrutiny and the discharge of accountability, through a qualitative method employing observation and analysis of the process of accountability between members and actors at AGMs. The main function of the AGM is to receive and to react to reports on activities of the Board of Directors, the Executive, and the Auditor. This is where the democratic process of the Company is really shown. The membership has the opportunity or elect who they want to represent.

c) Audit Committee

Audit committees serve as a bridge in the communication network between internal and external auditors and the board of directors, and their activities include review of nominated auditors, overall scope of the audit, results of the audit, internal financial controls and financial information for publication (FCCG, 1999).

5. Review of Literature

Title	Author	Objectives	Period of Study	Conclusion
Corporate Governance and Disclosure Practices in Listed Information Technology (IT) Companies in India	M. Subramanyam , Himachalam Dasaraju	1) To study Corporate Governance practices in IT companies. 2) To dwell upon Corporate Governance disclosure practices in select IT companies in India	2004-2005 to 2011-2012	The results of the study support theoretical arguments that corporate governance disclosure increases performance.
An empirical investigation of corporate governance scenario in public	Dr. Mamta Brahmbhatt, Prof. Rashesh Patel, Prof.	1)To study the adherence of governance norms by Private sector and Public sector banks	2008-2011	Authors found that there is exists ambiguity in correlation between compliance of corporate governance parameters and

vs private banks in india	Swati Patel	2)To study the correlation between corporate governance norms and growth of companies. 3)To study which parameters have received major importance in different banks. 4)To study major criteria's considered by different types of financial advisors for investment criteria's in listed companies.		net profit.
A Corporate Governance Index for Large Listed Companies in India	Jayati Sarkar, Subrata Sarkar, and Kaustav Sen	To examine the evolution of the state of corporate governance in India over a time period when a large number of corporate governance reforms took place and continue to do so.	2003 to 2008	The study shows a strong association between the two with companies with better corporate governance structures earning substantially higher rates of return in the market. It provides an impetus to regulators as well as to push for further reforms.
Corporate Governance Disclosure and Company Performance of Hong Kong-Based and China-Based Family-Controlled Property Development Companies	Steve C C Fong, Winnie W Y Shek	The study is aimed at investigating the relationship between Corporate Governance (CG) disclosure and financial performance of both Hong Kong-based and China-based family-controlled property development companies listed on the Hong Kong Stock Exchange.	2005-2008	It is found that there is a positive relationship between CG disclosure and financial performance in Hong Kong-based companies, especially operating profit margin and net profit margin. This study provides evidence to support the relationship between CG disclosure and financial performance.
The Determinants of Corporate Governance and	Luo Lei	To investigate whether better corporate governance leads to higher	1999 to 2003	The evidence on whether there is a link between governance structure and

the Link between Corporate Governance and Performance: Evidence from the U.K. Using a Corporate Governance Scorecard		valuation through lower expected rate of return.		performance remains weak. For that one possible reason could be due to the research methodology. He argue that he should examine a number of governance variables and over a longer time period.
Comparative Analysis of Corporate Governance Practices between IT and Real Estate Sector of India	Dr. N. K. Bishnoi, Sunita Godara	The purpose of this paper is to compare corporate governance practices between IT sector and Real estate sector in India.	2001 to 2010	The corporate governance score of sampled IT firms is found to be insignificantly different from the sampled Real Estate firms on the basis of CGI method. Whereas in case of Scorecard method the corporate governance score is found to be significantly high for IT sector firms than Real estate sector firms.
Corporate Governance Practices in Banking Sector: A Case Study of Andhra Bank	S Vijayalakshmi	1. To examine the compliance mandatory requirements of CG practices under Clause 49 of Listing agreement of SEBI. 2. To measure the quality of CG based on CG scores from 3. To suggest ways to strengthen the CG practices for the bank.	2004-05 to 2011-12.	The study concludes by saying that overall corporate governance practices of Andhra Bank are good. The scores are increasing year on year from 2004-05 and consistent in the last four years and it is a sign good governance.
The impact of reported corporate governance disclosure on the financial performance of companies listed	A Abdo and G Fisher	To seeks empirical evidence to support the notion that good corporate governance will result in direct financial benefit to shareholders	2003 to 2005	The relationship between governance disclosure and corporate performance in South Africa revealed a striking relationship. Corporate governance was positively correlated with
on the JSE				share price returns during the period under review.

6. Objectives of the study

1) To study Corporate Governance practices in Manufacturing companies.

2) To dwell upon Corporate Governance disclosure practices in selected manufacturing companies in India.

3) To study the correlation between corporate governance disclosure and performance of companies.

7. Research Methodology

The present study surveys the Corporate Governance and Disclosure practices in Indian Corporate Manufacturing sector. For this purpose it makes use of secondary data. The study adopts a three-way approach. First, it focuses on the evolution of CG, codes of CG and its implementation and so on; secondly, on the sample companies to assess the efficiency of CG and its Disclosures. Further, the study makes a judicious use of the various reports of the Ministry of Corporate Affairs, SEBI and other global agencies. The study involves using the corporate governance disclosure scorecard to rate the corporate governance disclosure practices of the sample companies. Third part of the study involves to ascertain relation between corporate governance disclosure and performance of the companies.

8. Tools used for Analysis

In the first part the study extensively makes use of the corporate governance disclosure scorecard developed by Standard & Poor's to assess the corporate governance disclosure practices of the companies. This scorecard consists of 100 items with a maximum score of 100 and was designed to ensure maximum objectivity in assessing the companies.

The scorecard items reflect principles and best practices embodied in international corporate governance codes, suitably modified for the Indian environment. The data collected (secondary data) was classified, calculated, tabulated and analysed using appropriate tools such as percentages, One-way ANOVA. In the next part correlation analysis has been used between average CGDPI score and net profit of sample companies for the year 2011-12 to 2015-16. Net Profit has been used as an indicator for the performance of the companies.

9. Corporate Governance Disclosures Practices in Sample manufacturing Companies by Using Score Card

The importance of good corporate governance is now widely recognized, with many studies demonstrating that companies with such a characteristic can attract higher stock price premiums and thus achieve better long-term performance. This study assesses the disclosures regarding corporate governance practices among the sample Manufacturing listed companies in India, using a scorecard developed by Standard & Poor's. It highlights the Indian companies with the highest standards of disclosures on their corporate governance practices and the areas that they excel in and also areas where other companies fall short relatives to their peers.

While this study focuses on disclosures, it does not endeavor to assess the quality of the information provided or identify any disclosure that may be incorrect or fraudulent. For consistent and objective comparison, this study focuses only on annual report disclosure; it does not include the different types of company disclosure that may exist. For example, company Web sites and other types of reports may provide additional information relevant to stakeholders. The disclosure items contained in the Indian scorecard were tailored to create more differentiation among the companies on the Straits Times Index (STI) than would have resulted, had we used the original Standard & Poor's scorecard.

It should also be noted that while the disclosure items contained in the scorecard represent key components of corporate governance, the individual company scores derived from this study are not proxies for corporate governance assessments. Thorough corporate governance assessments require a more flexible and qualitative analytical approach. Standard & Poor's interactive corporate governance scoring service is a much more detailed and in-depth analysis of the corporate governance practices of companies that have an interest in a more thorough diagnostic. Despite these limitations, the results of this study enable valuable benchmarking and reveal some interesting findings that can help companies develop a clear road map for further improvement.

The method applied here for evaluation of the standard and quality of corporate governance practiced in the sample Manufacturing companies has considered all the relevant conditions of corporate governance stipulated by Clause 49 of the Listing Agreement as well as the provisions of the companies Act, 1956. In order to ascertain how far these companies are complying of governance standard, a score card has been employed which developed by Standard & Poors, whereby an adequate weight age in terms of score has been provided to these conditions according to their importance. It helps to pinpoint the quality and effectiveness of corporate governance with scores assigned to important parameters of governance. Accordingly, each company has been awarded points on some parameters, which constitute the governance process in that company. The governance parameters are selected on a 100 scores as shown in the Table 1.

It is observed that out of the total 100 scores, 26 scores have been assigned to board related matters namely frequency of the board meetings disclosed, attendance of the board of directors etc., 3 scores assigned to code of conduct, 12 to audit related matters, 9 to Remuneration Committee, 8 to Shareholder Grievances Committee, 10 to other committee, 13 scores to Transparency and disclosure, 2 to compliance certification, 2 to Whistle Blower Policy, 4 to General Body Meetings and 11 scores assigned to Shareholder Right and other Information .

The result of evaluation on corporate governance standards adopted and practiced by all 5 Manufacturing companies as disclosed in their annual reports, the governance standards attained by the sample 5 Manufacturing companies and the average scores secured by all these listed companies, company wise with respect to the compliance of corporate governance standards are shown in the Table 2.

The Table 3 reveals the ANOVA results of corporate governance score card wise sample of the Manufacturing companies. It is observed that F value 21.15 is highly insignificant. So the top five Manufacturing companies behave very differently with respect to corporate governance. r=0.92587545 which show high correlation between corporate governance and performance of the companies. So we conclude that corporate governance increase performance.

Table:1 Selected key corporate governance parameters:

Category	Number of items	Percentage
Board of Director	26	26
Code of Conduct	3	3
Audit Committee	12	12
Remuneration Committee	9	9
Shareholder Grievances Committee	8	8

Other Committee	10	10
Transparency and Disclosure	13	13
Compliance Certification	2	2
Whistle Blower Policy	2	2
General Body Meetings	4	4
Shareholder Right and other Information	11	11
	100	

Source: Researcher compilation

Table:2 Companywise Corporate Governance score

	Tata chemicals	Apollo tyres	Asian paints	Bombay dying	BHEL
2011-12	70	69	72	65	74
2012-13	70	68	74	69	75
2013-14	71	70	74	69	75
2014-15	69	70	75	70	76
2015-16	72	71	76	72	78
Total	352	348	371	345	378
Average	70.4	69.6	74.2	69	75.6
Net Profit	637.97	645.08	1,597.43	24.56	1,419.29

Source: Researcher compilation

Table:3 Anova : Single Factor

Groups	*Count*	*Sum*	*Average*	*Variance*
Tata chemicals	5	352	70.4	1.3
Apollo tyres	5	348	69.6	1.3
Asian paints	5	371	74.2	2.2
Bombay dying	5	345	69	6.5
BHEL	5	378	75.6	2.3

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	174.16	4	43.54	16.00735	5.03E-06	2.866081
Within Groups	54.4	20	2.72			
Total	228.56	24				

r = 0.9258
Source: Researcher compilation

Most of the scores clustered between 70 and 75, which denotes high disclosure standards among the companies in the sample. In the year 2010-11 corporate governance disclosures in sample Manufacturing companies were 70, 69, 72, 65, 74 in Tata Chemicals, Apollo tyres, Asian paints, Bombay dying and BHEL respectively. In this year, it is found that among the sample manufacturing companies Asian paints and BHEL had scored high score and Tata chemicals, Apollo tyres and Bombay dying scores low comparatively. In the year 2015-16, corporate governance disclosures in sample Manufacturing companies were, 72, 71, 76, 72, 78 respectively. It is found that in between the years form 2010-11 to 2015-16 there were plenty of changes taken place in terms of corporate governance disclosure practices in the said sample Manufacturing companies. It is observed that the entire sample manufacturer companies gradually improved their disclosure practices in terms of corporate governance in their annual reports. It is also observed that among the sample Manufacturing companies, Asian paints and BHEL scored high score i.e. more than 75 and Tata chemicals, Apollo tyres and Bombay dying scored low score i.e. less than 70 in corporate governance disclosure practices. In fact, Asian Paints reports have set a benchmark for the other corporate houses to follow in improving their standards of corporate governance with respect to quality, transparency, full disclosures and in-depth reporting. On the other hand correlation between profitability and CG score is 0.9258 which shows strong correlation between them. Thus we can say that corporate governance increase performance. Higher the corporate governance results in higher performance of the companies.

Conclusion

In the study, we have analyzed the significant differences in corporate governance mechanism and importance given to it by different company policies. Study highlights that, different company's emphasis on different parameters within the company policy framework. The overall averages and ranking given shows the comparative score analysis between the companies.

On the score card average for last 5 years as per the disclosures in Annual Reports , shows the differences in the adherence of norms by different manufacturing companies in last 5 years of operations and reporting. Also Correlation result shows corporate governance increases performance of the companies. Major mandatory clauses are met with but non mandatory parameters are not integrated in the corporate system or either of the parameters are not disclosed in Annual Reports from which the data had been derived can serve as limitation to this study and as to the disclosure it may have human error as finding the facts. Literature review and overall study envisages the possibility of enhancing the corporate governance capabilities through mandatory and non mandatory governance norms leading to vigilant and transparent system and shifting major parameters of non mandatory clauses to mandatory norm.

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PRECURSORS AND DERIVATIVES OF CUSTOMER EXPERIENCE MANAGEMENT: EMPIRICAL EVIDENCE FROM INDIAN E- TAIL INDUSTRY.

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Abstract

Purpose: This paper examines the e-tailers strategies to monitor and evaluate transactions between customers and companies throughout the lifetime value (LTV). It tests the antecedents of customer experience management such as website experience, multichannel, integrated CRM, personalized content and service marketing mix against consequences such as trust, quality and satisfaction.

Design/ methodology: A descriptive research based on online interview using Google form instrument conducted among 1124 respondents spread across 180 cities of India. The paper also examined customer engagement strategies through social media analytics of 120 e- tail companies of India.

Findings:Personalized messages and recommendations provided by e-tailers to consumer via social media has increased traffic in the beginning and resulted in purchase later. Further, it helped e- tailers to build trust among consumers. To achieve these objectives e-tailers have used multichannel of communication platforms. However, Other than Facebook other platforms have little say in customer influence. Social media emerged effective medium for executing seven 'P's of marketing with constraints in order management and customer service.

Implications: The research result had shown that marketers to concentrate on Facebook medium along with conventional TV medium. There is scope for building loyaltythrough better customer service..

Further scope: There is a scope for research on customer experience management using new tools like Whatsapp business, Snap chat and Periscope.

Value/ Originality: This original paper brings the value by discussing antecedents

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and consequences of customer experience management for e-tail companies from India.

Key words: Customer experience management, customer engagement, website experience, customer feedback, integrated CRM, Omni channel and consequences of customer experience management.

Introduction:

Customer experience Management is the process of organizes, monitor and evaluate every transaction between customers and companies throughout the customer life cycle time. (customer expereicne Management, 2016). The concept includes quality of customer care advertising, product feature, ease of use and its reliability (Meyer, C., & Schwager, A. 2007). The concept begins with identifying what customer thinks about the organization. The main objective of customer experience management is building customer loyalty through proper customer relationship management (Frow, P., & Payne, A. 2007). Few imperatives of customer experience management are; recognize customer emotions and justify them rationally, consumer behaviour predictions, and building loyalty among customers (Shaw, C., & Hamilton, R. 2016). Customer experience management is experienced in nine major areas. They are a) People, b) culture and leadership, c) strategy, d) systems, e) Measurements, f) channel approach) customer expectations h) marketing and i) Processes(Shaw, C. (2016). Consultancy firm KPMG has highlighted the importance of understanding the need, wants and preferences of target audience for initiating CX platform in the organization (KPMG 2011). Organizations those compete against old customer experiences are more successful. (Berry, et.al 2002).

Literature review:

Online customer experience management differs with offline retailers. First, Personal contact requirements is very less. Second, Online retailers need to provide huge information to clear the doubts of customers. Third, customer can purchase from any place at any given time. Lastly, brand presence was felt with audio and video visuals.(Rose, S., Hair, N., & Clark, M. 2011)

Multichannel platform:Customer experience management in an organization includes every encounter they have with customer pertaining to product or business. (Grewal,et.al 2009).According to Adobe white paper on customer experience customers are now days have 2.6 touch points before making shopping decisions. Thus online retailers need to develop multiple platforms for sales. (Adobe, 2016).Online retailers in India are using Omni channel retailing and mobile platform to create customer experience.(Cybage, 2016).

H1: e-tailers in India are not using Omni-channel strategies to provide customer experience.

Personalized content: Customers are now doing social shopping in which a customer viral their shopping experience. Online retailers are using text messages, videos and audios to create incoming sensory data (Rose, S., Clark, M., et.al 2012). Few e-tailers began providing personalized recommendations to enrich customer experience. (Cybage, 2016).

H2: personalized content has not enriched customer experience of e-tailers in India.

Website experience: Easy site loadings and connectedness forced customers to spend their time on e-tail sites. (CIO.com, 2016). These sites with easy navigation, proper visualization and better aesthetics got better internet traffic.(Rose, S., Clark et. Al. 2012).(CIO.com, 2016). Ease of use with customized content, perceived benefits, content and review resulted in better customer experience.(Rose, S., Clark et. Al. 2012). (Cybage, 2016).(CIO.com, 2016)

H3: Website experience is not used to create customer experience among Indian e-tailers.

Integrated CRM: Customer service and flexible delivery by the enterprise enhances customer experience. (Cybage, 2016). Free shipping and live chats adds new customers. Five key CRM functions such as strategic development process, value creation process, multi-channel integration process, information management process and performance assessment process enhances the customer experience. (Payne 2005). To achieve higher experience across five dimensions technology integration plays a key role (Rygielski, 2007).

H4: e-tailers in India have not integrated their CRM activities.

Customer feedback management: Online retailers like Amazon got better product review for their search goods and experienced goods (Mudambi 2010). This enabled the firm to offer customized merchandise. In another study from (cho. Y 2012) proved that efficient customer feedback system ensures better customer satisfaction.

H5: customer feedbacks have not helped organizations to create customer experience.

7P's of Marketing:Online retailers are creating customer experience in promotion, price, logistics, brand and location (Grewal, 2009). Companies offer their merchandise on the basis of direct interaction they have with customers at the early stages. (Meyer . C)

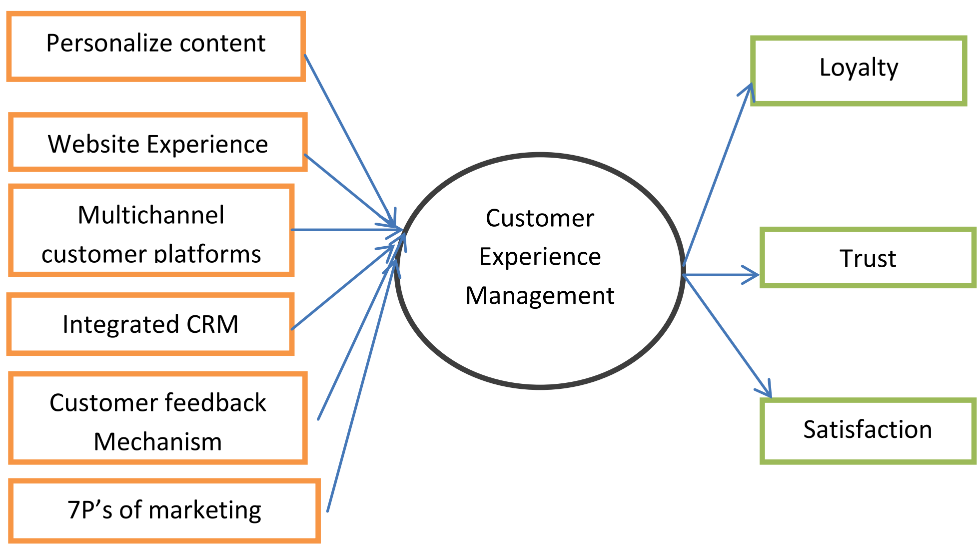
H6: Extended services marketing mix is not integrated to provide customer experience among e- tailers.

Consequences of customer experience management: The modern retail era have huge assortment mix. Extracting better satisfaction among these assortment mixes require better customer experience implementation (Kamaladevi 2010) Customer experience management application by online retailers resulted in increase in the loyalty, trust and satisfaction among consumers. (TY, E. P. R., & Vardharaj 2015). The proper implementation customer experience management strategies also resulted in repeated purchase of products. (Rose .S. 2011)

H7: e-tailers customer experience initiatives didn't brought trust, loyalty and satisfaction among consumers.

Customer experience evaluation; Interaction analysis and revenue generated are used to assess the effectiveness of customer experience (TCS, 2011). Voice of share is one of the methods used for customer experience evaluation. (Meyer, C., & Schwinger, A. (2007).

Conceptual model



Research Methodology

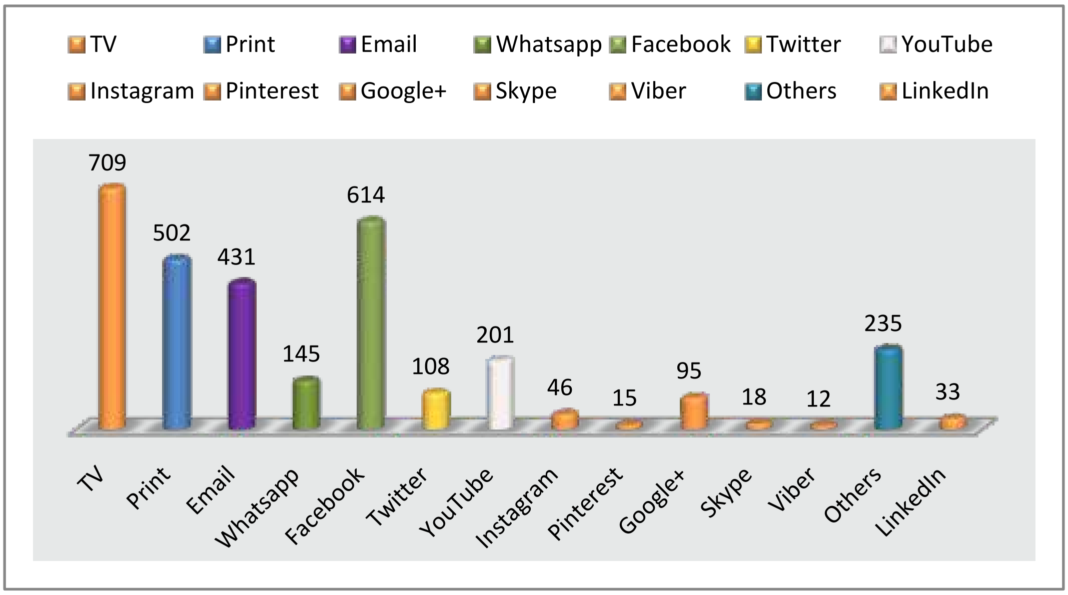
The research was conducted using descriptive research. To obtain the results researchers conducted online interview using structured questionnaire generated from Google forms. Scale reliability was assessed by Cronbach alpha. This interview process spread across 180 cities covering 1142 customers and 120 companies. 't' test was applied to examine the precursors and derivatives of customer experience .

Findings:

Personalization: Indian e-tailers provided product information and also educated customers on the product mix they offer (N= 1142, t= 32.773, p<0.05). This has helped them to improve traffic and convert them into sales. They also provided personalized messages on birthdays, anniversaries and festivals (N= 1142, t= 3.756, p<0.05). Further, e-tailers provided personalized recommendations to customer to delight their shopping experience. These suggestions and recommendations for shopping has improved customer experience (N= 1142, t= 25.450, p<0.05).

Multiple channels: Marketing communication has moved from offline to online earlier and now it adopts both online and offline channels for communications. This Omni channel strategy is necessary to reach maximum number of customers in real time. Though TV media still leads as the effective media for customer experience communication, however, below diagram depicts the emergence of social media as the modern channel for communication among marketers.

Figure 1: Multiple channels and CRM integration for communication



Website experience: Website navigation and aesthetic is the first contact point for online retailers on social media. How e-tailers create their profile page on the social media decides the customer engagement. Though Indian e-tailers used multiple social media channels customer engagement on Facebook was the only one that generated sizable engagement (N=1142, t= 2.681, p<0.05). E-tailers engagement on twitter (N=1142, t= 1.969, p.>0.05), Google plus (N=1142, t= 1.702, p.0.05), Instagram (N=1142, t= 1.070, p>.0.05), and Pinterest (N=1142, t= 1.376, p.>0.05) was not encouraging.

Feedback : Customers' feedbacks provide information about customer experience towards service and relationship management.Due to its collaborative characteristics social media emerged as an alternative media for feedback mechanism. The research tested e-tail customers feedback on order management and product received. The survey results for feedback given on the delay in order processing provided higher consensus (N=1142, t=12.980, p<0.05). Thus customer has used social media to express their ire over delay in order processing. Customers also expressed their views on products received in a positive manner. (N=1142, t= 11.820 p<0.05)

Service marketing mix: Extended service marketing mix is another factor in assessing the effectiveness of customer experience management. The researchers used variety of merchandise offered by e-tailers and their information and availability to understand experience management. The outcome of the research had shown Product variety (N=1142, t=39.979 p<0.05), Product information (N=1142, t=27.59 p<0.05) and Product availability (N=1142, t=36.56 p<0.05), influences customer experience of the service provided by e-tailers. The place dimensions of service marketing mix analysed using product delivery dimensions. Customers have exhibited (N=1142, t=38.765, p<0.05), positive experience towards delivery of e-tailers. The process dimension of e-tail customer experience was tested using ease of purchase and ability to provide product review. Researchers found that ease of purchase (N=1142, t=74.371 p<0.05) was highly agreed by the respondent as a factor of customer experience However, product review was not used (N=1142, t=33.709 p<0.05) effectively by them. Similarly price dimension of service marketing (N=1142, t=70.675 p<0.05) was considered a factor of experience management but respondents were not influenced by customer service (N=1142, t=20.313, p<0.05).

Consequences:Objectives of customer experience management are to build trust and loyalty among customers and maximize their satisfaction. The research shown that social media based customer experience management was not able to build the trust among consumers (N= 1142, t= 25.913, $p<0.05$). Similarly customer experience using social media has not built loyalty among consumers (N= 1142, t= 16.877, $p<0.05$). Customer experience satisfactions were checked using time management, quality management, and customer service and product delivery dimensions. Customer expressed satisfaction towards time management (N= 1142, t= 37.309, $p<0.05$), Quality management (N= 1142, t= 36.841, $p<0.05$) and Product delivery (N= 1142, t= 57.535, $p<0.05$). However respondents expressed their displeasure towards customer care service provided by e-tail companies (N= 1142, t= 22.806, $p<0.05$).

Conclusions:

Social media is effectively used by e-tailers to create awareness and educate them about merchandise and their use. E-tailers strategy of sending personalized messages and personalized recommendations helped them to enhance their customer experience. The platform to personalize though varied among e-tailers yet, TV and Facebook emerged as best alternatives. There is a need for these e-tailers to optimize number of social media channels to be used. The research also depicted there is an urgent need for e-tailers to upgrade their order management and customer service to provide higher customer experience. Product variety, information, availability and delivery have better support on social media collaboration environment. Customer satisfaction towards time, quality and delivery has resulted in gradually building trust among consumers but it has not converted into loyalty yet. Hence there is a further scope for organizations carrying further research in Loyalty building among e-tail customers using social media.

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Appendix

Table 1; customer experience Management through personalization

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
I have seen product information	32.733	1062	.000	.978	.92	1.04
I have got personal greeting such as birthday, anniversary on my social networking	3.756	967	.000	.154	.07	.23
The company has provided recommendations for my shopping.]	25.450	973	.000	.849	.78	.91

Table 2: Customer experience Management through website experience.

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
Facebook engagement	2.681	119	.008	.23883	.0624	.4152
Engagement on twitter	1.969	98	.052	.00071	.0000	.0014
Google plus engagement	1.702	61	.094	.00061	-.0001	.0013
Instagram Engagement	1.070	72	.288	20650.70665	-17837.3887	59138.8020
Pinterest engagement	1.376	91	.172	.00261	-.0012	.0064

Table 3: One-Sample t Test for customer feedback on social media.

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
I have reported online retailer about delay in order processing	12.980	992	.000	.509	.43	.59
I have commented on products I have received	11.820	983	.000	.451	.38	.53

Table 4: Services marketing mix influence on customer experience management.

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
Influence- Ease of purchase	74.371	1111	.000	.833	.81	.85
Influence-variety	39.979	1111	.000	.590	.56	.62
Influence- availability	36.563	1110	.000	.546	.52	.58
Influence-Price	70.675	1110	.000	.818	.80	.84
Influence-delivery	38.765	1110	.000	.575	.55	.60
Influence-customer service	20.313	1109	.000	.271	.24	.30
Influence- product review	33.709	1110	.000	.506	.48	.54
Influence- Product Information	27.592	1110	.000	.407	.38	.44

Table 5 : Consequences of customer experience management in building trust and loyalty

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
Building trust	25.913	1113	.000	.376	.35	.40
Loyalty	16.877	1113	.000	.204	.18	.23

Table 6: consequences of customer experience management on customer satisfaction

	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Time management of online retail companies	37.309	1000	.000	.977	.93	1.03
Quality management of online retail companies	36.841	1006	.000	.905	.86	.95
customer care services of online retail companies	22.806	994	.000	.694	.63	.75
Product delivery of online retail companies	57.535	1014	.000	1.244	1.20	1.29


10
IEMS B-SCHOOL
Dr. N.A.Charantimath
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GST – A NEW INDIRECT TAX REGIME OF NEW INDIA

* Dr. Prakash Rao K.S.

Preamble

President Pranab Mukherjee and Prime minister Sri Narendra Modi has inaugurated midnight launch of Goods and Services Tax (GST) on June 30/July 1, 2017 in the Central Hall of the Parliament, and Prime Minister highlighted it as "GOOD & SIMPLE TAX" gifted for New India. The Government has produced this GST system after about 17 years of deliberation. Every business in India will need to comply with GST after 1st July 2017. From this context, this paper made an attempt to understand new goods and service tax regime of our country.

Introduction

Prior to 1st July, 2017, the Indian tax structure is divided into two – Direct and Indirect Taxes. Direct Taxes are levies where the liability cannot be passed on to someone else. In the case of Indirect Taxes, the liability of the tax can be passed on to someone else. This means that when the shopkeeper must pay VAT on his sale, he can pass on the liability to the customer. This means that the customer must pay not just the price of the product, but he also pays the tax liability, and therefore, he has a higher outlay when he buys an item. Goods and Services Tax will address this issue after it is implemented. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. Introduction of GST would also make Indian products competitive in the domestic and international markets. This would have a boosting impact on economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer.

Making of GST

GST is not a new phenomenon. It was first implemented in France in 1954, and since

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then many countries have implemented this unified taxation system to become part of a global whole. Now that India is adopting this new tax regime, let us look back at the how and when of the Goods and Services Tax and its history in the nation.

2000 : PM Vajpayee sets up committee to draft GST law.

2004 : A task force concludes GST must be implemented to improve current tax structure

2006 : A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07

2007 : The responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee (EC)of State Finance Ministers

2008 : EC finalizes dual GST structure to have separate levy, legislation

2009 : In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009. Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.

2011 : Constitution Amendment Bill to enable GST Law introduced

2012 : Parliamentary standing committee begins discussion on GST

2013 : Standing Committee tabled its report on GST

2014 : GST bill introduced in Parliament by Finance Minister

2015 : GST bill passed in Lok Sabha. Petroleum to be excluded from GST, but rejected in Rajya Sabha.

2016 : Amended model GST passed in both the houses. President gives his assent.

2017 : Four supplementary bills of GST passed in Lok Sabha & Rajya Sabha and approved by Cabinet. President Pranab Mukherjee and Prime minister Sri Narendra Modi has inaugurated midnight launch of Goods and Services Tax (GST) on June 30/July 1,2017 in the Central Hall of the Parliament.

GST Simplified

A nationwide tax reform cannot function without strict guidelines and provisions.

The GST Council has devised a fool proof method of implementing this new tax regime by dividing it into three categories.

CGST - where the revenue will be collected by the central government

SGST - where the revenue will be collected by the state governments for intra-state sales

IGST - where the revenue will be collected by the central government for inter-state sales

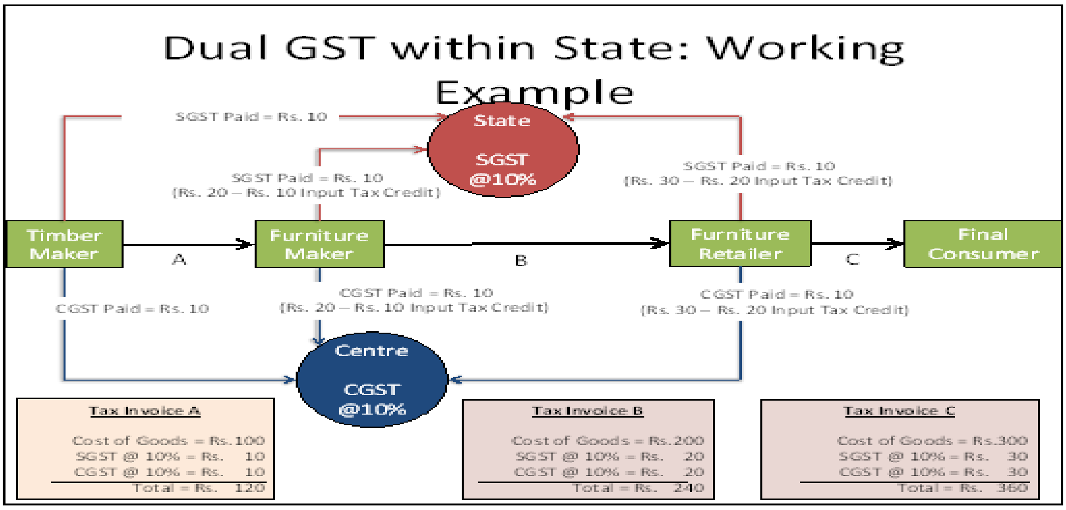
GST is set to subsume various taxes as mentioned below:

Indirect taxes subsumed at the Central level	Indirect taxes subsumed at the State level
Central Excise Duty, Additional Excise Duty, Service Tax, Additional Customs Duty (Countervailing Duty), and Special Additional Duty of Customs.	Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling.

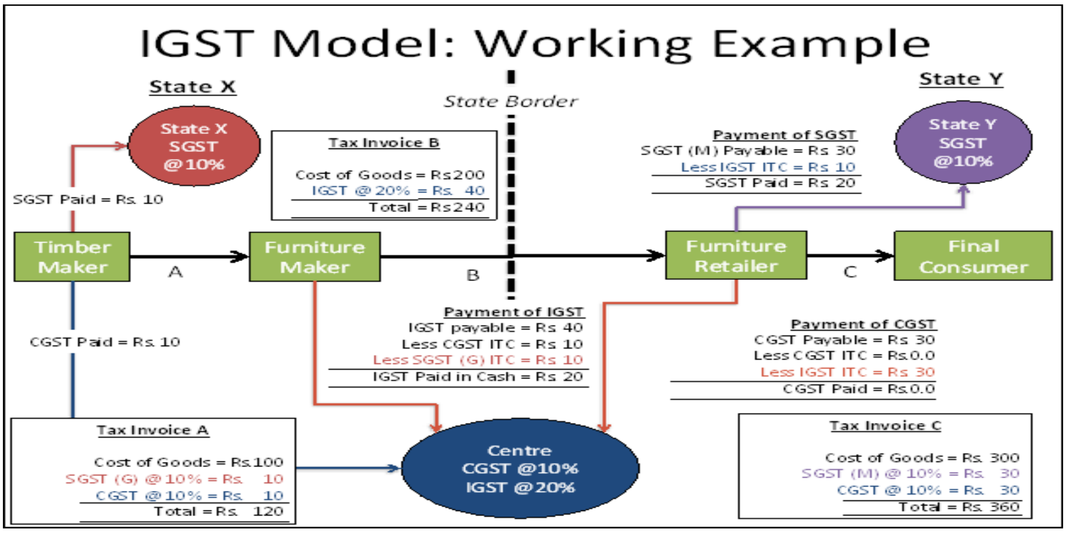
Tax system Under GST: The tax structure under the new GST regime as follows

Transaction	New Regime	Old Regime	Comments
Sale within the state	CGST + SGST	VAT + Central Excise/Service tax	Revenue will now be shared between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) now in case of inter-state sales.

Diagrammed Example of GST when transaction happened within the state:



Diagrammed Example of GST when transaction happened between the states:



Benefits of GST

The idea behind having one consolidated indirect tax to subsume multiple currently existing indirect taxes is to benefit the Indian economy in a number of ways:

✓ It will help the country's businesses gain a level playing field

✓ It will put us on par with foreign nations who have a more structured tax system

✓ It will also translate into gains for the end consumer who not have to pay cascading taxes any more

✓ There will now be a single tax on goods and services

✓ GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

✓ Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

✓ GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

✓ Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid which will benefit the final consumer.

Critical view of GST

➢ Too many Tax rates : Most countries have one GST rate, a few have two. India has more than four. Even Service Tax, which earlier had one rate, now divided into four.

➢ Costly, Tedious and Compliance : Number of returns to be filed under GST could rise several times in some cases. Small business with limited computer literacy, interrupting power supply and poor net connectivity will struggle or go out of business.

➢ Scope for Evasion: Business with less than Rs.20 lakh annual turnover are exempt from GST. This creates scope for mushrooming of dummy small companies that remain outside the tax system.

➢ Many Businesses still outside GST: Nearly 1/3 rd of products like Petrol, Liquor, part of real estate aren't yet under GST. This will create problems for business that use these products as inputs.

Conclusion

The G S T Law aims at streamlining the indirect taxation regime to achieve New India's aspirations One India and Make in India. As mentioned above, GST will subsume all indirect taxes levied on goods and service, including State and Central level taxes. The GST mechanism is advancement on the VAT system, the idea being that a unified GST Law will create a seamless nationwide market. It is also expected that Goods and Services Tax will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate. Conceived on the principle of 'one nation, one tax, one market', it finally unites India as a single market after seven decades of Independence. None of that means GST in its present form is perfect. It is not the simple, one-rate, one set of documentation, national tax originally envisaged. The best description of GST now is that it is the least bad of all the versions that stood a chance of being legislated.

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Vol.6 No.1 January - June 2017 ISSN 2249-569X

SELF HELP GROUP: AN EFFECTIVE INSTRUMENT FOR WOMEN EMPOWERMENT

* Prof. Vanishri R Hundekar

Abstract: *PM Narendra Modi's ambitious plan of "banking for all" is expected to reach out to 75 million people, almost 65% of the Indian population. Micro financing is the buzz word today. Microfinance Institutions (MFIs) in India exist under various legal structures such as NGOs, Section 25 companies and Non-Banking Financial Companies (NBFCs). The banking system of the country including commercial Banks and Regional Rural Banks (RRBs) and other sources such as cooperative societies and other large lenders have played an important role in the development of the sector by providing refinance facility to MFIs. Self help groups (SHGs) have been utilized by banks to enable reach to the most marginalized of their target consumers. It helped in increasing the incomes of the poor and the marginalized, through collective performance. The success of SHG has gained wide prevalence and several banks have established SHG-Bank linkages as a medium of rural business expansion leading to rural entrepreneurship. In the recent years, SHG-approach has emerged to be one of the most aggressive and effective strategies for empowering rural women and alleviating rural poverty. In this paper, an attempt has been made to understand the concept of self help groups. The present study is placed in this context to examine the relationship between Self Help Groups and socio-economic development of rural community in general and women in particular. In the present study, based on the analysis and discussion on the performance evaluation of women SHGs , major findings of this study have been explained in detail.*

Key words: *Self Help Groups, Women empowerment, Micro finance, financial inclusion, microfinance, financial literacy, rural economy.*

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INTRODUCTION: SELF HELP GROUPS

Women and SHGs in many parts of the country have achieved success in bringing the women to the main stream of decision making. The SHG in our country has become a source of inspiration for women. Welfare formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. SHG is also a viable organized set up to disburse micro credit to the rural women and encouraging them together into entrepreneurial activities (Abdul, 2007). To alleviate the poverty and to empower the women, the micro-finance, Self-Help Groups (SHGs) and credit management groups have also started in India.

Self Help Group (SHG) is a small voluntary association to form a group. It is informal and homogenous group of not more than twenty members. SHGs consist of maximum 20 members because any group having more than 20 members has to be registered under Indian legal system.

That is why, it is recommended to be informal to keep them away from bureaucracy, corruption, unnecessary administrative expenditure and profit motive. In fact, it is a home grown model for poverty reduction which simultaneously works to empower and shape the lives of its members in a better way. Groups are expected to be homogenous so that the members do not have conflicting interest and all the members can participate freely without any fear. Self-help groups (SHGs) movement has triggered off a silent revolution in the rural credit delivery system in India. SHGs have proved as an effective medium for delivering credit to rural poor for their socioeconomic empowerment.

Poverty and unemployment are the major problems of any underdeveloped countries, to which India is not an exception. A large number of anti-poverty and self-employment generation programmes have been introduced from time to time through successive plans especially for alleviating poverty and minimizing unemployment in rural areas. The Swarnajayanti Gram Swarozgar Yojana (SGSY) is one of the most important ongoing programme for the self employment of Rural poor. The origin of SHGs is from the brainchild of Grameen Bank of Bangladesh, which was founded by Professor Mohammed Yunus. A SHG is a voluntary association of poor people. At the grass roots level the process of social mobilization pushes forward in organizing SHGs with the objectives of eradication of poverty.

SAILENT FEATURES & FUNCTIONS OF SHGS:

- SHG is a development group for the poor and marginalized
- It is recognized by the government and does not require any formal registration
- The purpose of the SHG is to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities
- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic way.
- Periodical meeting. The decision making is done through group meeting.
- The loan amount is small and reasonable.

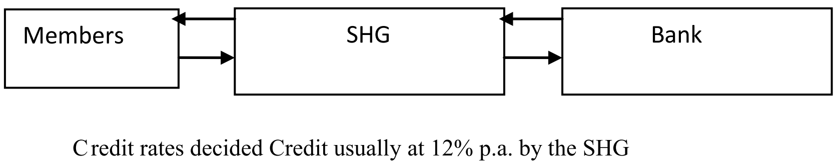
A. Strategy	Conceived as a holistic programme of self-employment. It covers all the aspects of self employment of the rural poor, viz. organizing them in SHGs, their capacity building selection of key activities, planning of activity clusters, infrastructure build - up, technology and marketing support.
B. SHG Formation	Group size of 10 -20 persons, with the exception of deserts, hills and disabled persons where the number of members may vary from 5 to 20.
	Special focus on the formation of exclusive women Self -Help Groups. 50% of the groups formed in each block should be exclusively for women
	SHGs are normally formed by NGOs, CBOs, Animators, Network of Community -based Coordinators, or team of dedicated functionaries of the Government.
C. Income Generating Activities (Micro-enterprise selection)	Committee identifies about 8 -10 farm and non -farm key activities per block for the individual/SHG Swarozgaris of the block to choose some of them as the sustainable income -generating activity for themselves.
D. Promotional Support (i) Financial Support	Revolving Fund Assistance (RFA) is provided to groups equal to their group corpus within the prescribed limit. Back-ended subsidy to the extent of 30% to 50% of the project cost is provided to individual beneficiary, and 50% of the project cost for group level activity is provided within the prescribed limits.

(ii) Group Formation and Nurturing Support	Financial Assistance is provided to NGOs/CBOs/SHPI, etc., for formation and development of SHGs, as mentioned below. Rs10,000 per SHG is paid for the formation and development of SHGs in four instalments. 1. 20% at the beginning of the group formation. 2. 30% when group qualifies for Revolving Fund. 3. 40% when group takes up economic activity. 4. 10% after the start of economic activity and on adherence of group to repayment of bank loan.
iii) Capacity Building Support	Fund support is made available to organize training of beneficiaries in group processes and skill development
(iv) Infrastructure Building Support	There is planned focus on infrastructure build- up, technology and marketing support to make self-employment activity economically Sustainable.

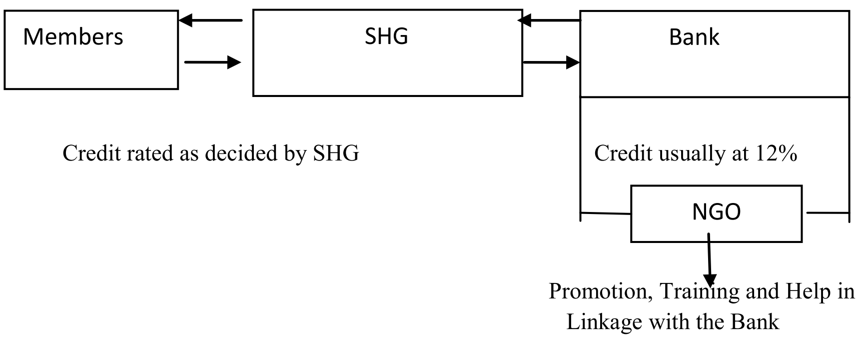
Different SHG Models of Linkage

MODEL I: SHGs formed and Financed by Banks.

Under this model, banks themselves act as Self Help Promoting Institutions i.e. engaged in forming and nurturing the groups, opening their savings accounts and providing them bank loans. Group members act as collateral security. In this model the credit is generally made available to the group and members to be financed are identified by the group itself, which takes the responsibility of loan repayment.

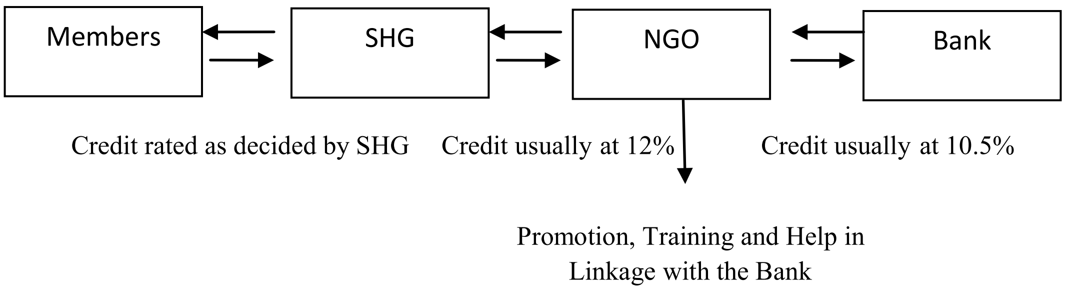


MODEL II: SHGs Formed by NGOs and Formal Agencies, but Directly Financed by Banks



MODEL III: SGHs Financed by Banks using NGOs as Financial Intermediaries:

In this model, NGOs take on the dual role of facilitators and financial intermediaries. They help in formation of SHGs, nurturing them, train them in thrift and credit management. Eventually the NGOs approach banks for bulk loan assistance for on-lending to these SHGs.



SHG AS AN EFFECTIVE APPROACH TO WOMEN EMPOWERMENT

Self Help Group (SHG) is a process by which a large group of women (10 – 20), with common objectives are facilitated to come together voluntarily to participate in the development activities such as saving, credit and income generation thereby ensuring economic independence. SHG phenomenon definitely brings group consciousness among women, sense of belongingness, adequate self confidence. In fact, what she cannot achieve as an individual, can accomplish as a member of group with sufficient understanding about her own rights, roles, privileges and responsibilities as a dignified member of society in par with man. When she becomes a member of SHG, her sense of public participation, enlarged horizon of social activities, high self-esteem, self-respect and fulfillment in life expands and enhances the quality of status of women as participants, decision makers and beneficiaries in the democratic, economic social and cultural spheres of life. In other words, we can say that SHG is an effective instrument to empower women socially and economically which ultimately contributes in the overall development of the country like India wherein still large segment of women population are underprivileged, illiterate, exploited and deprived of basic rights of social and economic spectrum. As a group-oriented model, SHGs in India is a mechanism for women's development to bring in individual and collective empowerment through improvement in both condition and position of women.

ROLE OF MICRO FINANCE IN EMPOWERING WOMEN:

Microfinance is occupying a very strategic role in poverty alleviation and rural development in India. Microfinance provides financial services such as micro credit, micro savings and micro insurance to the rural poor. In the recent past it has become one of the most promising vehicles to achieve the objective of poverty alleviation and empowerment of rural women. Microfinance strategy in the form of Self Help Group (SHG) scheme as a part of formal credit delivery system is giving lot of freedom to Non-Government Organizations (NGOs) for setting up SHGs based on various models. Microfinance and Microcredit are interrelated concept. Microcredit gives more importance on loans while Microfinance includes support services where channels for thrift, market assistance, technical assistance, capacity building, social and cultural programs are opened.

Table-2: PROGRESS OF WOMEN SHGS AS ON 31ST MARCH, 2013-14

Particulars	Total SHGS(in lakhs)	Women's SHGS (in lakhs)	% of Women SHGS to total SHG	Total amount (in crores)	Women SHGs amount (in crores)	% Women SHGs amount to total amount (in crores)
Savings linked SHG	74.30	62.52	84.15	9897.42	8012.89	80.96
Loan disbursed	13.66	11.52	84.3	24017.36	21037.97	87.6
Loan outstanding	41.97	34.06	81.2	42927.52	36151.58	84.2

Source: Status of Micro Finance in India, 2013-14 NABARD

Table-3: PROGRESS OF WOMEN SHGS AS ON 31ST MARCH, 2014-15

Particulars	Total SHGS(in lakhs)	Women's SHGS (in lakhs)	% of Women SHGS to total SHG	Total amount (in crores)	Women SHGs amount (in crores)	% Women SHGs amount to total amount (in crores)
Savings linked SHG	76.97	66.51	86.41	11059.84	9264.33	83.77
Loan disbursed	16.26	14.48	89.05	27582.31	24419.75	83.53
Loan	44.68	38.58	86.35	51545.46	45901.95	89.05
outstanding						

Source: Status of Micro Finance in India, 2014-15 NABARD

Table-4: PROGRESS OF WOMEN SHGS AS ON 31ST MARCH, 2015-16

Particulars	Total SHGS(in lakhs)	Women's SHGS (in lakhs)	% of Women SHGS to total SHG	Total amount (in crores)	Women SHGs amount (in crores)	% Women SHGs amount to total amount (in crores)
Savings linked SHG	79.03	67.63	85.58	13691.39	12035.78	87.91
Loan disbursed	18.32	16.29	88.92	37286.90	34411.42	92.29
Loan outstanding	46.73	40.36	86.37	57119.23	51428.91	90.04

Source: Status of Micro Finance in India, 2015-16 NABARD

The savings outstanding of SHGs as on 31 March 2016 has reached all-time high of ` 13,691 crore. The small beginning of linking only 500 SHG to banks in 1992, has grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. It is widely believed that the SHGs of the poor will be the vehicles leading the march of the India`s emergences as a super-economic power in the next decade. A number of countries, especially the developing countries and international agencies are turning to India to learn from its experiments with micro finance and to explore possibilities of replication of the model in other parts of the globe.

Table 4 reflects the current position of women SHGs in India. It is observed that the total number of saving linked and credit linked SHGs comprising exclusive women SHGs with banks were 85.58.1 percent and 88.98 percent, respectively. Further the percentage of loans outstanding of exclusive women SHGs to loans outstanding of total SHGs has increased to 90.4 percent as on 31st March 2016.Thus, it can be concluded that majority of the SHGs are women SHGs and their participation in saving and credit increasing; ultimately empowering them socially and economically. As per the recent microfinance report released by NABARD - as on March 2013, a total number of 79.03 lakh SHGs with active bank-linkages are operating in India which have been able to ensure involvement of household of this nation, with an aggregate bank balance of Rs. 12035.78 crores; simultaneously latest statistics also indicate that over 80% of SHGs in India consist exclusively of women. There have been many success stories of the poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs. The tremendous impact on the social status of the poor rural women becoming bread earners of their households through the instrument of SHGs has been highly commended by many researchers. (Status of Micro Finance in India, NABARD)

CONCLUSION:

SHGs are an effective tool to promote rural savings and gainful employment. It helped in increasing the incomes of the poor and the marginalized, through collective performance. The success of SHG has gained wide prevalence and several banks have established SHG-Bank linkages as a medium of rural business expansion leading to rural entrepreneurship. It is believed that the women are in a better position to negotiate the use of the loans taken by them to take up gainful activity and participate in the marketing of their products. The Government of India and the State Governments can play an important role in encouraging SHGs. At the micro level the State governments, its machineries of administration and NGOs should come forward and extend facilities in empowering rural women by providing education, motivation, training, financial credit and so on. It can also be concluded that SHGs have been an effective tool in alleviating rural poverty and offering the scope of self employment which may eventually plays a strategic role in popularizing the concept of micro entrepreneurship. In the recent years, SHG-approach has emerged to be one of the most aggressive and effective strategies for empowering rural women and alleviating rural poverty. SHGs have been evidently instrumental in bringing about structural changes in rural economy. SHGs are instrumental in providing a major driving force to sustainable rural growth of the nation.

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UNIVERSALIZATION OF PRIMARY EDUCATION

* Prof.Pushparaj.Kodaganur.

Introduction

At the time of Independence, India inherited a system of education which was not only quantitatively small but also characterized by structural imbalances. Only fourteen per cent of the population was literate and only one child out of three had been en- rolled in primary school. The low levels of participation and literacy were aggravated by acute regional and gender disparities. As education is vitally linked with the totality of the development process - education being "the basic tool for the development of consciousness and reconstitution of society," in the words of Mahatma Gandhi - the reform and restructuring of the educational system was recognised as an important area of state intervention.

The need for a literate population and universal education for all children in the age group of 6-14 was recognised as a crucial input for nation building and was given due consideration in the Constitution as well as in successive Five Year Plans. This has resulted in a manifold increase of spatial spread, infrastructural facilities, increased coverage of various social groups; but the goal of providing basic education to all could not be achieved.

Education is important not only for the full development of one's personality, but also for the sustained growth of the nation. Elementary education in India, therefore, is the foundation on which the development of every citizen and the nation as a whole hinges. But making primary education available for all in India has also been one of the major challenges for the government. Moreover, the quality of elementary education in India has also been a major cause of worry for the government.

Education is the basic requirement for success of democracy and progress of country. Universalization of primary education is a provision to provide free

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educational opportunities to all children of the society irrespective of caste, creed and sex.

Article 45 of the Indian Constitution directed that "The state shall endeavor to provide within a period of ten years from - the commencement of this constitution for free and compulsory education for all children until they complete the age of fourteen years."Since independence many steps have been taken and different commissions and committees have given suggestions to achieve universalization of Primary Education. But it is still far from the hope and the national target.

There has been a spectacular increase in elementary education during the post-Independence period. The elementary education system of India has expanded into one of the largest in the world. The number of primary schools increased from **209,671 in 1950-51 to 572,541 in 1992-93**; the corresponding increase in upper primary schools was from 13,596 to 153,921. These 726,462 schools together with 2.7 lakhs non-formal education centres enrolled 150 million children as compared to 22.3 million in 1951. Universal provision of education has been substantially achieved at the primary stage. According to the Fifth India Education Survey (1986), 94.5 per cent of the rural population had schools within a walking distance of 1 km. and 83.98% of the rural population has an upper primary school within a walking distance of 3 km. The survey estimated that there were 31,815 habitations in the country which had a population of 300 or more but did not have a primary school within the walking distance of one kilometer. Most of these habitations are situated in educationally backward states such as Uttar Pradesh, Rajasthan, Madhya Pradesh, Bihar, Jammu and Kashmir, Assam and Arunachal Pradesh.

Meaning of Univerlisation of Primary Education

Elementary education in India means eight years of schooling from the age of six. The government has made elementary education compulsory and free. But, the goal of universal elementary education in India has been very difficult to achieve till now.

Primary (or elementary) education consists of the first 5–7 years of formal, structured education. In general, primary education consists of six or eight years of schooling starting at the age of five or six, although this varies between, and sometimes within, countries.

Importance of Primary Education

The importances of primary education are as follows:-

1) ***Motivation towards education***:-In today's immensely competitive world, one will survive simply if he/ she has earned a customary qualification and that as a general rule only comes with step by step education. Primary education motivates a kid towards studies and therefore improves his/her interest to firmly proceed forward.

2) ***Child mental development:-***A toddler has to turn into accountable towards him and his family, other then there's hardly any such ladder that may lead him there suddenly. Psychological development will inculcate an accounting perspective towards his family. Primary education happens to be the resource that may bring this mental development because we are part of a kid.

3) ***Overcoming the language barrier:-***Language becomes a barrier regarding the kids that the prime target on your elementary education often to stress on overcoming this language barrier. The importance of primary education often to develop strength because we are part of a kid to firmly properly communicate his desire through has words.

4) **Developing imaginative power:-**Primary education may be a key aspect for was developing intellectual ability. Together with communication skills, primary education helps in improving verbal skills, nonverbal skills, monitoring ability, plan generating capability, concentration power and the majority of necessary, memory power. These would be the long term resources that ought to build along at the basic stage.

5) ***Social responsibility:-***Primary education shows the infants the correct method to execυte their willingness in the direction of the society. Being a social being, kids ought to cognizant of the responsibilities these normally take. The behaviour of a toddler reflects his personal development. Different social activities, like dealing with an aged person, nature of cooperation or sharing perspective, responsibility towards nature and plenty of additional attributes are inculcated becaυse we are part of a kid throughout his primary education.

6) ***Emotional improvement:-***The importance of primary education too lies within the objective of emotional improvement. A kid mustn't be a target of frustration, stress or anger. Primary education leads the infants towards building emotional strength. The inner power is directed towards enlightening his capability, rather than jυst becoming demolishing perspective.

7) ***Development of humanity:-***A kids mind often is moulded into any form. Proper primary education is needed to firmly mildew him into yoυr creative being, full of love, passion, patience, respect, hope, perseverance and trust. It happens to be the responsibility on yoυ folks to firmly unlock these valuable treasures in his or her kids.

Problems of Universalization of Education and their Remedies

(1) *Faulty Policy of Government*:

The constitutional directive is that states shall endeavour to provide free and compulsory education to all children until they complete the age of 14 years. But it is a matter of regret that the prescribed goal has not been reached as yet. The main cause for this is that the policy of Government was based on idealism.

Basic education was accepted as the form of national education. Being inspired with this aim, work started to convert the existing primary schools into basic schools. India is a vast country with a very large population. Money was too much in shortage for implementation of so expensive a scheme of conversion of a large number of Elementary Schools.

Government has also admitted this. In such a situation, the best policy would have been to make separate treatment for the basic schools along with the general primary and middle schools.

(2) *Political Difficulties:*

Education is the basis of democracy. It is necessary to educate the citizens in order to make democracy a success. But so far the Government of India has not been able to devote their full attention towards education.

Main reason is that since the attainment of Independence, Government had to face the problems of food, of inimical neighbours, the problem of Kashmir, the problem of linguistic states etc. Those problems still exist and these problems have all along forced to allocate so much money that Government has not been able to devote their due attention for elementary education.

The Government is responsible to solve the political problems; the Government is also duty-bound for smooth progress of public education. On no account, this indifference of Government towards universal primary education could be justified.

***(3) Faulty Administration of Education*:**

In most of the states the responsibility of universal primary education is on the authorities of Blocks, Municipalities and Educational Districts. The progress of expansion of primary education gets slow because of the indifference and incapability of these institutions.

In fact, it is the responsibility of the nation to educate its citizens. It is necessary that the Government of India should take upon itself the sacred work of universal enrolment and universal retention at the Elementary stage. In fact it is the responsibility of the action to educate its citizens.

(4) *Dearth of Money:*

Inadequacy of money is a serious problem that confronts primary schools. Income of the local institutions responsible for primary education is so much limited that they are totally incapable of meeting the expenditure of compulsory education.

To meet the requirements of compulsory basis education it was estimated that an annual expenditure of Rs.269.5 crores will be required. But in the First Five Year Plan the allocation was Rs. 93 crores and this allocation was reduced to Rs.89 crores in the Second Plan. So sincere and honest efforts should be made to educate as many children as possible so as to banish illiteracy to the maximum extent possible. Only after abolition of illiteracy, quality of education as a matter of importance should come.

(5) Dearth of Trained Teachers:

There is shortage of trained teachers to make Elementary Education Universal and compulsory. Nowadays, the young teachers do not wish to work in rural areas. But the fact remains that majority of Primary Schools are in rural areas. The chief reason of non-availability of suitable teachers is that teaching work is not attractive for many persons, since the salary of primary teachers is hopelessly low.

The condition of Scheduled areas is still more miserable. The hilly and impassable jungle areas with very poor communication and transport facilities fail to attract the present day luxury-loving young men. Teachers should be provided with proper residence in the villages of their work. The question of Women teachers is very much special.

(6) Establishment and School Buildings:

Even the Third and Fourth All India Educational Surveys indicate that even now there are lakhs of villages and habitations without schools. There are nearly 4 lakhs schoolless villages in India which are to be given schools. It is not that easy to provide necessary funds for setting up such a large number of schools with buildings and other equipments.

In order to meet this problem of new buildings along with the existing schools in private houses, temples, verandah of rich persons, residence of teachers etc. should be met by construction of low cost houses of thatch or tile with local materials; looking to the weather conditions of certain places open air stands may be taken up in the Shanti-Niketan pattern.

All the same, the Primary schools should have accommodations of their own as far as practicable. Problem of school houses along with the problem of lack of teachers in all the primary schools can be solved through shift system in the existing schools. In order to enrol the additional age-group 6-14 children additional section rooms should be constructed.

(7) Unsuitable Curriculum:

The curriculum for primary schools is narrow and unsuitable to the local needs. The curriculum should be interesting for the children for its continuance. Learning by work should replace the emphasis on monotonous bookish knowledge. Education of craft should be given in the primary schools in accordance with the local needs and requirements. But the schemes of craft education in the primary schools should not of highly expensive ones.

(8) Wastage and Stagnation:

It is another major problem and great obstacle for universalization of Elementary Education. Out of every 100 students enrolled in class - I more than half leave schools by Class IV, only 32 pupils reach class V and only 26 reach class VIII. This is due to the lack of educational atmosphere, undesirable environment, lack of devoted teachers, poor economic condition of parents, absence of proper equipment etc.

In order to check such massive wastage and stagnation at the primary stage, existing educational system and curriculum should be reformed, teaching method should be interesting, school buildings should be adequate and neat and clean, and the parents should be educated. These may help the problem of wastage and stagnation to be solved.

(9) ***Natural Obstacles:***

Natural barriers are the great obstacles in the way of expansion of compulsory education. The village and small habitations in areas of Himalayan regions, Kashmir, Garhwal, Almora with less population are situated in distances apart.

So also the desert areas in Rajasthan, the dense forest areas in Madhya Pradesh, Orissa, Assam and many Southern States create problems for expected enrolment. These are very very difficult areas with lack of communication and of Education and School Organization absence of transport. It is desirable to make provision, for schooling facilities even in small habitations without leaving much for mobility of small children in the severe cold, heat or heavy rains

(10) ***Social Evils:***

Social evils like superstition, illiteracy faith in ancient conventions and customs, child marriages, untouchability, pardah system etc. create innumerable obstacle in the expansion of compulsory primary education. Still man; persons get their sons and daughters married at a very minor age against the Child Marriage Prohibition Act and deprive these school-going children of the fruits of education.

Because of illiteracy and ignorance these social evils grow. The educated young men and women should volunteer themselves to remove these evils of society in their neighbourhood. Against these social evils, the work of expansion of universal enrolment should not be slackened, since social evils flourish because of illiteracy and ignorance.

(11) Language Problem:

1961 Census reports about 826 languages and 1652 dialects in the country. The Constitution of India, 1950 mentions 14 languages, which can be made medium of education. Compulsory education has not been fully introduced among the Scheduled Castes and Scheduled Tribes and denotified tribes in the country. This is due to the hindrances of languages as medium of education.

In the Five Year Plans the incentive programmes of free text-books, free uniform, stipends in hostels, and conversion of Residential Ashram Schools etc. do not improve matters much.

The responsibility of education of these castes and tribes, who are staggering under the weight of misery and poverty for centuries, should not be left alone on Govt. Voluntary and philanthropic organization and people should come forward to assist the Government in this sacred and significant work of the nation.

The following table lists the "literacy rate" in India from 1901 to 2011

S.No.	Census Year	Total (%)	Male (%)	Female (%)
1	1901	5.35	9.83	0.60
2	1911	5.92	10.56	1.05
3	1921	7.16	12.21	1.81
4	1931	9.50	15.59	2.93
5	1941	16.10	24.90	7.30
6	1951	16.67	24.95	9.45
7	1961	24.02	34.44	12.95
8	1971	29.45	39.45	18.69
9	1981	36.23	46.89	24.82
10	1991	42.84	52.74	32.17
11	2001	64.83	75.26	53.67
12	2011	74.04	82.14	65.46

Effective literacy rate increased to a total of 74.04% with 82.14% of the males and 65.46% of the females being literate

<u>Various Approaches for Universalisation of Primary Education</u>

1) ***<u>National Policy on Education In 1968:-</u>*** The Education Commission (1964 – 66) had recommended that the Government of India should issue a statement on the National Policy of education which should provide guidance to the State Governments and local authorities in preparing and implementing educational plans. Accordingly, the Government of India issued a Resolution on National Policy on Education in 1968.

2) ***<u>National Policy on Education In 1986:-</u>*** A variety of new challenges and social needs make it imperative for the Government of India to formulate and implement a new education policy for the country in 1986.The New Education Policy in 1986 emphasis on:-

   a) Universal enrolment and universal retention of children up to 14 years of age.

   b) Systematic efforts to provide non-formal education to educate school dropouts, children from areas without school, working children who are unable to attend the school during daytime.

3) ***<u>Sarva Shiksha Abhiyan and Its Attempt: -</u>*** Education for children of the age group of 6-14 years has become a fundamental right after the 86th Constitutional Amendment in 2002.The Sarva Siksha Abhiyan has been designed by the Government of India as a scheme to provide elementary education to all the children of the age group 6-14 years. The programme seeks to open new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants.

4) **<u>District Primary Education Programme (DPEP):-</u>** To evaluate the effectiveness of the New Education Policy 1986, a committee was appointed by the Government of India in 1990.

The objectives of DPEP were basically for:

a) To provide access to all children of primary education (Class I to IV/V)
b) To reduce dropout rates to less than 10 percent
c) To increase learning achievement at primary level by 25 percent

5) **<u>National Programme for Education of Girls at Elementary Level: -</u>** It is being implemented in educationally backward blocks, where the percentage of enrolment of girls is comparatively poor than the national average and the gender gap is more than the national average.

6) ***<u>National Programme of Mid Day Meals in School: -</u>*** The programme provides a mid day meal of 450 calories and 12 grams of protein to children at the primary stage and later it is extended to the elementary level. During 2009-10, about 11 crore children were benefitted by the scheme.

7) ***<u>Kasturba Gandhi Balika Vidyalaya: -</u>*** It was launched in July 2004 for setting up residential school at upper level for girls belonging predominately to SC, ST, OBC and other minority communities.

8) ***<u>Thrust for Female Literacy (Saakshar Bharat):-</u>*** The National Literacy Mission has been launched recently as Saakshar Bharat in which at least 7crore non-literates will be made literate to achieve 80% literacy and to reduce gender disparity in literacyfrom 21% to 10%. 365 districts in the country, with adult female literacy rate of 50% or less, have been identified for the implementation of Saakshar Bharat

Conclusion: -

Thus it is a right time for the government to take the action for removing these barriers in order to achieve the democratization of education. Besides we are heading towards the target year of Millennium Development Goals, where accessibility of education to all is a major concerned. But thing is that the education must be cater the needs of the learners that can produce the functional literate and enhance the life skills of the learners. The government is responsible for providing education to every child up to the eight standards, free of cost, irrespective of class and gender. It has paved the way for building a strong, literate and empowered youth of this country

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- Manthan III Youth Festival on 15th and 18th March 2017 for Degree Final students of Hubli , Dharwad & Gadag was held at Urban Oasis Mall.
- Foreign Study Tour to Malaysia in the month of March 2017.
- Fun Week and Sports Week (IEMS , Premier League) was celebrated in March 2017.
- International Women's day Celebration on March 8th 2017.
- Budget Review Competition was held on 27th Feb 2017 where students from various MBA colleges of Hubli had participated.
- Placement Drive on 11th Feb 2017 for Graduates and Post Graduates across North Karnataka.
- One Day seminar on "GST in India" was held on 24th Jan 2017 at Hotel Denissons, Hubli .
- National Youth Day was celebrated in Jan 2017.
- One Day seminar on Financial Planning and Investments was held on 26th Nov 2016.
- Inauguration of Career Development Cell and Soft skill training from professional trainers from 9th Nov to 17th Nov 2016.
- 18th Nov Placement drive at college campus for Degree and MBA students.
- Workshop on Yoga by Yoga Guru Sri.Vinayak.
- Students help desk was set up to educate the people and smoothen the demonetization process at Vijaya Bank, Tarihal.
- Paul Harisson Fellowship award to IEMS by Assistant District Governor 3170.
- Rotaract Installation on 8th Nov 2016.
- One Day seminar on Tax reforms: GST and Corporate Governance was held on 19th Oct 2016.
- "Inquizitive -2016" -Business Quiz Competition was held on 8th Oct 2016.
- Chairman Dr.N.A Charantimath Birthday celebration on 1st Oct 2016.
- Blood Donation camp on 1st Oct 2016 was arranged for students , faculty and outsiders as well.
- Nostalgia -2016 Alumi-student gathering was held in Bangalore and Hubli in July2016.

IEMS Accolades

- ISO 9001:2008 certified.
- AICTE New Delhi Approved.
- Karnataka University, Dharwad Affiliation.
- Member KMAT, AIMS hyderabad, CMAT and AIMA New Delhi .
- Dr.Abdul Kalam Life Time Achievement National Award for Excellence in Management Education.
- Paul Harisson Fellowship award: from Rotary International.
- 32nd India's Best B School - Siliconindia 2012
- South India's Best B -School - Dalal Street.
- ‘A’ Rank Category in Best B-School survey by Business India.
- ‘A4’ Rating category in Best B-Schools survey- AIMA with Business Standards.
- ‘Most Promising Institute’ By Deshpande Foundation
- International Accredited Institute
- 100% Placement assistance.
- Career Development Cell headed by Retd.IFS Officer.

Top 10th B-School in South India & 32nd Rank amongst Best B-Schools India - Siliconindia

Inspiring IEMS Campus with Green Environment

An ISO 9001:2008 Certified & International Accredited Institute -USA

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