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## **From the Desk of the Chief Editor.....**

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Dear IJAR&D Readers,

Greetings for a Successful 2021,

I don't have courage to say that I am glad to present the current issue. You may find my opening remarks a bit negative. Of course, positivity must be maintained in most trying circumstances. But it's easier said than done. Domination of articles based on Covid-19 indicates what? Just one thing. Happy days are still a distant dream. The pandemic not just posed threats to human lives across the globe but also forced us to think strategies to overcome its drastic economic consequences. The article of Dr. O. P. Shukla reflects how severe has been economic impact of Corona. It seems middle class is going to face the brunt more than any other section of the society. Frankly, speaking it is already feeling the heat.

Work from home, deduction in salary and losing jobs has hit the sector below the belt. Companies are thinking not to open offices at all as long as possible. The decision is based on the realization why to run offices when work can be taken from home that too beyond normal working hours. The changed scenario has resulted in plethora of other problems. Matrimonial discord are on the rise. Husband working from home is being perceived as if has infringed the privacy of his own wife and children. Mental illness likewise has recorded an all time high increase. Depression has literally become part of life. Those who can afford treatment are somewhat safe but rest are inching closer to become maniac. Professionals are going back to their native places bidding adieu to large cities with a vow to never return. Inability to meet high cost of living and other problems associated with congested metros are propelling them to go back to their roots.

The article on women empowerment is timely. Pandemic has hit hard women hailing from lower rung of the society. Their participation has shrunk to 7% from 17%. It has added woes to downtrodden. The sector is surviving because it doesn't spend on education, health or lifestyle like middle class. Rural India has not shown much concern as yet, for they always had more disposable income as compared to their urban counterparts. But the way banks are not supporting MSME schemes or startups how long situation remains so, academicians should watch with interest. The states like Uttar Pradesh and Bihar will be finding their landless inhabitants returning to Industrial hubs as migrant workers if schemes aim at offering jobs in their own villages fail to kick off timely.

The other contributions cover topics of academic interest. They have found place to restrain journal from becoming an all pandemic affair.

Undoubtedly, academic fraternity too has suffered like hospitality or aviation sector. A large number of institutes have wrapped up. Those in existence are battling with shortage of funds and students. In such a scenario it is indeed heartening that the journal is receiving quality papers.

I would like to sum up with a Golden Salute to all academicians who extended full support to their institutions, peer groups and students like Corona gladiators. I sincerely believe by next issue withering will turn into blossom. Let's be positive until then.

May God keep you all safe, secure and blessed.

Sincerely,

**Dr. Mazhar Naqvi**

*Editor-in-Chief*

**International Journal of Academic  
Research & Development  
(IJAR&D)**  
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# Bank Efficiency & Macroeconomic Factors: A Study of Public Sector and Scheduled Commercial Banks of India

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## Abstract

*This paper investigates the effects of macroeconomic factors on efficiency of banks. The study takes into account primarily PSBs and the SCBs of India. To calculate efficiency part a parametric approach has been employed that is Stochastic Frontier Analysis (SFA) which estimates the stochastic frontier parameters and gives the inefficiency level of the model. The study has taken Profit-inefficiency into consideration and observed that the effect of macroeconomic variables are different for Public Sector Banks and Scheduled Commercial Banks for some of the variables like Per Capita GDP and Broad Money to GDP ratio. Profit-Inefficiency is negatively related to Per Capita GDP for Public Sector Banks but there is a positive relation with Broad Money to GDP ratio. The Scheduled Commercial Banks has an opposite relation that is Per Capita GDP has Positive relation but a negative relation with Broad Money to GDP ratio. This result shows that even if the Technical Efficiency scores are same for different groups of bank, the effect of macroeconomic factors differ between the groups of bank.*

**Keywords:** Bank Efficiency, Non Parametric Methods, Stochastic Frontier Analysis

## 1. Introduction

Bank Efficiency as a subject in practice is dormant, particularly in case of India. Efficiency, which is often measurable, deals with the mechanism to avoid wastage of resources. Bank Efficiency is essential for developing country as bank services serves as crucial factor for overall economic growth of the country. Matthews (2010) points out that for emerging markets, the issue of bank efficiency has particular importance for the given trend in deregulation and economic reform.

There has been a substantiate increase in the competition among banking industry in India since 1990s. Currently, due to mergers of banks and rationalization of branches Indian banks have started featuring in top 50 banks of the world. Also due to merger there are economies of scale and reduction in cost of doing business. Such reforms are made in view of improving efficiency of the banks.

Most of the studies conducted in studying the efficiency of banks focused on the developed countries such as

United States. But there is a need of doing altogether different study in case of developing countries as the results from the developed countries cannot be applied to the emerging markets due to regulatory limits. In one of the study conducted by Ataullah A., Cockerill T. and Hang Le (2004) a comparative analysis was provided on evolution of technical efficiency of commercial banks in India and Pakistan pre and post implementation of financial liberalization in 1990s.

There are several studies which takes into account the effects of macroeconomics factors on bank efficiency. The study focuses entirely on India, which is one the powerful and emerging economies of Asian Continent. According to Dietsch and Lozano-Vivas (1997) "cross country efficiency comparisons require the proper definition of a common frontier that incorporates country specific macroeconomic conditions. This is the systematic comparison of efficiency measures using a parametric approach and integrating variables into the definition of the common frontier". Some of the macroeconomic

variables affects banking efficiency significantly in PSBs and SCBs of the country.

### **1.1 Public Sector Banks (PSBs) & Scheduled Commercial Banks (SCBs)**

Public Sector Banks are those Scheduled Commercial Banks (SCBs) in which the majority stake is held by the government that is more than 50%. There are around 27 commercial PSBs currently working out of which there are a total of 18 Public Sector Banks alongside 1 state-owned Payments Bank in India. PSBs has the largest number of branches across the country and dominates the Indian Banking System by accounting for 70% of the system assets. It also contributes 75% of total deposits and 70% of total advances of all commercial banks.

The Scheduled Banks in India refer to those banks which have been included in the Second Schedule of Reserve Bank of India Act, 1934. RBI in turn includes only those banks in this Schedule which satisfy the criteria laid down vide section 42(6) (a) of the said Act. They are mentioned as below:

- Nationalized Banks
- State Bank of India and its associates
- Foreign Banks
- Private Sector Banks
- Regional Rural Banks (RRBs)

According to this Act of RBI the banks have to maintain a minimum capital of Rs. 5 lacs and should protect the interest of the depositors. RBI issues instructions from time to time like maintaining stipulated CRR, SLR. The bank can only be a corporation and not a sole-proprietor or partnership firm. Those Banks which are not under this Schedule are called Non-Scheduled Banks. There are certain rights which are being enjoyed by the SCBs and Non-Scheduled Banks do not have rights such as obtaining refinance facility from the apex bank like RBI in case of India. Furthermore they are not given facility for currency chest and also they barred from clearing house and cannot be a member as well.

However, Scheduled banks are allowed to borrow money from the apex bank for banking activities. But on the other hand non-scheduled banks do not have this facility. However, under extreme circumstances, they can ask the apex bank for accommodation. Now, if SCBs wants to become the member of clearing house then they have to turn in the periodic returns to the Central Bank.

After liberalization the banking business environment has been affected in terms of increasing competition and customers are given more importance as the focus is now on customer satisfaction, meeting up the customer expectation also focus was given on decreasing

the intermediates. Pre-liberalization the banks were controlled due to tight regulation policies and variables like size of the branch along with location were kept in focus. When market was thrown into competition the inefficiencies of the Indian Banks came into picture and started eating up the share. This competitive environment introduced public sector banks to new challenge of regaining its share. Even if the PSBs still have the largest contribution for banking indicators but since the liberalization period there is a decline in PSBs share and increase in private sector.

PSBs are still far from reaching the level of private sector and foreign banks when compared on basis of technology. These banks have faced difficulties in improving the technology frontier. Profit maximization and cost reduction programmes were the base for establishing itself in the increased competition. So PSBs started embracing technology to improve customer base by providing better service and started coming up with innovative ideas. In turn, majority of the banks in the public sector domain have significantly improved their profit efficiency. However, there have been fluctuations in profit performance of different bank groups individually.

### **1.2 Key Performance Indicators of Banks**

The performance indicators are used by the companies to monitor the business. However one of the major issue is to help them in judging the progress against the externally reported strategies of the KPIs which are presented to the board. Measures that matter across the banking industry:

- Capital adequacy
- Customer retention
- Customer penetration
- Assets under management
- Loan loss
- Credit quality
- Asset quality

The Key Performance Indicators (KPI) vary with respect to the type of industry. The degree of KPI is conditioned with respect to the industry in which the company operates. So the banks which are performing better has credit quality approximately four times better than those of the average bank whereas net interest risk adjusted margin is about 1.5 times better. The focus is mostly laid on earning profits, focusing on customer base and decreasing NPAs. The performance of different groups of bank has been considered in relation to their goals, mission and objectives. Total Assets, Deposits and

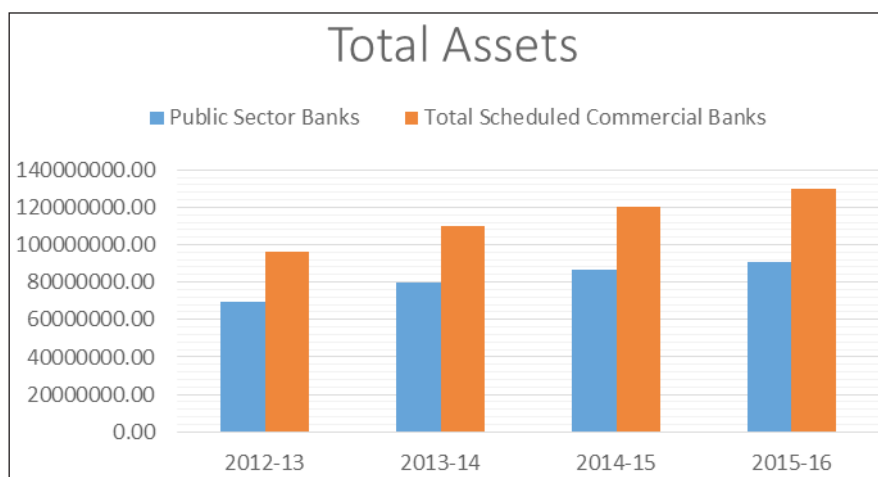


Expenses are some of the key major variables considered to judge the progress of banks. Recent trends (2012-2016) are shown as follows for PSBs and SCBs from the RBI website:

**Table 1. Total Assets (Millions)**

Bank Groups	2012-13	2013-14	2014-15	2015-16
Public Sector Banks	6,96,22,613	7,96,83,098	8,67,88,327	9,06,17,232
Total Scheduled Commercial Banks	9,58,99,521	10,97,59,286	12,03,69,921	12,95,95,866

Source: [www.rbi.org](http://www.rbi.org)

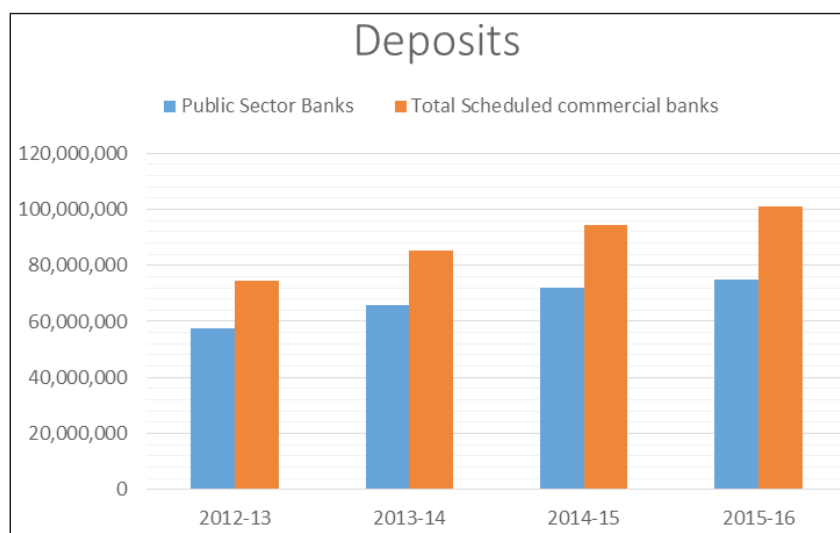


**Graph 1. Total Assets (2012-16)**

**Table 2. Growth in Deposits (Millions)**

Bank Groups	2012-13	2013-14	2014-15	2015-16
Public Sector Banks	5,74,56,972	6,58,90,205	7,19,41,924	7,48,61,781
Total Scheduled commercial banks	7,42,96,772	8,53,31,730	9,43,38,380	10,09,26,514

Source: [www.rbi.org](http://www.rbi.org)

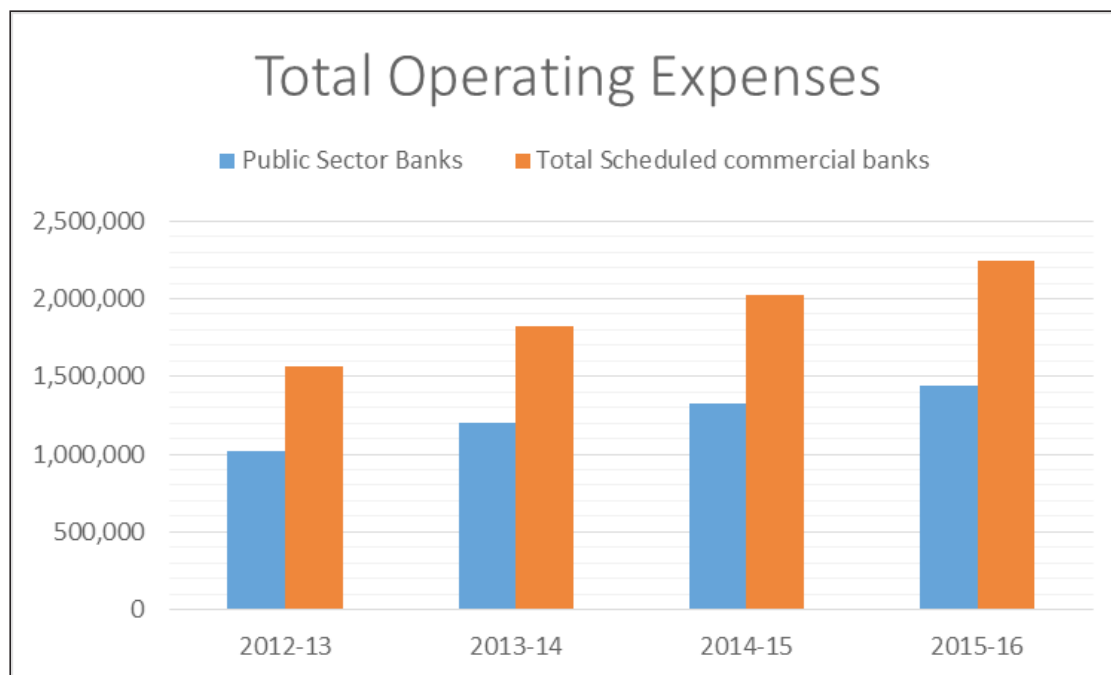


**Graph 2. Deposits (2012-16)**

Table 3. Operating Expenses (Millions)

Bank Groups	2012-13	2013-14	2014-15	2015-16
Public Sector Banks	10,18,667	12,05,662	13,23,656	14,44,002
Total Scheduled commercial banks	15,66,636	18,24,156	20,28,026	22,43,516

Source: [www.rbi.org](http://www.rbi.org)



Graph 3. Operation Expenses

### 1.3 Macroeconomic conditions of India

The growth of a country is judged by considering macroeconomic conditions such as Real Per Capita GDP, Inflation Rate and Interest Rate. These variables, although important but cannot tell anything about a country's status of freedom in any field. Introduction of liberalization has exposed the Indian banks to more competition, so any industry looks for ease of doing business.

Table 4. Index (1995-2019)

Index year	Country's Score	Government Spending	Business Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	55.2	77.3	57.1	72.4	72.4	40	40
2018	54.5	77.7	56.4	75.9	72.4	40	40
2017	52.6	77.4	52.8	75	72.6	40	40
2016	56.2	78.1	47.6	72.8	71	35	40
2015	54.6	78.3	43.3	65.3	64.6	35	40
2014	55.7	77.8	37.7	65.5	65.6	35	40
2013	55.2	77.9	37.3	65.3	63.6	35	40
2012	54.6	74.8	35.5	62.9	64.1	35	40

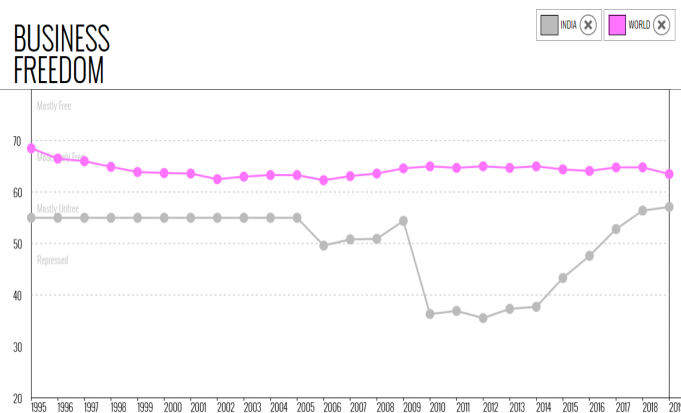
2011	54.6	77.8	36.9	65.1	64.2	35	40
2010	53.8	76.1	36.3	67.5	67.9	35	40
2009	54.4	77.8	54.4	69.3	51	30	40
2008	54.1	73.5	50.9	70.3	51	40	30
2007	53.9	71.4	50.8	77.2	51.2	40	30
2006	52.2	74.6	49.6	77.6	24	50	30
2005	54.2	76.3	55	77.4	38	50	30
2004	51.5	77.1	55	77	23.6	50	30
2003	51.2	71.9	55	77.6	23	50	30
2002	51.2	78.1	55	70.8	21.8	50	30
2001	49	76.5	55	68.2	25.6	30	30
2000	47.4	73	55	63.7	19.6	30	30
1999	50.2	90.6	55	67.2	24	30	30
1998	49.7	89.7	55	65.6	13.2	50	30
1997	49.7	88.7	55	65.1	13.2	50	30
1996	47.4	88.7	55	65.6	14	50	30
1995	45.1	92.4	55	71.7	0	50	30

Source: [www.heritage.org/index/](http://www.heritage.org/index/)

After liberalization the Indian economy started to develop into an open market from the shackles of closed market which was the case before liberalization. During the early 1990s measures were taken to liberalise the economy by deregulating industries, turning state owned into private enterprises. A burdensome regulatory environment discourages the entrepreneurship that could provide broader private-sector growth which can be seen since 1995 there is not much change in the score of business freedom that is 55 to 57.1 in 2019. The state maintains an extensive presence in many areas through public-sector enterprises. Also the monetary freedom index is not flexible but it has increased after a significant downfall from 2010-2018. Improvement in monetary freedom contributes to competitive environment in financial markets which helps the efficiency score to increase not only in banking system and financial markets.

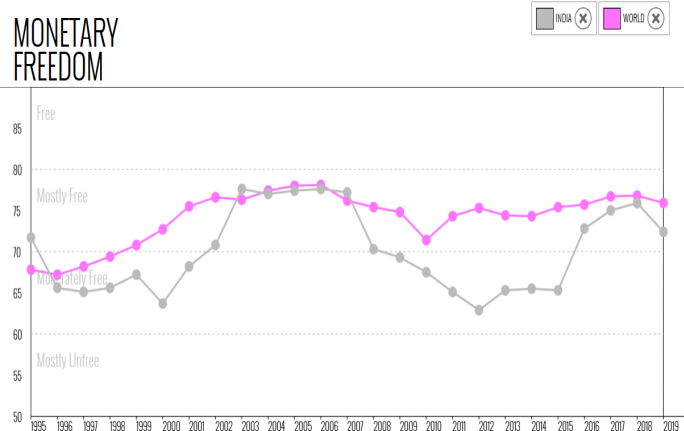
Open Market indicators, trade freedom, investment freedom and financial freedom have not outperformed in two decades. Trade freedom which was 0 in 1995 has come a long way to reach a value of 72.4 due to rigorous policies favouring trade openness. Now, the financial freedom Index of India has not come a very

far way. The financial freedom indicator tells the degree of independence of financial sector from government control. This type of freedom showcases the competition in banking sector and drives it to work efficiently.



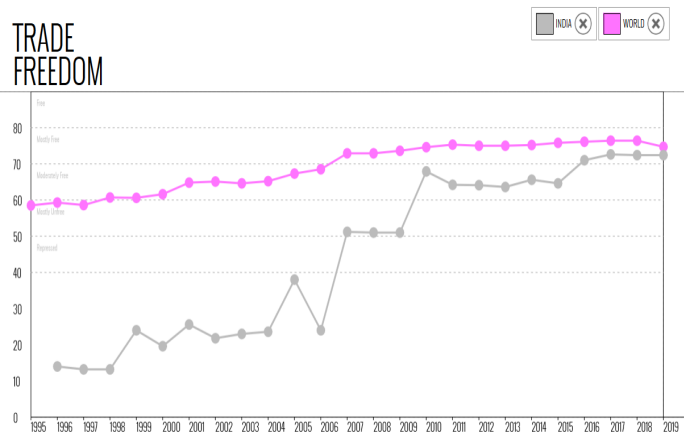
**Graph 4. Business Freedom (Comparison India with World Post-Liberalization)**

Source: [www.heritage.org/index/](http://www.heritage.org/index/)



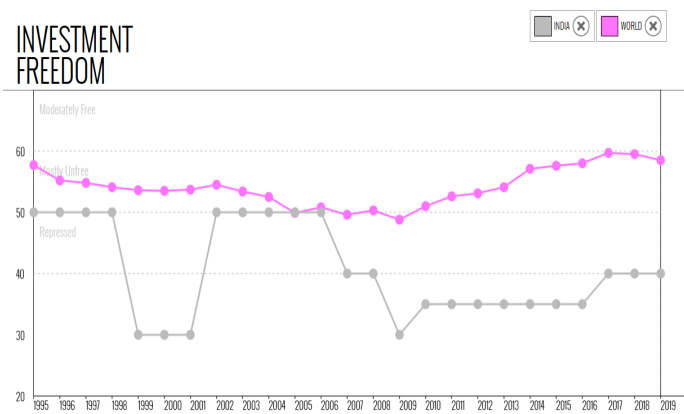
**Graph 5. Monetary Freedom (Comparison of India with World Post-Liberalization)**

Source: [www.heritage.org/index/](http://www.heritage.org/index/)



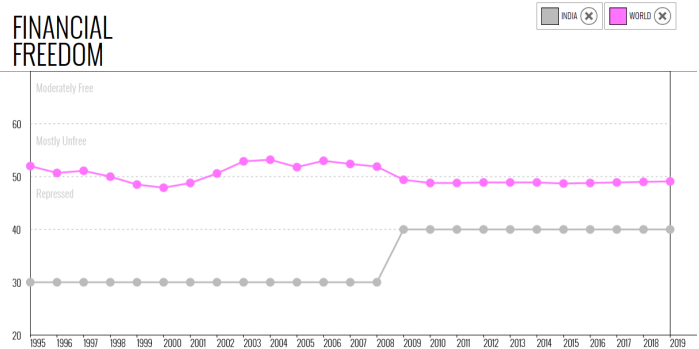
**Graph 6. Trade Freedom (Comparison of India with World Post-Liberalization)**

Source: [www.heritage.org/index/](http://www.heritage.org/index/)



**Graph 7. Investment Freedom (Comparison of India with World Post-Liberalization)**

Source: [www.heritage.org/index/](http://www.heritage.org/index/)



**Graph 8. Financial Freedom (Comparison of India with World Post-Liberalization)**

Source: [www.heritage.org/index/](http://www.heritage.org/index/)

**2. Literature Review**

There exists many published literature on effect attributing to banking efficiency and macroeconomic variable. However, the very recent study is done in an oil dependent country, Azerbaijan by Hasanov, Bayramli and Al-Musehel (2018). This authors focused on studying recent economic trends of the country by examining the recent economic cycle on bank profitability and the results showed that the profitability of the banking system in a country like Azerbaijan gets affected by both bank specific and macroeconomic variables.

If we take the case of under developing nations like of West Africa then there is a study by Combey and Togbenou (2017) who investigated the short run and long run relationship between the banking sector profitability and macroeconomic variables in Togo. They suggested in their article that for having stable banking profitability, the banking sector will be affected by real GDP growth rate, effective real exchange rate and the volatility in inflation. Agade (2009) based his study in Kenya and examined the macroeconomic effect on efficiency of banking sector. Agade came to conclusion in his study that the macroeconomic factors like GDP growth rate and exchange rate effected operational efficiency of bank positively.

Chan, Karim and Zaidi (2010) did the study across different regions for developing nations of Asia and Middle, East and North Africa. The authors analysed the effect of macroeconomic variables for cost and profit efficiency of commercial banks. The study helped in concluding that the macroeconomic factors effect bank efficiency across region. This approach concluded that the developed nations have positive relation with Per Capita GDP and profit efficiency but for developing nations it is negative.

Dietsch and Lozano-Vivas (2000) concluded that the differences in the efficiency especially cost efficiency

between Banks of France and Spain is due to difference in banking system such as the accessibility and structure of the banks in the two countries along with macroeconomic condition. The authors also found in the study that per-capita income increase cost inefficiency of the banking industry in France and Spain. Effendi et al. based their study on Indonesian Banking sector which also had similar conclusion which were given by Chan, Karim and Zaidi (2010) that macroeconomic factors differ across bank groups.

### 3. Methodology and Data

#### 3.1 Methodology

##### 3.1.1 Efficiency

The theory of efficiency is based on consumers and producers successfully optimizing their output. The producer focuses on maximizing its production, minimizing cost and maximizing profits. The Econometric techniques are formed to estimate the functional parameters like production, cost or profit functions of producers. The conventional regression technique observes the deviations from actual and optimal choices which are stochastic term. The origin of stochastic term is due to the presence of technological deficiency and is caused when there is non-optimal allocation of resources in production.

The efficient frontier analysis has two kinds of methods which are shown as follows:

- Non Parametric Methods – Linear programming and operational research are used to efficiently determine the frontier. Methods like Data Envelopment Analysis (DEA) or Free Disposal Hull (FDH) are Non-Parametric.
- Parametric Methods – Like Stochastic Frontier Analysis (SFA), Thick Frontier Approach (TFA) and Distribution Free Approach (DFA). Econometric Theory is used to estimate the two parts of regression equation i.e. pre-specified functional form and an additional stochastic term models the inefficiency.

For calculation of the efficiency, parametric approach is adopted i.e. SFA, a technique which models the behavior of a producer. The efficiency estimates or scores are produced by SFA for different units. In this way, SFA distinguishes mediation and redress measures. Since effectiveness scores change crosswise over units, they can be identified with unit's qualities like size, possession, area, and so on. Along these lines one can recognize wellspring of wastefulness.

##### 3.1.2 Stochastic Frontier Model

The SFA approach was dealt with production function model which was firstly given by Aigner, Lovell and

Schmidt (1977) in Formulation and Estimation of Stochastic Frontier Production Function Models. The Stochastic Frontier Model then started considering panel data which was originally given for cross section data and assumed firm effects that are random variable and is distributed as truncated normal. Battese and Coelli (1992) considered time varying efficiencies. The error structure of production function model by Aigner et al. is given as:

$$\epsilon_i = v_i + u_i \quad i = 1, 2, \dots, N \quad (1)$$

The error component represents the symmetric disturbance and is assumed to be independently and identically distributed with  $N(0, \sigma^2)$ . The error component is assumed to be distributed independently of  $v_i$ , and to satisfy  $u_i \leq 0$ . The concern will be with the case in which  $u_i$  is derived from  $N(0, \sigma^2)$  distribution truncated above at zero. However, other one-sided distributions are tenable, and also consider the case in which  $u_i$  has an exponential distribution.

Technical efficiency is the ratio of actual output against potential output. It has two sorts of inefficiencies, input arranged and yield situated specialized productivity. Input arranged specialized proficiency is utilized to set up that it is so conceivable to change input levels, for example, input vector holding the output steady. So it is to quantify the extent to which the input is reduced by using labour and capital without changing the level of output. The technical efficiency based on output gives a set of inputs. If assumed that the producers are fully efficient and also assume the distribution to be truncated normal. It is a distribution in which both sides of normal distribution have been truncated.

There are various techniques to measure technical efficiency. Now, to estimate the profit efficiency of PSBs and SCBs of India the study adopts the transcendental logarithmic stochastic frontier profit function which was followed by Battese and Coelli (1995). This model is specified as follows which is the general form of profit frontier model

$$Y_t = \text{Exp}(\beta X_t + V_t - U_t) \quad t = 1, 2, \dots, T \quad (2)$$

Here  $Y_t$  denotes the bank's output for time period  $t$ ;  $X_t$  is the vector of Input variables for the time period  $t$ ;  $\beta$  is vector of unknown parameters to be estimated;  $V_t$  is a stochastic term which are assumed to be i.i.d. that is independent and identically distributed and follows normal distribution with mean 0 and variance  $\sigma^2$ ;  $U_t$  is associated to technical inefficiency and are unobserved, positive random variables of production, also  $U_t$  is independent of  $V_t$  and it also follows F distribution.

Now, is given as

$$U_t = \{Exp[-\tau(t-T)]\}U \quad t = 1, 2, \dots, T \quad (3)$$

Here, is an unknown scalar parameter to be estimated, which determines the time variant nature of the inefficiencies. If,, then technical inefficiencies of banks decline over time. If, then the technical inefficiencies of banks increase over time. If,, then technical inefficiency of bank remains constant. is independent and identically distributed which has both unknown mean  $\mu$  and unknown variance . The profit efficiency is given as

$$TE_t = Exp(-U_t) \quad t = 1, 2, \dots, T \quad (4)$$

The value lies in between zero and one,

Now, to analyse the macroeconomic factors effecting bank efficiency is being studied. So, bank efficiency is already modelled, so we will therefore analyse the effect of major macroeconomic variable on bank efficiency which is given as

$$U_t = Z_t\delta + W_t \quad t = 1, 2, \dots, T \quad (5)$$

Here, is a vector of macroeconomic variables that might effect bank efficiency

$\delta$  is vector of unknown parameters to be estimated

$$W_t \sim \text{iid } N(0, \sigma^2 W)$$

$$U_t \sim \text{iid } N(m_t, \sigma^2 U) \quad \text{where, } m_t = Z_t\gamma$$

The usefulness of the above model, in equation 5, is that it can give inefficiency effects for profit and cost as a function of macroeconomic variables so that it is believed to have bank efficiency.

$$u_t = \alpha_t + \beta_1 PGDP_t + \beta_2 INF_t + \beta_3 IR_t + \beta_4 NTR_t + \beta_5 BM_t + \epsilon_t \quad t = 1, 2, \dots, T \quad (6)$$

Here, is the efficiency score of a bank group at time period  $t$ ; is the Per Capita GDP at constant prices at time period  $t$ ; is the inflation rate of the country at time period  $t$ ; is the interest rate of the country at time period  $t$ ; is the Net Trade as percentage of GDP at time period  $t$ ; is the  $M_3$  to GDP ratio at time period  $t$ ; is the error term.

### 3.2 Data

This study is based on PSBs and SCBs of India and the data taken is for the period after liberalization, 1992-2016. The profit efficiency score estimated for the banks selected to study followed cross section data approach. The span of 25 years is considered for reaching an accurate and consistent measure of efficiency for banking industry.

Study requires both banking industry data and macro level data. Most of the data is being collected from EPWRF

India Time Series for Bank Groups that is PSBs and SCBs. Some of the variables are also collected from RBI website for the industry specific data. The macroeconomic variables were obtained from three database, Fred Economic Data, St. Louis Fed, Ministry of Statistics and Programme Implementation (MOSPI) and Organisation for Economic Co-operation and Development (OECD).

#### 3.2.1 Measurement of Variables

The output oriented measurement approach is being adopted in which the output is measured by the transactions taken place and inputs are labour and capital in physical units. We will calculate the profit efficiency score by applying the output oriented approach. Profit efficiency is also referred as total efficiency which focuses on achieving both technical efficiency and allocative efficiency at a proper level. A bank might not be operating on the profit frontier due to scale inefficiency.

In this study, Total Assets (TA) are used to represent the dependent variable, which include financing, asset management, dealing with securities, investment of securities, and placements with other banks. The input variables or the independent variables taken are time, total deposits (TD) and total expenses (TE). The study is conducted for 25 years after liberalization from 1992-2016. So, to find the productive efficiency of banks over time, we have chosen time as an input variable. Total deposits comprises of cash deposited by customers or other banks and total expenses here as an input variable is basically overhead expenses which includes both operating and personal expenses.

From equation 2,

$$\ln(TA_t) = \beta_0 + \beta_1 \ln(TD_t) + \beta_2 \ln(TE_t) + \beta_3 t + (V_t - U_t) \quad t = 1, 2, \dots, T \quad (7)$$

The variables as explained above are the natural logarithm of Total Assets in dependent variable and total deposits and total expenses in the independent variable;  $t$  is time in years.

For estimating equation 7, STATA provides an application of stochastic frontier analysis for cross section as well as panel data. This study deals with cross section data and distribution is truncated normal. STATA gives the technical inefficiency term in the *sfcross* command. Command is *sfcross logtass logtdep logtexp year, distribution(tnormal) emean(logprofits) nolog*

Now to compute the level of Technical Efficiency of Banks during 1992 to 2016, STATA uses another command *predict te, jlms*

The above command generates the efficiency score for each year for both groups of bank i.e. PSBs and SCBs. The score 0 means technically inefficient and 1 means technically efficient.

The technical inefficiency scores are generated for both bank groups, now, we will see how inefficiency correlates with the macroeconomic factors. Per Capita GDP is taken as the parameter to see the economic growth of the country which is positively related to the technical efficiency for both PSBs and SCBs but close to zero, so it is expected that country is now on the path of more mature banking system that is competitive. Broad money to GDP ratio is also positively related with the technical efficiency. Broad money to GDP ratio is one of the proxy for financial development of the country, other proxies were not observed due data unavailability. A positive relation with the Financial Development parameter creates an expectation that it will make banks to operate in an efficient way and there will be more intense competition in the banking market. The other parameters such as Interest Rate, Inflation Rate and Net Trade is expected to have negative relation with the technical efficiency. In case of Interest Rate negative relation would mean there as the interest rate increases the banks will be unable to borrow money for investment purposes and pay back the amount efficiently.

## 4. Results and Discussion

### 4.1 Public Sector Banks

Table-5 shows the results of SFA for the PSBs which is done to get the profit efficiency. The distribution is assumed to be truncated normal from which the efficiency coefficients and its t-value is obtained. SFA use Maximum-Likelihood estimator to estimate.

**Table 5. Results of Frontier Analysis for PSBs**

Independen <sup>Nt</sup> Variable (PSBs)	Parameters	Coefficients	t-value
Constant	$\beta_0$	24.26684	0.64
Total Deposits	$\beta_1$	1.101337*	-0.46
Total Expenses	$\beta_2$	-0.0358955	-0.63
Time	$\beta_3$	-0.0125075	6.34
Inefficiency Term (Profits)	$U_t$	-1.699893	-0.43

\*Significant at 1%

From the Frontier regression model we have obtained total deposits, total expenses and time. Total deposits has positive coefficient and is significant at 1 % and total expenses has negative coefficient but is insignificant. Time which is trend variable, here is taken as a proxy for technological progress which is insignificant. During the period of study there has been a negative technological progress in case of PSBs. So there is an inward shift in production possibility frontier. This negative relation

with trend shows the slump or sluggish working nature of Public Sector banks of India. This can also be due to the changes brought through innovations and any technological change is not significant for PSBs.

Now, the next is Mu Model which is Technical inefficiency model and this technical inefficiency is also dependent variable. The coefficient of this variable is -1.699893 i.e. negative so it means it is actually a positive effect on technical efficiency because it has negative effect on technical inefficiency. The negative here means that Profits/Losses have negative effect on technical inefficiency and a positive relationship between Profits/Losses and Technical Efficiency. If we are getting more and more of Profits then we are reaching a situation where technical inefficiency is being reduced. So PSB's in India have become much more efficient owing to profits but it is also insignificant.

If , from equation (7) is statistically not different from zero, then the equation will collapse to cobb douglas specification, also our stochastic frontier model will reduce to a cobb douglas production function with no errors. So it is necessary to run diagnostic checks as follows.

Variance of error term can be categorized into 2 parts:

- Variance coming from the inefficiency component
- Variance coming from random component

$$\sigma^2 = \sigma_u^2 + \sigma_v^2 \quad (8)$$

The ratio between the variance of technical inefficiency component to the total variance of the error term will give a statistical value that accounts for the proportion or variation in the output accounted by the technical inefficiency. This statistical value will range between 0 & 1. If ratio is close to 1 means much variation is accounted by technical inefficiency and stochastic frontier model will be most appropriate. If ratio is close to 0 means very little variation is being accounted by technical inefficiency so not reasonable to estimate stochastic frontier for this purpose. Then the variation comes from random component of the variance of error term.

**Table 6. Diagnostic Test (PSBs)**

Variable	Standard Deviation	Variance
sigma_u	0.4896494	0.23975653492036
sigma_v	0.0291392	0.00084909297664
sum(u+v)	0.5187886	0.2406056
Ratio(u/u+v)	0.943832228	<b>0.996471018</b>
Ratio(v/u+v)	0.056167772	<b>0.003528982</b>

From above we can conclude that technical inefficiency accounts for 99.647% variation in output. It is very close to 1 which justifies the stochastic frontier model for PSBs. There was another postestimation test which was given by Kumbhakar, Wang and Horncastle (2015) and they suggested the likelihood ratio test statistic in A Practioner's Guide to Stochastic Frontier Analysis Using Stata.

$$-2[L(H_{Res}) - L(H_{unres})] \quad (9)$$

Here and represent the computed values from log likelihood of restricted ordinary least square model and unrestricted from stochastic frontier model respectively. So, the null hypothesis is given as,  $H_0$  = No Technical Inefficiency/ Stochastic Frontier model is not appropriate and alternative hypothesis is given as  $H_a$  = Technical Inefficiency

**Table 7. Likelihood Ratio Test (PSBs)**

Unrestricted	50.5459
Restricted	66.13133791
$-2[L(H_{Res}) - L(H_{unres})]$	-31.17087

Now the Critical value of the mixed Chi-Square distribution, which is given by Kodde and Palm (1986), with one degree of freedom which is equal to the number of restrictions involved and 5% level of significance is 2.705 which is more than -31.1708, so we reject the null hypothesis which says that stochastic frontier analysis is not appropriate so in other words we rejecting the null hypothesis of No Technical inefficiencies. This test is based on the one sided hypothesis tests. This justifies the Stochastic Frontier Analysis Model.

#### 4.2 Scheduled Commercial Banks

The results of SCBs are shown in Table 8 which are given by running SFA in STATA. Here also we are concerned with the technical efficiency values.

**Table 8. Results of Frontier Analysis of SCBs**

Independent Variable (SCBs)	Parameters	Coefficients	t-value
Constant	$\beta_0$	-17.86463	-0.8
Total Deposits	$\beta_1$	0.9414248*	14.95
Total Expenses	$\beta_2$	0.0051958	0.09
Time	$\beta_3$	0.0094322	0.81
Inefficiency Term (Profits)	$U_t$	-1.659166	-0.47

\*Significant at 1%

The Frontier regression model gives the positive Total deposits and is significant at 1 % and total expenses also has positive coefficient but is insignificant. Time as a trend variable shows a positive technological progress in case of SCBs during the same period in which PSBs has shown a negative technological progress. So there is an outward shift in production possibility frontier. This positive relation with trend shows that even though PSBs still are in bad position even after liberalization but overall the Scheduled Commercial Banks, which includes almost all banks of India. The innovations or technological changes have changed the face of SCBs in a positive way.

The coefficient of variable in Technical Inefficiency Model is -1.659166 i.e. negative so it means it is actually a positive effect on technical efficiency because it has negative effect on technical inefficiency. The negative here means that Profits/Losses have negative effect on technical inefficiency and a positive relationship between Profits/Losses and Technical Efficiency. If we are getting more and more of Profits then we are reaching a situation where technical inefficiency is being reduced. So SCBs in India have become much more efficient owing to profits but it is also insignificant.

**Table 9. Diagnostic Test (PSBs)**

Variable	Standard Deviation	Variance
sigma_u	0.5030769	0.253086367
sigma_v	0.0325332	0.001058409
sum(u+v)	0.5356101	0.254144776
Ratio(u/u+v)	0.939259547	<b>0.995835409</b>
Ratio(v/u+v)	0.060740453	<b>0.004164591</b>

From above we can conclude that technical inefficiency accounts for 99.583% variation in output. It is very close to 1 which justifies the stochastic frontier model for SCBs. Now, run the alternative postestimation test by Kumbhakar, Wang and Horncastle (2015), the null hypothesis is given as,  $H_0$  = No Technical Inefficiency/ Stochastic Frontier model is not appropriate and the alternative hypothesis i.e.  $H_a$  = Technical Inefficiency. This postestimation criteria is considered to be more reliable.

**Table 10. Likelihood Ratio Test (PSBs)**

Unrestricted	52.8385
Restricted	68.12229101
$-2[L(H_{Res}) - L(H_{unres})]$	-30.5675



According to by Kodde and Palm (1986), the Critical value of the mixed Chi-Square distribution with one degree of freedom is equal to the number of restrictions involved and 5% level of significance is 2.705 which is more than -30.5675, so we reject the null hypothesis which says that stochastic frontier analysis is not appropriate so in other words we rejecting the null hypothesis of No Technical inefficiencies. This test is based on the one sided hypothesis tests. This justifies the Stochastic Frontier Analysis Model.

**Table 11. Efficiency Scores (1992-2016)**

Bank Group	Technical Efficiency (Mean)	Standard Deviation	Variance	Min	Max
Public Sector Bank	0.8289802	0.0176679	0.000312	0	0.99033
Scheduled Commercial Bank	0.9064183	0.2728167	0.07442	0	0.98921

The efficiency scores for PSBs and SCBs are given in Table-11, which basically gives the profit efficiency values. The mean value of efficiency for period 1992-2016 for PSBs is 82.89% and for SCBs is 90.64%. So SCBs are more efficient than the PSBs which is quite acceptable because SCBs include almost all the banks existing in India.

### 4.3 Effect of Macroeconomic Factors on Bank Efficiency

Table 12 consolidates the technical efficiency scores with the macroeconomic variables for both the bank groups i.e. PSBs and SCBs. The Macroeconomic variables taken to study from 1992-2016 are Per Capita GDP, Rate of Interest, Inflation rate, Net Trade and Broad Money to GDP Ratio.

**Table 12. Macroeconomic Variables Effect on PSBs and SCBs**

Macroeconomic Variables	Technical Efficiency Score of PSBs	Technical Efficiency Score of SCBs
Intercept	2.96179***	1.11541*
	(-0.95357)	(-0.7086)
GDP Per Capita (At Constant Price)	-0.00332**	0.00024
	(-0.00189)	(-0.0014)
Interest Rate (in %)	-0.06003*	-0.01538
	(-0.03837)	(-0.02851)
Inflation Rate (in %)	-0.03537	-0.0508***
	(-0.0314)	(-0.02334)

Net Trade (% of GDP)	-0.09811*	-0.09133**
	(-0.0629)	(-0.04674)
Broad Money to GDP Ratio	68.19779*	-8.04938
	(-43.49346)	(-32.3202)

Note: \*\*\*Significant at 5%, \*\*Significant at 10%, \*Significant at 15%, Parentheses contains corresponding Standard Errors

The GDP Per Capita is negatively affecting the efficiency for PSBs and positively affecting the efficiency for SCBs but it is significant for PSBs at 10% level and insignificant for SCBs. An increase in Per capita GDP by single unit increases efficiency for SCBs by 0.00024 and decreases efficiency by -0.00332. The Rate of Interest has negative effect on efficiency for both the groups but is significant at 15% for PSBs and is insignificant for SCBs. Now, if we see for Inflation Rate and Net Trade then both show a negative effect on the efficiencies for banks but inflation rate is insignificant for PSBs and significant for SCBs at 5% level of significance but net trade is significant for both PSBs as well as for SCBs at 15% and 10% respectively. The last indicator i.e. Broad Money i.e.  $M_3$  to GDP ratio has a very high positive effect on efficiency which is 68.19779 and is significant as well at 15 % level of significance for PSBs but the same macroeconomic indicator shows a negative but an insignificant effect on efficiency for SCBs. The results are in line with findings of Effendi et al. and Chan, Zaini and Karim (2010) for the research work which implied that changes in technical efficiency is explained by macroeconomic variables. So the effect of macroeconomic factors can be different across the different bank groups.

## 5. Conclusion

The banking efficiency scores is obtained for both PSBs and SCBs by following SFA, which is a parametric approach and was based on Batters and Coelli (1995) model. The macroeconomic variables i.e. Per capita GDP, Rate of Interest, Rate of Inflation, Net Trade and Broad money  $M_3$  to GDP ratio are analysed to find out the impact on technical efficiency of Indian banks after liberalization period (1992 to 2016).

The results show that the technical efficiency are effected by most of the macroeconomic variables. Most of the variables are significant for PSBs except for Rate of Inflation but for SCBs Net Trade and Rate of Inflation are the only macroeconomic variables which are significantly effecting the efficiency scores of Banks under SCBs. The PSBs are mostly affected by almost all the variables such as Per Capita GDP, rate of Interest, Net Trade and financial development indicator i.e. broad money to GDP ratio.

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# “Economy, Pandemic and Revival Strategy: A Critical Review of Indian Economy During Covid -19”

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## Abstract

*The entire world is under an economic recession, and India has also stepped into it. The devastating virus spread made out country standstill. Due to long-lasting lockdown and other restrictions, people had to confine themselves in their own houses, and all the economic activities had stopped, which resulted in a nationwide economic recession and job loss. In this paper, the author has exhibited both negative and positive impacts of the recent pandemic with the help of secondary data. The paper aims to depict the present economic scenario of India aimed and post-pandemic period.*

**Keywords:** Economic Impact, Indian Economy, COVID-19, Pandemic Effect on Indian Economy

## Introduction

India is a developing country, and it is also considered as the fifth largest middle-income economy with nominal Gross Domestic Product. Our economy is also termed as “mixed economy” because both private and public sectors are coexisting in it and grasps international trade and commerce. The economy of India also ranks third in the world in term of purchasing power parity (PPP). India, being a developing country, GDP per capita is low, and the base of the economy is agriculture. Indian economic system bears all signs of being a developing economy as the country holds high population, low gross domestic product, the massive population comes under the poverty line, lower capital accumulation rate and significantly dependent on agro products. IMF predicted an economic growth of 6.1 % in 2019 followed by 7 % in 2020 for India but IMF, in June’2020 had forecasted a minimum decline of 4.9 % in 2020 due to the sudden attack of Coronavirus in this year. From its birthplace of China, COVID -19 came to India through infected international visitors, and the first case of Coronavirus was registered in Kerala on 30th January’20. The devastating effect of the virus was significantly noticed in India, and the country stood on the highest position in regards to the confirmed cases in Asia and holds the second-largest position in the world after the United States of America. Statistics confirm that

our country experienced about one crore COVID cases with a massive death in different states, especially our financial capital, Mumbai and country capital, Delhi. The existing Government had no clue about the spread of the deadly virus in the initial stage and had no proper infrastructure, equipment, medicine and trained medical staffs and doctors to handle the situation. So they were bound to impose strict law to prevent the infection. Central Government had to take a concrete decision for imposing nation-wide lockdown from 24th march’20 and had to bar all economic activities for saving Indian population from the Coronavirus infection. The country, immediately, gone into the massive economic loss which put us into a turmoil.

In this research paper, the author has focused on different aspects of the economic impacts of recent deadly pandemic on the Indian economy.

## Objectives

The primary objects of the paper are to:

- i. Evaluate the effect of COVID – 19 in Indian economy.
- ii. Formulating a critical analysis of loss and negative effect of Coronavirus.
- iii. Account for a positive impact of COVID- 19 on the economy.

## Literature Review

The term "economy" defines as a condition of a country with regards to its production and consumption of goods and services and inflow of money (Mitchell, T., 1998). The economy is a value-added method of making and selling. It is typically categorised into two parts, such as physical goods and services (Hill, T. P., 1977). It means that there is a means of trade that is a structure of finance in the modern world (Kiyotaki, N., and Wright, R., 1989). This makes it easier to trade. According to Oliveira, economy involves cluster activities of production and consumption which are interrelated and decides the process of distributing and allocating resources in it (de Oliveira, J. A. P., et al., 2013). Needs of human beings related to production and consumption is generally fulfilled by economic activities of any country (Andrews, E. S., 2009), and also operated by the same cluster of people (Jackson, T., and Senker, P., 2011). Holton (Holton, R. J., 2013) is of the opinion that the different activities carried out in the society has a profound impact on the economy, and social welfare is majorly interrelated with the scientific thinking of habitats of an economy (Joy, N. M., and Paul, S. K., 2020). Kenessey (Kenessey, Z., 1987) describes that any economy of the world includes four significant sectors such as primary, secondary, tertiary and quaternary sectors. Primary sector involves agriculture and mining sectors (Freudenburg, W. R., 1992). In contrast, secondary sector deals with industrial products such as construction, manufacturing and different processing units (Singh, B. et al., 2010), The third one accounts for financial institutions like banks, stock exchange, service industry like tourism and hospitality, the entertainment industry and retailer outlets (Berry, L. L., 1996), and the last sector comprises of research and development, consultancy services and education (Miles, I. et al., 1995).

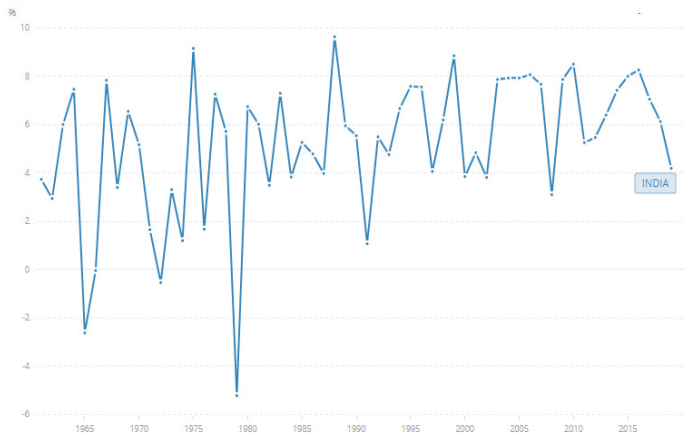
After going through different kinds of literature, we can accumulate different characteristics of Indian economy. India's national and per capita income generation is impoverished (Cherodian, R., & Thirlwall, A. P., 2015). The economy is marked by so much reliance on cultivation and is thus the primary producer (Puri, and Misra, 2017). Our country is holding very high population growth since independence (Bongaarts, J., 2009). Growing unemployment is resulting deficiency of capital in Indian economy (Srivastava, V., 2006). Both the amount of capital accessible per capita and the current pace of capital accumulation in India is very poor (Beine, M., et/ al., 2008). Another critical aspect of our economy is the under-distribution of resources (Khodabakhshi, A., 2011). Kinra mentioned that (Kinra, N., 2006) the

presence of low technology levels is one of the main characteristics of an underdeveloped country such as India. Most of the natural resources of India are not accessible due to low connectivity (Bardhan, and Tewari, 2010). Besides, India is lacking the proper infrastructure to develop (Saxena, S., 2017) and lives a very low level of lifestyle in rural India (Reddy, K. S., et al., 2011). Even after putting massive efforts at the government level, the literacy rate of India is still not up to the mark (Nehru et. al., 1995). Thus, a sufficient supply of quality human capital is lacking. As per 2011 census, the average population density of India is 382 per Sq. Km, whereas the world's average population density, is around 41 per Sq. Km (DMS, M., 2015, January) and finally India suffers from the shortage of strong economic organizations which might lead our economy into the higher level (Puri, and Misra, 2017).

The Indian economy was undergoing through a critical and developmental stage since a decade, and it was taking proper shape. According to the World Bank, India's GDP growth in 2019 was 4.18 % year on year (Basheer, and Hassan, 2019)., and it was expected to grow with a much higher rate in 2020, but the sudden spread of Novel Coronavirus smashed the entire scenario. Though the first case of COVID-19 was registered in India almost after sixty days from the first case found in China (Andrews, M. A. et al., 2020) who returned to Kerala from Wuhan, and gradually the deadly virus spread over the country as population density is very high in India (Bhadra, A., Mukherjee, A., & Sarkar, K., 2020). First COVID case in Delhi and Mumbai was registered in the first week of March and Mumbai has become the Corona capital of India. Today, India ranks second highest among the COVID affected countries of the world (Feroze, N., 2020) just after the US. So the economy is also positively affected in 2020, and the growth rate is also relatively low. After the gradual recovery from the pandemic, the Indian economy is not showing a significant sign of recovery due to many significant reasons. Economists are expecting growth to rebound up to ten percent in financial year 20-21.

### Effect Of Corona Virus In India Economy

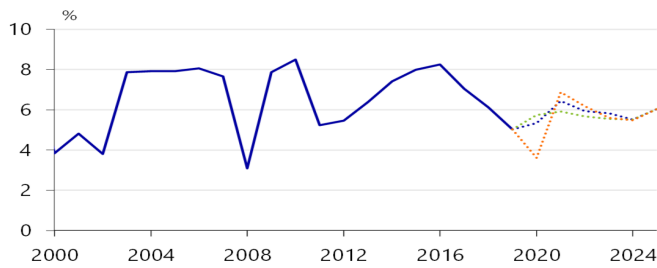
Indian economy had been very slowly growing, and undergoing through different phases. From the study of the World Bank's National Account data, we can observe that the GDP growth was slowly going down since 2016 (Fig: 01). It is observed that the GDP slashed down for 8.256 % (2016) to 4.181 % in 2019. It was in -2.63 in 1965 due to Indo-China war and - 5.23 % in 1979 due to political instability, but 2020 – 2021 is - 9.6% as a devastating effect of pandemic COVID-19.



**Fig 01: GDP Growth (Annual %) – India. Source: World Bank National Account data**

**Market Size of India and Impact of Pandemic**

India is the largest democracy of the world and stands for the second-highest populated country too. India’s GDP growth was expected to Rs. 26.9 trillion in FY 2020 – 21 whereas it has decreased to - 23.9 % in the second quarter. According to the “Indian tech Start-up” report given by Nasscom- Zinnov, India is going to have ~ 100 unicorns and will create ~1.1 million direct employments by 2025. Even the economy was further affected by the pandemic, but India is able to keep a good FOREX reserve up to Rs. 39.64 million (data received by Reserve Bank of India published on 4th September’ 20).

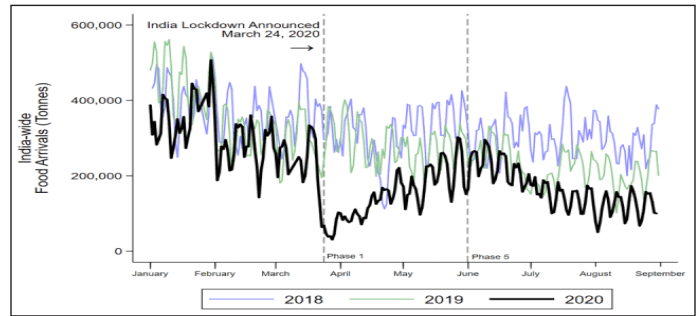


**Fig 02: Expected GDP Growth Vs Affected Growth due to Pandemic**

Besides, India incurred a massive loss in export as a decrease of 38% is registered from April to August’20. Another massive fall is also registered in PMI index as it stood at 46 in July and 47.2 in June’20. In February, 20, an annual budget for 2020-21 was declared where the total expenditure was kept at Rs. 37.14 trillion, which is considered as a 13 % increased than the last year budget, but the budget had gone up due to the incidental increment of medical budget due to COVID-19. CPI (consumer price inflation) also increased to 4.8 % this

year. It is also expected that India will become a country with USD 5 trillion by the end of Financial Year – 2025.

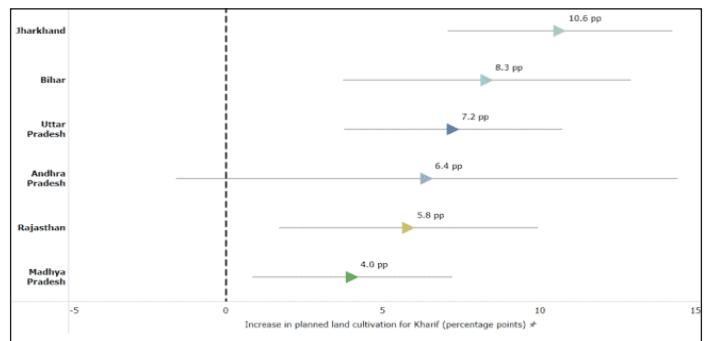
**Loss in Agriculture Due to Pandemic**



**Figure 3: Graph of Food Arrivals in Different Mandis during Lockdown.**

Source: <https://agmarknet.gov.in>

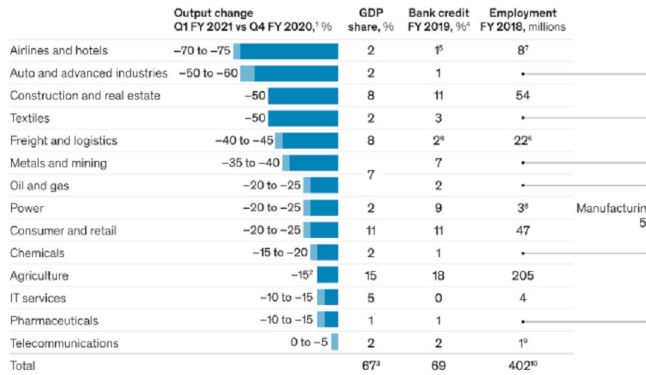
Due to country-wise lockdown, 50 % of the Indian farmers were unable to sell their harvested crops, and research reveals that about fifteen hundred farmers in two hundred districts in twelve states have faced massive loss. More than forty percent of labours were unable to cultivate and were unable to crop cutting due to shortage of labour, lack of storage and non-availability of transport during the lockdown.



**Figure 04: Change in 2020 planned land cultivation for kharif season (compared to 2019); data sourced from IDinsight survey**

Only forty-four percent of farmers across India were able to sell their crops, but Sixty Three percent of farmers could not able to sell their products during March to June’20. Ten percent of the total vegetable producers could able to sell their products during the lockdown and suffered from severe loss. If livestock farmers are taken into account, Sixty Three percent of them incurred a decline in their income, which can be considered as a Thirty-Six percent average decline compared to the first two months of the year.

**Loss in Different Manufacturing Sector Due to Lockdown and Pandemic**



**Figure 05: Loss in Different Manufacturing Sector Due to Lockdown and Pandemic**

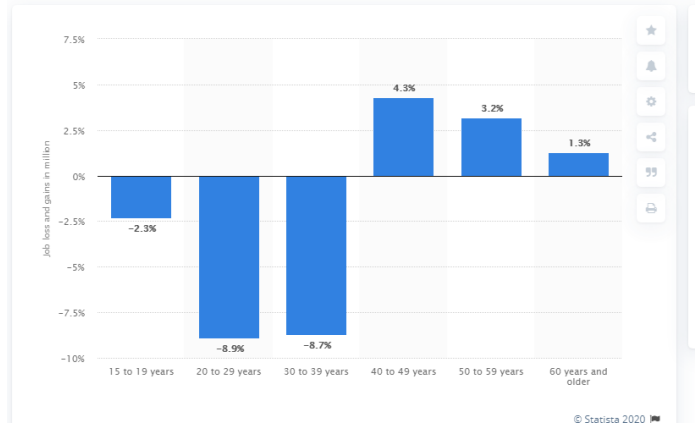
As India announced lockdown from the third week of March, most of the sector had face severe loss, as mentioned in Figure 5. Telecommunication suffered very little as that was the only medium of communication., but the biggest hit was in the aviation and hospitality industry ( - 70 to - 75 %) as the human activities were deadlocked. Auto and advanced industry were in the second position with - 50 % similar to the construction industry as migrant labour had to either move to their home state or were in quarantine. Logistics also was slowed down due to lack of transportation facilities. Other sectors such as power, oil and natural gas, chemicals, Information technology and mining faced a temporary slowdown in their business. Agriculture segment has an instant loss ( -5%) which was covered somehow once the ban was lifted.

**Impact on Job Loss and Gain Due to the Coronavirus (Covid-19)**

Virus effect has grown up and reached about one crore by the end of the year and caused colossal job loss in 2020. Retrenchment took place in both the private and government sector. The typical scenario was cut off in salaries and wages, unpaid leave for an uncertain period, Millions of people have lost their jobs since March’20, and the situation is not showing any improvement even India is mostly unlocked by December. A clear picture of job loss ( Age group-wise date) is shown in Figure 06. Data shows that the significant job loss took place in between 20 – 39 years old age group and the majority of them had not much experienced and they were working in either entry-level or bottom level management. Besides, the age group between 40 to 60 years have not suffered much compared to young employees as they were associated with either middle-level management or were engaged in strategic planning for the organization.

It can be concluded that the youth of India has positively affected due to COVID – 19.

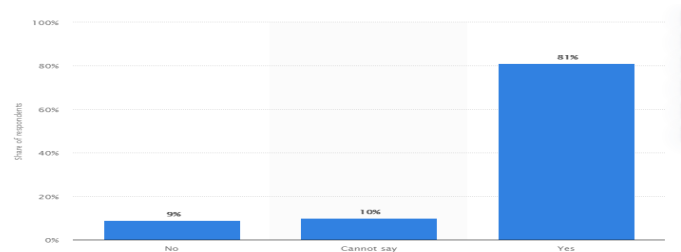
**Impact on job loss and gain due to the coronavirus (COVID-19) April and July 2020, by age group (in millions)**



**Figure 06: Age group wise Job Loss data for India.**

Source: Statista.

**Impact of Covid - 19 on Education Sector in India**



**Figure 07: Opinion Survey Pole for Not Opening School till March’ 21.**

Source: Statista

Education sector is large industry in India and it has been impacted due to pandemic. Our education institutions have been categorized by two different segments – Government schools, colleges and universities, and private schools, colleges, universities and institutions. Apart from these, many other training institutes and vocational centers are also found in India. Majority of these organizations are completely shut down since the third week of March when the pandemic stuck in India. Research states that 91 % of the Indian educational institutions run through offline mode. But they had to shift to online mode for one full semester including conducting examination through online mode which not only involved huge manpower but also a high degree of new investment was required for the sudden change in the education platform. Besides, a large number of parents either lost their jobs or received partial salary

which again indirectly impacted the revenue earnings of both private and the government institution as parents were unable to pay the semester fees for their children.

### **General Discussion on the Effect of Covid -19**

In India, the economic effect of the 2020 coronavirus pandemic was mostly detrimental. According to MoS, India's development declined to 3.1% in the last quarter of the financial year '20. The spokesperson to the Central Government addressed that this decline is partly attributed to the pandemic impact on the our economy. The country has experienced a pre-COVID-19 recession. World Bank mentioned that the new virus spread has increased pre-existing risks to India's economic outlook.

The World bank and some more rating agencies had revised their developmental outlook and India's growth in the Financial year 2021 and estimated lowest growth since 1990. Though an economic package was announced in May by our Prime Minister , Narendra Modi, still growth figure was in negative.

In the month of May, CRISIL declared that India is going to face the worst recession since independence. SBI study predicts a negative growth of more than 40% of GDP in Quarter-1 This negative growth Won't be universal but will definitely vary as per the different criteria, like state and industry. The MoS published Gross Domestic Product estimates for Quarter-1 which is from April to June in the Financial Year 2021 on the 1<sup>st</sup> September '20, which indicated a negative growth of twenty four percent relative to the same quarter of the last year.

According to Nomura India Company Resumption Index, the economic activity decreased from 82.9 on 22 March to 44.7 on 26 April. On 13 September '20 economic growth was almost back to pre-locking. Unemployment grew from 6.7% on 15 March to 26% on 19 April and then back to pre-locking by mid-June. During the lock-down, an unprecedented 14 crore citizens lost their work, while wages were reduced for several others. More than 45 per cent of households across the nation registered a decrease in income relative to the previous year. The Indian economy was predicted to lose more than Rs.32,000 crore per day during the first 21-day full shutdown, which was announced after the COVID outbreak Under complete lock-down, less than a quarter of India's \$2.8 trillion economic movements was functional. Up to 53% of companies in the country is expected to be dramatically affected. Supply chains have been under tension with the lock-down controls in place; originally, there has been a lack of clarification in streamlining what is "essential" and what is not. Informal industries and daily wage classes have been at the most significant risk. A substantial number of farmers across the country have been at the most significant risk.

### **Positive Effect of Covid – 19**

Though the deadly pandemic has ruined the Indian economy, it has left some positive impacts through structural changes made as a survival strategy by both the government and private sectors. Indian e-commerce was not getting a boost in recent days which has been geared up due to the pandemic. As per statistics, only 30 % of the Indian population used to shop online, which increased to 53 % during the pandemic. A reputed firm, Morgan Stanley speculated that Indian online shoppers would have a threefold increase from 190 million to 590 million and their spending will be almost double, amounting USD 318 per person at the end of 2020 and will continue further in the near future.

It is also a known fact that the global outlook is changed due to pandemic. Many countries were utterly dependent on China to import raw materials and other finished goods and invested heavily in China. It is expected that India will have its long waited to turn to grasp the opportunity of inviting investments in near future as a lot of blue-chip companies are turning their face from China and looking for better investment opportunities in countries like India. On the other hand, India's government has adopted a new policy called "Vocal for Local" to encourage Indian entrepreneurs to start their own "start up" companies after receiving financial benefits from the government.

Another positive effect of COVID-19 is the liquidity rush in India's capital market. Whole world banking segments have taken a farm imitative to cut interest rate and announced different collateral-free low-interest borrowing facilities for the investors. RBI has an appreciable initiative by supplying a 3.74 lakh crore liquidity in the Indian economy with a shallow interest rate that helps small, medium, and large-scale institutions and individuals in the business set up their new business.

Another significant positive impact is to change in work culture worldwide, so as in India. The new concept "Work from Home" has become very popular and invited a fair means of acceptance in Indian society. Except for manufacturing units, other industries have introduced this culture and running their show successfully and enjoying benefits out of it. The new culture has facilitated a different window for them which were never tested yet. Corporate houses are now able to reduce infrastructure cost in their budget.

### **Conclusion**

The world has already encountered many great economic crises in the past including World War I & II, 1930's Great Depression, Oil stock issue in 1970, Recession in the 90s,

Lehman Brother's collapse, but again emerged positively. Though India has a mixed impact on its economy due to devastating Coronavirus, it has mostly balanced the same in recent days and turns into the positivity. With new conviction, Indian economy is leaping towards an equitable and sustainable development.

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# Global Economic Impact of COVID - 19 Pandemic: An Empirical Study

Brigadier Sujeet Shivaji Patil

## Abstract

*The virus is also commonly known as Coronavirus or SARS-CoV-2, which affects the respiratory system of the human body. Till 5th December'20, 65,257,767 confirmed cases including 1,513,179 deaths had been reported by World Health Organisation. The virus is so dangerous that no spared even Mr Donald Trump, the President of United States of America, British Prime Minister, Boris Johnson and many more renowned personalities of the world. Due to long lock down and interval of economic activities, the world facing an economic recession. In this paper, researcher analyzed global recession and the factors involved in it, and carefully concluded some predictions about the economic condition in post pandemic era.*

**Keywords:** COVID – 19, Economic Recession, Global Economy, Impact Analysis.

## Introduction

The world was introduced with deep trouble – an unknown pandemic named COVID -19 at the end of the year 2019, the deadly virus which placed the world into a standstill situation. The virus is also commonly known as Coronavirus or SARS-CoV-2, which affects the respiratory system of the human body and very much infectious. The birthplace of Coronavirus is the Wuhan province of China, and the first case of COVID -19 was diagnosed in the month of December'2019. Coronavirus belongs to the Coronaviridae virus family. Clinical experiments proved that antibiotic does not work against this virus, and it has an ability to develop bacterial infection. No licensed medication is invented for the disease, and scientists, researchers and doctors are conducting clinical trials for the vaccination which is likely to launch in UK and USA by December '20, but no full-proof argument is set yet in favour of these vaccinations. The virus is so dangerous that no spared even Mr Donald Trump, the President of United States of America, British Prime Minister, Boris Johnson and many more renowned personalities of the world. Till 5<sup>th</sup> December'20, 65,257,767 confirmed cases including

1,513,179 deaths had been reported by World Health Organisation which suppressed the figure caused in both World War I and II, even other earlier pandemics like SARS and MARS. While spearing its death wheel across the globe, the deadly virus made the world spellbound and forced the world to stop all kind of activities which impacted the world economy. Some now world like “social distancing” “ lockdown” was introduced to the human population, which could be considered as the alternatives of medicines and vaccinations. Since the last week of March, economic activities were either controlled wholly or partly in the major developed and developing countries of the world. The Prime Minister of India, Mr Naredra Modi, pronounced a new mantra, “JAAN HAI TO JAHAAH HAI” ( First safeguard your life and then your wealth and economy” to combat with the pandemic and announced “ lockdown” for 22 days which was later extended for about 100 days and opened phase-wise by officering due relaxations in different sectors. Due to the non-performance of industries, the world faced a robust economic recession, and the impact is very pathetic. In this chapter, the researcher has depicted the impact of COVID-19 in the global economy.

## Objectives

The primary objectives of the study are to:

- I. Critically examine the economic impact of COVID-19 in the world.
- II. Explain condition of economic impact in different industrial sector.
- III. Finally, suggests a pathway for policy framework for post pandemic period.

## Research Methodology

The research methodology is the specialised processes or methods used in the detection, collection, retrieval and interpretation of examination and evaluation. The Methodology chapter helps the reader to assess the general validity and efficacy of the sample objectively in a research text. In scientific analysis, all the techniques used by a researcher are considered research methods. The technique of analysis is a structural approach to a dilemma. It is a science about how to do research.

In this paper, research has used secondary data as a prime source of information for the research. All the data has been coined from different offline and online sources such as journals, research papers, blogs and other relevant websites. All relevant datasets are not older than one year, and the selected topic is a newly emerged situation. Later all the datasets have been critically examined and logically analysed by the researcher to represent the final opinion and to write a conclusive statement for the research.

## Formulation of Hypothesis

### Hypotheses

Since this study is applied research, and the results might not be conclusive for this research, multiple theories have been established to answer the research questions based on the research issue. Events are a preliminary theory that could be backed up or not by survey evidence; they were instructions for the investigator in the analysis phase by keeping the investigator right in the right direction. The researchers were ensured that the types of data necessary for performing the study were defined and methods needed for carrying out the analysis. For the analysis, the following zero and alternative hypotheses were developed:

**H1<sub>0</sub>**: COVID – 19 breakout is not the only reason for the economic recession across the globe.

**H1<sub>a</sub>**: COVID – 19 breakouts is the only reason for the economic recession across the globe.

**H2<sub>0</sub>**: Indian economy is not in the better condition aimed pandemic compared to the world economy.

**H2<sub>a</sub>**: Indian economy is in the better condition aimed pandemic compared to the world economy.

**H3<sub>0</sub>**: World economy will not reform firmly and soon will not be back to the earlier condition in the post-pandemic period.

**H3<sub>a</sub>**: World economy will reform firmly and soon be back to the earlier condition in the post-pandemic period.

## Literature review

Coronavirus is not only considered as a pandemic and the crisis for the human civilisation (Zabaniotou, A.,2020), it has a remarkable impact on the financial market and the world economy (Carlsson-Szlezak, P. et al., 2020). Every country of the world at least once faced any pandemic, but the entire global population facing the economic consequences together for the first time (Abodunrin, O. et al., 2020). May researchers possess a different opinion about the financial crisis caused by COVID -19. According to Goodwell (Goodell, J. W.,2020)., other pandemics that broke out in the world earlier had left similar economic impact caused by Coronavirus. However, the majority of the researchers differ with the opinion that the recent breakout of Coronavirus has a much more devastating effect (Kickbusch, I. et al.,2020). Baker, Bloom and Davis revealed in their study that assessing the impact of the economy is essential to speculate the future deficit (Baker S. R. et al., 2020), and have indicated three significant factors such as volatility of the stock market, newspaper based economic uncertainty along with subjective uncertainty in business expectation surveys which could be considered as the most useful real-time measuring process.

An economy is a wide array of interdependent output and consuming practices that help to determine its distribution for finite resources. In an economy, services and products are generated and used in order to satisfy the needs of all those who work and operate inside it (Chen, M. A., 2012). The primary component of an economy is measured by GDP, stock market, supply and demand, cost-benefit analysis (Vogel, H. L.,2020). Gross Domestic Product is again measured by personal consumption, business investment, Government spending and net exports (Kubiszewski, I. et al., 2013). The pandemic has an enormous global scope and effects, poses complex threats for economists, then for the scientific assessment of its impacts within the integrated world economy (Lenzen, M. et al., 2020). Due to the deadly pandemic, most of the countries of the world have introduced either partial or complete lockdown for flattening the curve of the infectious disease. The process ceased every economic activity, and the whole human beings were confined into their home (Ammar, A et al., 2020). As per IMF, in 2020, the world economy is

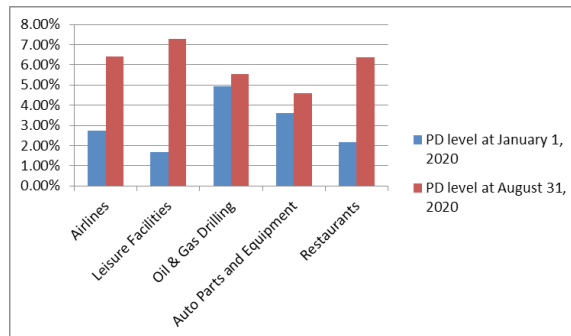
predicted to decline by over three percent (Reinhart, C., and Reinhart, V. (2020). – the most extreme contraction since the “Great Depression” (Crafts, N., and Fearon, P. (Eds.), 2013) of the year of 1930.

After a long waited period of six months, many countries have lifted restrictions and slowly trying to reform their economy (Christensen, T., and Læg Reid, P.,2020), but many of the European countries again set for the second level of complete or partial lockdown during the winter season (Goufo, E. F. D. et al.,2020). The worldwide decreased productivity, life loss, closures of businesses, trade disruptions, and the de-image of the tourism sector have had significant economic consequences (Ozili, P. K., and Arun, T.,2020).

In this stage, Coronavirus might be considered as an “ alarming call” for the leaders of the developed and developing countries on the united fight against the deadly virus for both health and economic prevention. Current global scenario demands a collaborative action on global economic reform. Unfortunately, there had been sufficient information on the expected devastating outcomes on both health and economy due to the infection of Coronavirus, but the whole world failed to take adequate precautions in this regard well in advance. Finally, the delayed initiative of preparedness measures resulted in the war-cry situation across the globe ((Pang, J. et al., 2020). Infectious disease outbreaks and epidemics have grown into global challenges that require concerted intervention through globalisation, urbanisation and environmental improvements (Nii-Trebi, N. I.,2017). While most developed primarily American and European countries, provide adequate real-time monitoring and healthcare networks for handling viral infections dissemination, changes in public health capability, like human and animal surveillance, personnel resiliency and scientific resource build-up, in higher and lower nations need to be encouraged by the national implementation (Castillo-Salgado, C.,2013). The present and likely future demand for petroleum oil are related to broader economic issues that result in price increases because of decreased economic activity driven by the pandemic. Large price reductions were also attributed to the surplus supply anticipated. If oil prices remain below what is wished for, then after the trade and expenditure declines, several petroleum-dependent economies could collapse (World Bank.,2020). Globally, migrant workers offer significant contributions to labour markets, resolving imbalances in both high-and low-skilled jobs. As international travel restrictions and quarantine are likely to continue shortly as countries seek to stem the spread of COVID-19, migrant movements would be restricted, hindering global economic development (Anton P. et. al., 2020).

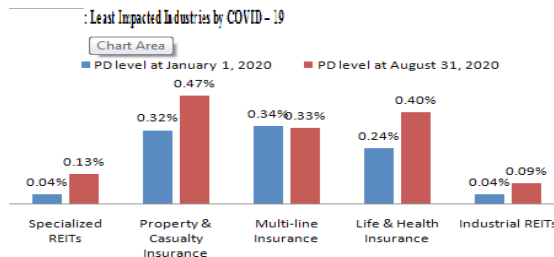
**Worldwide Impact Analysis**

Haydon and Kumar have undergone a survey and proposed a Probability Default Model (Kumar, N., & Haydon, D., 2020). which they have shown five most impacted and five least impacted industries of the world till August ‘2020 Which exhibits that aviation, tourism , oil and natural gas , auto parts and food ( restaurants ) industries ( Figure : 01) are the most affected due to long starchy pandemic. Beside, Specialized REIT, Insurance segments are the least affected industries.



**Fig 01: Most Impacted Industries by COVID – 19.**

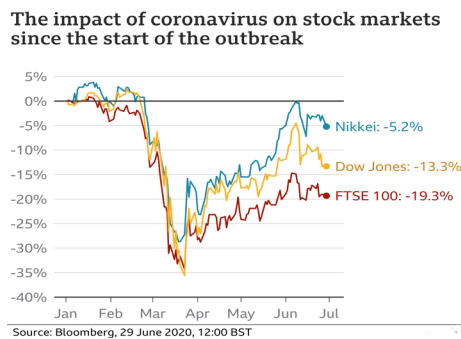
Source: Credit Analytics by Kumar & Haydon



**Fig 02: Least Impacted Industries by COVID – 19.**

Source: Credit Analytics by Kumar & Haydon

World stock market has surged by a notable percentage due to the outbreak of the pandemic. Fig 03 exhibits that Dow Jones of USA, Nikkei of Japan and FTSE of United Kingdom experienced remarkable fall in the stock market.

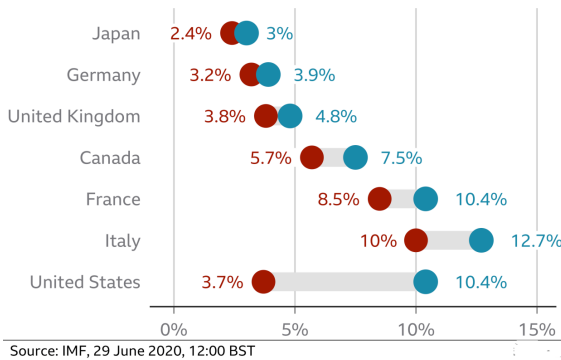


**Figure 03: World Stock Market Effect.**

Most of the European countries have seen a major fall in employment ratio. Japan faced least hit of 3 % whereas European countries like USA and UK ( Shown in Fig : 04).

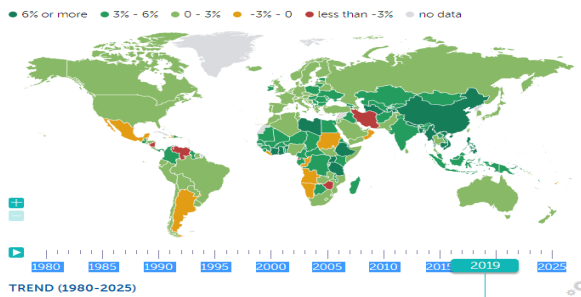
**World economies struggling with rising unemployment**

Yearly unemployment rate change, 2019-2020



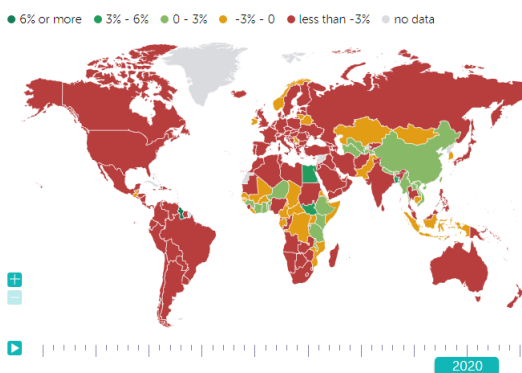
**Figure 04: Unemployment rate of some selected countries ( 2019 – 2010) up to Q2.**

Two different scenarios of world GDP ( 2019 & 2010) is mentioned which is self-explanatory. Fig. 04 and 05 denotes that the world GDP has extensively damaged due the effect of pandemic.



**Fig 04: World GDP Map 2019 .**

Source: IMF

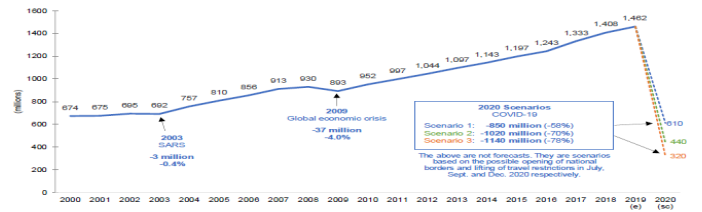


**Fig 05: World GDP Map 2020 .**

Source: IMF

**Aviation and Tourism is the Two Major Industrial Segments Suffered Huge Loss**

IATA reveals that the world of aviation is likely to lose gross revenue of USD 314 billion to USD 371 billion which includes both air and passenger cargo. United Nation World Tourism Organisation mentioned in their statement that the industry faces a loss of USD 910 to 1170 billion in international tourism in 2020 (Fig 04). WTTC also mentioned that a loss of about 197 million jobs in tourism and travel industry in 2020 ( Fig 06 & 07).



**Fig 06: International Tourist Arrival 2020.**

Source: UNWTO

**2020 forecasts – COVID-19 impact on travel and tourism sector**

Region	Total Job Loss (million)			Total GDP Loss (USD billion*)		
	Best-Case	Baseline	Worst-Case	Best-Case	Baseline	Worst-Case
Africa	-7.6	-10.9	-17.4	-53	-75	-120
Asia/Pacific	-59.7	-69.3	-115.0	-980	-1,137	-1,888
Europe	-14.2	-18.4	-29.5	-771	-1,000	-1,608
Latin America/Caribbean	-5.9	-7.7	-12.4	-111	-143	-229
Middle East	-2.7	-3.4	-4.9	-99	-125	-179
North America	-8.1	-11.4	-18.2	-673	-955	-1,520
<b>Total</b>	<b>-98.2</b>	<b>-121.1</b>	<b>-197.5</b>	<b>-2,686</b>	<b>-3,435</b>	<b>-5,543</b>

**Fig 07: Estimated Figure of Job Loss on 2020 in Tourism Sector.**

Source: WTTC

**Discussion on Result**

From the above mentioned analysis , it is can be stated that COVID – 19 has highly damaged the world economy irrespective of developed or developing, and the long-term effect is not yet confirmedly speculated by the economists and scientists. So all these null hypothesis and void and alternative hypothesis can be accepted as proven fact.

**Conclusion**

The year 2020 was an astounding year. The pandemic increased rapidly with severe lockdowns, the size of the government stimulus measures worldwide and the magnitude of the equity rebounds. Most surprisingly, since the beginning of this year, global shares had gone up by around 12% by November, a pandemic result that few would have forecast. A proactively economy and corporate income outlook. People are in the early recovery phase of the cycle after the recession. This involves a prolonged low inflation, low-income growth

rate that favours bond shares. However there are certain short-term risks. After the vaccine reports, markets vulnerable to negative news, investor sentiment has become overly optimistic. Renewed lockups in Europe and North America could include an increase in virus cases, logistical difficulties in distributerizing the vaccine and negative economic growth at the beginning of 2021 if government support measures are too quickly disconnected. The new Biden administration takes power in the US could also produce negative surprises for China, Iran or Russia. The most vital damage that caused by the deadly pandemic is rising debt. of every governments of the world. Most of the government will try to streamline their deficits by rising taxes which may result to the economy is a negative way. With the recovery from Coronavirus by using vaccination, long term Govt bond yields may feel upwards pleasure in 2021. But the whole world economy will come back and fight against the virus and the “ Golden days of Economy” will be back again.

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# General Education and Skill Formation with Respect to Economic Development

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## Abstract

*“Education is the manifestation of the perfection already in man”- This is a famous quotation of Swami Vivekananda which concentrate with the education in a great extent. This quotation has written and published on dated 3rd march 1894 from Chicago, United State of America addressing to Singaravelu Mudaliyar. In the present context the above said quotation expresses a whole systematic approach for the education. Moreover skill Education is a process of development from the cradle to grave. Man becomes gentleman through education and he alone can be educated while the other living organisms are trained while his life is guaranteed by food, it's glorified by education. However it's an undeniable fact that no community or society or district or state can prosper without having educated manpower. Hardly a century back, was Education a class privilege, which relatively few people enjoyed. But today everyone has a right to education. With the passing of time and constitutional provisions the efforts are on to provide elementary education to the children belonging to 6-14 age group. Further in India “Samagra Siksha” Has been lunch for covering the school education from Pre primary, Primary, Upper Primary, Secondary and Higher Secondary level. But in the recent era skill development courses are being implemented in the general education in order to universalise the skills in general education. And more and more peoples were being engaged through skill in general education. The deficit of skill education in general education has been reduced gradually. In this context it is very much important to know more about the skill education in general education.*

JEL Classification: A20

**Keywords:** Skill Education, Right to Education, General Education, Deficit of Skill, Education., Elementary Education, Samagra Siksha,

## Introduction

Sarva Shiksha Abhiyan started since 2001-2002 and continued till 2017-18. Now Samagra Sikhya has started which includes Pre primary, elementary, Secondary Education & Higher Secondary levels. The programme is being initiated from the grass root level to identify the problems at the bottom through micro planning. The Right of Children to free and Compulsory Education Act, 2009 that has come in to effect from 1st April, 2010. It is based on the 86th amendment in the Constitution of India. The RCFCE Act, 2009 is that law, which ensures all children of India in the age group of 6 to 14 years, a fundamental right to free and compulsory elementary

education. So following the guidelines the districts have taken various steps for implementation of the RCFCE Act. Vocational Education programme is a Centrally-sponsored Scheme is implemented in Odisha since 1988-89. As such 231 Government Vocational Junior Colleges (GVJCs) are functioning in the state in the premises of 231 Government and Non-Government Aided Colleges of the State. It aims at imparting education at the Higher Secondary stage designed to create middle level skilled personnel who can become self employed by starting their own enterprises. Besides self-employment, the vocational pass outs may opt for jobs in government/private sectors or may pursue higher studies. A student,

who has passed in the High School Certificate Examination from a recognised Board or Council, is eligible to take admission in a vocational trade running in one of the GVJCs in the State. The duration of the course is two (2) years. The examination is conducted by the Council of Higher Secondary Education (CHSE), Odisha, which also issues certificates to the pass outs. Syllabi for all the trades have been prepared by the CHSE in consultation with subject experts in the light of guidelines issued by Pundit Sunderlal Sharma Central Institute of Vocational Education (PSSCIVE), Bhopal a constituent body of the NCERT, New Delhi. But gradually the implementation of skill education in general education has been increased in Odisha as well as in all states of India. Moreover the peoples are also very much cunsus regarding the skill education. By this way all most are all the peoples were been engaged in different formal and non formal systems of the Government. In India Samagra Siksha Has been controlling all the school education from Pre Primary level to Higher Secondary level. It includes Vocational and skill education and teacher training institute.

### Review of Literature and Research Gap

It is very important to mention that general education consist a whole educational system, starting from pre primary education to the last level of education without the skill. So that it a very vital factor to review the work assigned it previously. As a result of which it will gives a positive and uncourageous result to the researcher as well as to the society in a great extent. Many books and researcher have been published in the respect. But in spite of the all , this one will helps to analyse the whole atmosphere of the general education comparison with the skill education. It will provide a clear picture in deficit of skill education over general education. By this study more policy and guidelines should be taken into account for effective usefulness of skill education over the general education as a whole.

### Objectives

- i) Look out the trend of general education with population and skill in general education for economic development..
- ii) Importance and benefits of implementation of skill formation/education in general education
- iii) Pro and Cons of Skill education comparative with general education for economic development..

### Methodology and Data

The study is based on the secondary data sources from Directorate of Vocational Education, Odisha, Odisha

Primary Education Prograamme Authority, Ministry of Human Resource Development, NIC district data base of Government, DISE and School report card of the central government as well as state government.

### Analysis and Findings:

#### Implementation of General Education in India:

General education means the education without any technical or professional or skilled educational facilities. General education is universalised in a great extend India on the other hand the shill education or skill formation in general education has a lack of operationalized in all state of India. General Education in Odisha .is being implemented in various way. In Odisha there are some directorate haven established for developing the general education, the directorates are Directorate of Elemetary Education , OPEPA, Directorate of Secondary Education, Directorate of Higher secondary education, Odisha, ELTI etc. Etc.

General Education has the following outcomes when it has been implemented , further trhe following needy points should be look out for the implementation of the same.











- Inclusion of Learning Outcomes.
- Neighbourhood Schools Records Maintained.
- Effectiveness of Curriculum Academic Calendar.
- Enrolment, Attendance and Dropout Rates.
- Need base school Development Plan will be done.
- Proper utilization of child entitlements like uniform, MDM, Text book etc.
- Proper utilization of civil and non civil grants.
- Neighbourhood mapping/ school mapping will done properly.
- Effectiveness of Teacher Training.
- Effectiveness of School Management Committee training.
- 25% Reservation Recognition Norms.
- Pupil-Teacher Ratio Productivity of Teachers.
- Ensuring equity, quality and non-discrimination and effective implementation of different programme under Samagra Shiksha Aviyan Mobilization and awareness building

But in case of skill education it is very difficult to implement at field level. Because in case of general education only some infrastructure and teachers were needs, but in case of skill education there are so many infrastructural necessity, technical equipments and other material were also been required. As a result of which the deficit of skill formation in general education has been increased. But now a day the Govt. is trying to implement the skill education in the way to technical education or vocational education in a great extent. For which the demad for skill education and vocational education has been increased day by day in comparison with geb eral education.

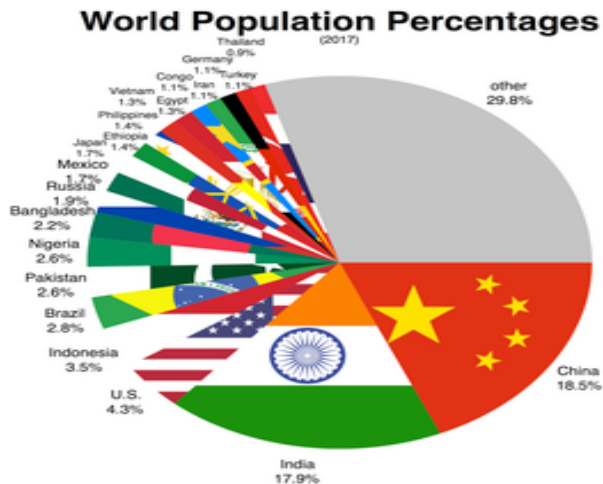
### Analysis of General education of Top Ten populous countries of the world:

The effect of population growth can be positive or negative depending on the circumstances. A large population has the potential to be great for economic development, but limited resources and a larger population puts pressures on the resources that do exist. Population growth helps the process of development in the following ways: First, an increasing population means an increase in the number of working population who can function as active participants in the process of economic growth and development. A slower increase in the population raises the economy positively

SI No	Name of the Country	Population	Total Surface Area	Literacy Rate
1	China	1,41,50,45,928	9.597 million km <sup>2</sup>	96.4
2	India	1,35,40,51,854	3.287M km <sup>2</sup>	74.04
3	USA	32,67,66,748	9.834M km <sup>2</sup>	99
4	Indonesia	26,67,94,980	1.905 million km <sup>2</sup>	95
5	Brazil	21,08,67,954	8.516 million km <sup>2</sup>	91.73
6	Pakistan	20,08,13,818	881,913 km <sup>2</sup>	56.98
7	Nigeria	19,58,75,237	923,763 km <sup>2</sup>	59.60
8	Bangladesh	16,63,68,149	147,570 km <sup>2</sup>	73
9	Russia	14,39,64,709	17.1M km <sup>2</sup>	95
10	Mexico	13,07,59,074	1.973 million km <sup>2</sup>	94.47

World Population (millions, UN estimates)					
SI No	Top ten most populous countries		2000	2015	2030
1		China	1,270	1,376	1,416
2		India	1,053	1,311	1,528
3		United States	283	322	356
4		Indonesia	212	258	295
5		Pakistan	136	208	245
6		Brazil	176	206	228
7		Nigeria	123	182	263
8		Bangladesh	131	161	186
9		Russia	146	146	149
10		Mexico	103	127	148
World total			6,127	7,349	8,501





Source : Census Data

### Recent Trends of General Education in India with Implementation of Skill Development

It also aims at increasing the productivity of the workforce. Skill and knowledge is an influence on the growth and development. Skill building is to improve the efficiency of the labor force in the overall production and yet empower individuals and progress their social acceptance. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. The National Skill Development Corporation (NSDC) is one of its kind, Public Private Partnership in India aims to promote skill development by catalyzing creation of large, quality for profit vocational institution. In the recent era technologies in education have been implemented in general education for eradication of deficit in skills in education. Hereunder it has been analysed the sector wise enrolment by elementary stage. It has been distinguished the boys and girls database separately. There are nineteen numbers of separate sectors have been analysed with secondary, higher secondary in comparison with two recent years like 2015-16 and 2016-17.

From the academic session 2015-16 the integration of skill subjects in Arts, Science, and in the commerce have been introduced in all govt autonomous colleges. The subjects like Financial Banking and Literacy, Horticulture, Modern Office Management, Information and Communication Technology, Fashion Technology, Electrical Domestic Appliances, Food Processing and Preservation, Paramedical and Health Care (PHC), Travel and Tourism Management, Printing Technology

and Desktop Publication (PT&DP). The specific syllabus and academic course has been developed by the Odisha Govt., where the main objectives and implementation process has also been developed.

**Financial Banking and Literacy:** The main objectives of implementation for implantations of financial banking and literacy in general education is to facilitate end to aware the banking system to the beneficiaries. To aware the electronic transfer system, e-banking system etc.

**Horticulture:** Horticulture is a prime factor for skill development, it also give a livelihood management to the beneficiaries. To know about concept and division of Horticulture. The main objectives is to have understanding on plantation of crops, spices, Medicinal and Aromatics crops, to study details of cultivation aspects of different divisions of horticulture etc. Etc.

**Modern Office Management:** Now a day office management plays an important role for personal skill development. Inter personal skill and body language development is prime factor of office management, which is tainted it to the students by the means for implementation in general education. It also facilitates the development of office management and creates a positive office environment.

**Fashion Technology:** Its main objective is to know the Indian textile industries, and to know the textile technology , supply of raw material etc.

**Electrical Domestic Appliances:** The objectives for implementation of electrical domestic appliances is to understand how electricity as a source of energy, electrical currents, mechanical and formal units, to know the difference between AC and DC voltage and current and to understand the laws of electricity for DC circuits.

**Food Processing and Preservation:** Food processing and preservation is aims to preserve the agricultural products, and to increase potential food processing unit.

**Paramedical and Health Care (PHC):** Primary health care and paramedical systems are also increases understand human anatomy with relation to human body, cell structure, skeleton system, Muscular System, Nervous System, Cardio Vascular System, Respiratory System, Alimentary System, Urinary System, Reproductive System, Special senses and, Head and neck. To have clear understanding on Human Physiology, such as blood, respiratory system, Excretory System, and skill ,To gather complete knowledge and skills on digestive system etc. Etc.

**Information and Communication Technology:** ICT plays an important role for implementation of skill

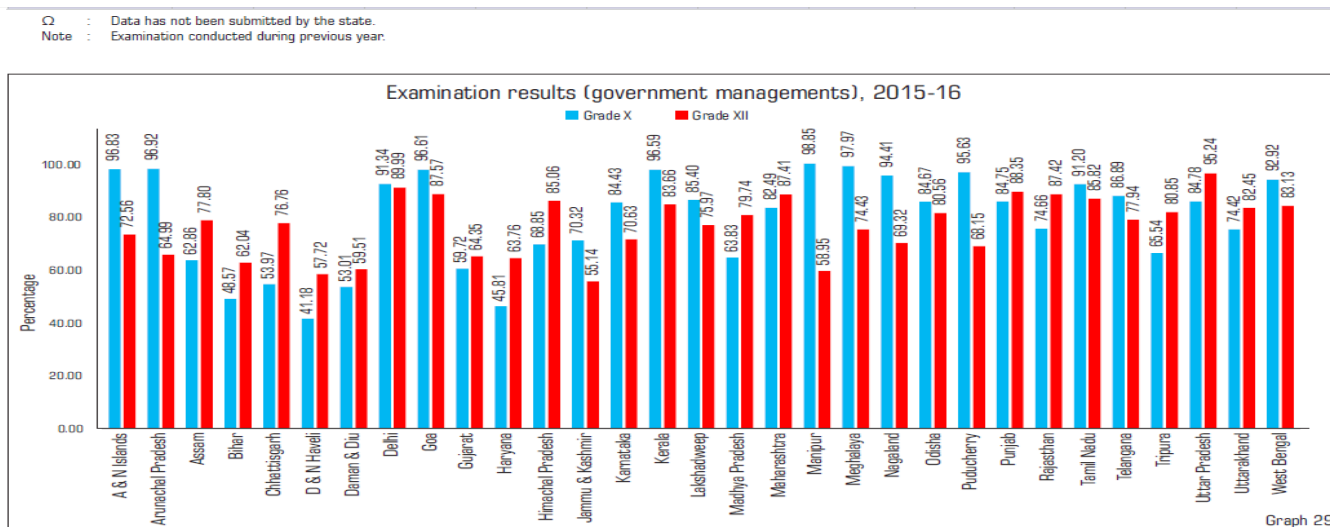
education in general education. Further Information and communication technology is a way for developing the technical attitude mass in general. Digitalisation in every steps of life has been universalised from the day by day increment. The students learn basic computer and learning through the technology is possible through the ICT.

**Travel and Tourism Management:** The main objectives of implementation of travel and tourism is to understand the nature and scope of tourism in India with reference to domestic and international tourism, To have thorough

knowledge on tourism products both natural and manmade. To understand social, cultural and economic importance of tourism.

**Printing Technology and Desktop Publication (PT&DP):** The main objectives of implementation of Printing Technology and Desktop Publication (PT&DP) in general education is to fundamentals of Multimedia and will be able to work using MS WORD which is useful for Desktop Publishing. Student will be able to experience & implement the Desk Top Publishing.

Examination results (government managements), 2015-16



Source : udise.in 2016-17

**Enrolment in Professional Courses:**

Professional education is defined as higher educational programmes that are designed for learners to acquire the knowledge, skills and competencies specific for a particular occupation or grade or class of occupations or trades. Exhaustive lists of Fields of Education are listed in Indian Standard Classification of Education (InSCED)

published by Ministry of Human Resource Development, which are categorized on the basis of academic and professional orientation. Management wise distribution of enrolment into academic and professional education at Post Graduate and Under Graduate levels are shown in below table. Enrolment in courses at integrated level has also been included at appropriate levels and is not considered separately.

Level	Management	Academic			Professional		
		Male	Female	Total	Male	Female	Total
Under Graduate	Government	4988767	4960893	9949660	1205134	860736	2065870
	Govt. Aided	2053384	2438163	4491548	440636	386137	826772
	Private	3112656	3218287	6330942	3802014	2435863	6237877
Post Graduate	Government	749326	3218287	1800694	394595	310219	707814
	Govt. Aided	157126	294112	451238	55465	75454	130920
	Private	157953	255935	413888	528630	452987	981616

The number of universities and similar institutions listed on AISHE portal has increased from 723 in 2013-14 to 903 in 2017-18 by almost 24.9% as shown in the figure 40. Whereas the number of colleges has increased from 36634 in 2013-14 to 39,050 in 2017-18 by about 6.6%.

The Compound Annual Growth Rate (CAGR) is 2.5 during the last 5 years, but in case of integrated courses, the CAGR is 9.4 as shown in below table. Further 706647 numbers of students were reading in higher education in Odisha in the year 2017-18.

Year	Student Enrolment								
	PhD.	MPhil	Post Graduate	Under Graduate	PG Diploma	Diploma	Certificate	Integrated	Grand Total
2013-14	107890	31380	3822219	25500325	276502	2285576	187340	125002	32336234
2014-15	117301	33371	3853438	27172346	215372	2507694	170245	141870	34211637
2015-16	126451	42523	3917156	27420450	229559	2549160	144060	155422	34584781
2016-17	141037	43267	4007570	28348197	213051	2612209	166617	173957	35705905
2017-18	161412	34109	4114310	29016350	235263	2707934	177223	195777	36642378
CAGR	8.4	1.7	1.5	2.6	-3.2	3.4	-1.1	9.4	2.5

Source : RUSA Web

### Development of Skill Education in India:

In order to avoid deficit in skill education over general education the Honorable Prime Minister and Government of India have launched different type of schemes/ programme for the shake of the peoples benefit.

Skill India is a campaign launched by Prime Minister Narendra Modi on 15 July 2015 which aim to train over 40 crore people in India in different skills by 2022. It includes various initiatives of the government like "National Skill Development Mission", "National Policy for Skill Development and Entrepreneurship, 2015", "Pradhan Mantri Kaushal Vikas Yojana (PMKVY)" and the "Skill Loan scheme".

Deen Dayal Upadhyaya Grameen Kaushalya Yojana, Pradhan Mantri Kaushal Vikas Yojana, Financial Assistance for Skill Training of Persons with Disabilities, National Apprenticeship Promotion Scheme, Craftsmen Training Scheme, Apprenticeship Training, Pradhan Mantri Kaushal Kendra, Skill Development for

Minorities, Green Skill Development Programme are the main schemes launched by the Government of India in the recent years in order to strengthen the Skill education in India.

National Scheme of Apprenticeship Training, Support For Distance Education & Web Based Learning (NPTEL), Indian National Digital Library in Engineering, Science & Technology (INDEST-AICTE) Consortium, National Programme of Earthquake Engineering Education (NPEEE), Technology Development Mission, Direct Admission of Students Abroad, Uchatara Aviskar Yojana are also been implanted for strengthening the skill education in comparison with general education.

### Status of General Education in India upto class XII in India:

Hereunder the detailed figure of General Education in India up to class XII in India has been shown. This is the secondary data collected from the deferent sources of government and private organisation web.

Year	No of Districts	No of Blocks	No of Clusters	No of Villages	No of Schools	Enrolment		
						Boys	Girls	Total
2014-15	680	7257	82077	594473	1516892	134673233	134673233	259470306
2015-16	680	7317 7317	82342	594736	594736	135142807	125454153	260596960
2016-17	701	7448	82641	594182	1535610	131398214	121710191	253108405

Source : UDISE.in

**General Education Status in Odisha**

General education has been mandatory in all over India as per RTE Act. Further hereunder the status and recent trends of elementary education has been shown bellow table.

Year	Primary school	Upper Primary School	Secondary school Having Elementary section
2008-09	35798	19619	8297
2009-10	35929	20426	8196
2010-11	36642	20597	8473
2011-12	37015	21119	8554
2012-13	37075	20898	9298
2013-14	36399	21945	9221
2014-15	36550	22497	9258
2015-16	36760	22795	9423

Sources : OPEA.in, MHRD, UDISE.in

**General Education Status in Odisha in the year 2018-09**

Sl. No.	District Name	Govt		EGS/AIE		Pvt. Recog.		Pvt. UnRecog.		Total	
		No of School	Enrollment	No of School	Enrollment	No of School	Enrollment	No of School	Enrollment	No of School	Enrollment
1	ANGUL	1658	150931	0	0	144	7891	56	1106	1858	159928
2	BALASORE	2792	327071	0	0	204	11408	253	6080	3249	344559
3	BARAGARH	1857	183540	0	0	97	3409	111	3919	2065	190868
4	BHADRAK	1694	179863	0	0	118	4726	130	2115	1942	186704
5	BOLANGIR	2298	233260	0	0	136	4809	60	968	2494	239037
6	BOUDH	698	63770	0	0	35	2976	29	1069	762	67815
7	CUTTACK	2724	192796	0	0	154	5456	369	7590	3247	205842
8	DEOGARH	592	50761	0	0	31	1698	18	647	641	53106

9	DHENKANAL	1576	173629	0	0	108	6466	112	3168	1796	183263
10	GAJAPATI	1234	111720	0	0	26	2379	44	1935	1304	116034
11	GANJAM	3689	553512	0	0	265	16446	72	2209	4026	572167
12	JAGATSINGHPUR	1389	125197	0	0	65	4575	187	7229	1641	137001
13	JAJPUR	2146	229192	0	0	319	13561	99	1705	2564	244458
14	JHARSUGUDA	838	49664	0	0	53	2806	52	1761	943	54231
15	KALAHANDI	2157	179752	0	0	102	4931	138	2703	2397	187386
16	KANDHAMAL	1633	133148	0	0	46	3312	54	2503	1733	138963
17	KENDRAPARA	1959	184522	0	0	208	6667	34	538	2201	191727
18	KEONJHAR	2637	238703	0	0	201	5841	177	4914	3015	249458
19	KHURDHA	1592	218023	0	0	215	22478	441	29120	2248	269621
20	KORAPUT	2263	153947	0	0	31	2231	83	2407	2377	158585
21	MALKANGIRI	247	0	0	0	10	0	4	0	261	0
22	MAYURBHANJ	3925	443913	0	0	182	6768	100	3414	4207	454095
23	NAWARANGPUR	1634	105845	0	0	62	925	25	374	1721	107144
24	NAYAGARH	1154	111101	0	0	102	4003	58	1505	1314	116609
25	NUAPADA	996	93831	0	0	62	4454	32	1307	1090	99592
26	PURI	1972	155233	0	0	204	4820	105	1853	2281	161906
27	RAYAGADA	1751	128404	0	0	30	2156	42	2105	1823	132665
28	SAMBALPUR	1455	67072	0	0	61	1807	141	2611	1657	71490
29	SONEPUR	996	68704	0	0	61	2031	33	863	1090	71598
30	SUNDERGARH	2639	149835	0	0	218	7850	246	4300	3103	161985
	Total	54195	5056939	0	0	3550	168880	3305	102018	61050	5327837

Source : OPEPA WEB Portal

## State level Report on Class wise Enrolment, Category Wise School in Odisha

S1 No	District Name	Govt.		Aided		Unaided		Others		Central Goi		Un- Recognized	
		Total School	Total Enrolment	Total School	Total Enrolment	Total School	Total Enrolment	Total School	Total Enrolment	Total School	Total Enrolment	Total School	Total Enrolment
1	Angul	1644	60629	116	236	98	3608	22	106	4	359	26	1226
2	Balasore	2643	99728	433	3067	133	1406	6	98	3	0	141	2508
3	Baragarh	1809	38027	161	937	96	918	11	0	2	0	45	211
4	Bhadrak	1853	14271	209	403	106	409	1	0	2	0	57	139
5	Bolangir	2369	142058	116	1696	118	5237	39	76	3	0	10	112
6	Boudh	851	23456	25	110	26	641	0	0	2	0	7	47
7	Cuttack	2481	133559	233	5439	88	1383	13	88	2	0	237	10509
8	Deogarh	621	5629	52	386	13	37	32	0	2	0	15	0
9	Dhenkanal	1564	57504	156	2433	104	4443	3	0	2	0	43	889
10	Gajapati	1476	82747	20	1321	49	3490	1	101	2	226	11	542
11	Ganjam	3798	248566	279	3344	301	24991	6	115	4	587	17	355
12	Jagatsinghpur	1550	86341	175	6517	45	7143	0	0	4	851	187	25141
13	Jajpur	2244	172312	343	7660	190	24785	0	0	2	971	62	5406
14	Jharsuguda	740	22346	50	242	41	274	53	0	3	20	36	229
15	Kalahandi	2468	68748	93	728	126	2424	48	48	2	0	44	312
16	Kandhamal	2043	112313	56	1031	61	5339	0	0	2	348	12	643
17	Kendra-para	1965	103233	247	5470	104	7391	4	109	2	0	45	2465
18	Keonjhar	2664	42755	264	761	224	5247	8	0	2	0	44	1830
19	Khurdha	1649	89626	124	2217	203	6277	9	0	11	0	237	4408
20	Koraput	2539	96817	51	1140	69	2224	17	91	5	743	7	0
21	Malkangiri	1375	3108	26	0	27	0	34	0	2	0	1	0
22	Mayur-bhanj	4448	219405	235	3566	145	3338	19	0	3	1	31	565
23	Nawarangpur	1878	121442	46	487	37	1041	37	108	2	71	16	364
24	Nayagarh	1246	17303	107	344	77	105	0	0	2	0	26	0
25	Nuapada	1063	25445	80	10	38	235	23	80	3	15	23	258
26	Puri	2085	47367	230	801	130	1191	0	0	3	141	46	537
27	Rayagada	2128	19699	19	42	76	600	40	0	3	0	4	0
28	Sambalpur	1481	22555	95	578	98	88	8	0	2	0	39	106
29	Sonepur	985	41381	43	263	53	1432	40	0	2	0	19	155
30	Sundergarh	2630	70612	279	5919	179	1243	17	0	6	29	66	717
	Total	58290	2288982	4363	57148	3055	116940	491	1020	89	4362	1554	59674

Source : Opepa Web Portal

### Findings

It has been seen from the above report that defect of skill in general education has been felt after a long period of time. In spite of these the skill formation has been also used in Odisha since 2015-16, which should be implemented earlier. Rather than the general education has also been demanded in a great extent. Gradually the general education institutes and colleges and universities have been increased comparative to the skilled education. And from the above said period the skilled education has been introduced in Autonomous colleges of Odisha along with some selected Secondary Schools and also some selected Higher Secondary Schools. The skilled education should be implemented in all the colleges and in all the higher secondary as well as in the secondary schools.

### Summary and Conclusion:

Consequent upon the above report and the general view it has been concluded that skill education plays an important role in the present context of the society. More and more emphasis should be given to develop the skill environment in all the general education institutions. Rather than the all the labour force should be fully utilised by given the skill education, they are treated as skilled labour. Much more social awareness should have been taken for universalization of skill education in India.

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# A Review on Rights-Based Strategies in the Prevention of Domestic Violence

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## Abstract

*This paper is an attempt to broaden the discussion about the prevention of domestic violence against women informed by a rights-based strategy. Specifically, the study discusses the critical elements of a human rights framework to reduce domestic violence, present research findings on the prevalence and correlates of domestic violence in intimate relationships and explore strategies for the prevention of domestic violence on the basis of research and analysis. The study suggests that domestic violence needs to be resituated in the broader social transformation of society and that domestic violence should be conceptualized as violation of a woman's most basic right. The strength of a rights-based strategy is that it meshes formal treaty doctrines with grassroots activism and critiques of power. The study suggests that "right to housing" and "right to property and inheritance" are critical and most fundamental for any strategy in the prevention of domestic violence. Importance of immovable assets and social support is significant in making a difference to the incidence of violence, Changing norms of acceptability of violence in the family is critical to reduce inter-generational transmission of violence, Male attitudes and society's attitudes also need to be changed in this regard. Since prevention of domestic violence requires fundamental changes in attitudes and behavior, it confronts societal and individual resistance to change, Support structures could be both within the family and from NGOs, SHGs etc., who can both help in changing attitudes and in helping women acquire immovable assets. This calls for creative community involvement, shared responsibilities, and collective action with the goals to challenge the patriarchal assumptions of power and control and entitlement to women.*

**Keywords:** Domestic Violence, Women, Human Rights, Development, Gender Equality, SDG5

**JEL Classification:** D 2, I 3, J 1, O 1, K 0

## I. Introduction

Within the burgeoning discourse on human rights, domestic violence against women is increasingly viewed as a serious violation of human rights subject to legal intervention. The societal responses to domestic violence have focused, to date, primarily on crisis intervention after the harm has occurred. While crisis intervention is a necessary response to domestic violence, it alone cannot address the complex dynamics of domestic violence. What is needed is a comprehensive strategy that addresses the prevention of domestic violence. However, few such strategies have been developed, and even fewer have been evaluated. This study is an attempt to provide a framework for the prevention of domestic violence informed by a rights-based strategy.

The study is divided into five sections. The first section provides a brief overview of the evolution of the international human rights system. The second section clarifies the concept and value-added of a rights-based approach to development. The third section examines the scope of the international human rights law to prevent violence against women. The fourth section examines the links between domestic violence and women's social and economic rights. The concluding section provides a rights-based strategy in the prevention of domestic violence.

## II. Evolving International Human Rights System

Human rights have made a great deal of progress as moral and legal force since the Universal Declaration



of Human Rights was adopted by the United Nations (UN) on December 10, 1948. The Declaration, which was written by Eleanor Roosevelt, chair of the UN Commission on Human Rights, and 17 other international delegates, is the primary international articulation of the fundamental and inalienable rights of all human beings. The Declaration is not only the point of departure for all human rights treaties that followed; it has truly become the singly most meaningful human rights document around the globe. The Declaration consists of 30 different articles that enumerate a wide range of fundamental and inalienable rights to which all human beings are entitled. The Declaration states that “all human beings are born free and equal in dignity and rights”, and it declares that everyone is entitled, without distinction of any kind, to the various rights articulated in the Declaration. The Declaration was not intended to be a legally binding document. The first step toward implementation of the Declaration was the creation of specific treaties to deal with some of the main principles outlined in the Declaration. The International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), for example, were adopted by the UN General Assembly in 1966, and they were drafted and adopted as legally binding international treaties meant to ensure protection of the rights proclaimed in the Universal Declaration. These two treaties are broad in scope. Others are more specific, such as convention on the elimination of discrimination on the basis of race or gender, and on the right of the child. The standard method of enforcing human rights treaties is a reporting system. Governments are obliged to report periodically on their human rights practices and then must defend their records in front of an international body that can put diplomatic pressure on them to comply.

A major international treaty on women’s rights was adopted in 1979 by the UN General Assembly: Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). CEDAW, in fact, is the first comprehensive human rights treaty to address women’s rights. CEDAW comprises of 30 articles, and provides a universal definition of discrimination against women. The treaty covers a wide range of issues, including maternity leave, pregnancy-related health care, property rights, and affirmative action for women in education and employment. The treaty also provides a legal framework for nations to eliminate gender discrimination. Till today, 170 countries have ratified CEDAW.

In the 1990s, women’s rights have been further defined and expanded through negotiations at six major world conferences. The recognition of the fact that human rights are crucial for women’s well-being, women’s

organizations continued to focus on the global stage some of women’s most basic rights, including freedom of movement, freedom to work outside of the home, right to bodily integrity and freedom from violence. It was the violence against women issue, especially domestic violence, which finally drew wide international attention to the idea that women’s rights are human rights. In fact, women’s human rights became the most dramatic agenda item at the 1993 World Conference on Human Rights held in Vienna, Austria. The 1995 UN World Conference on Women held in Beijing, China, reaffirmed the conclusions of the Vienna Conference and put women’s human rights even more firmly on the world agenda.

In June 2000, the UN General Assembly reviewed the implementation of the Beijing Platform (Beijing +5) and reaffirmed government’s commitment to work for the realization of women’s rights. The new document (Women 2000/Beijing +5 Outcome Document) reaffirms the 150-page Platform for Action at the landmark 1995 UN Women’s Conference and moves forward with tougher measures to combat domestic violence and trafficking of women. The Outcome Document calls for prosecution of all forms of domestic violence, now including marital rape. The traditional practices of forced marriage and honor killings are addressed for the first time in an international document.

Although these documents and programs of action do not have the status of international law, they carry political and moral weight as policy guidelines for the UN, governments, and other international organizations. Women’s organizations can use these documents to hold governments and the UN accountable.

All these conferences provided opportunity and space for public assessment and discussion of the critical areas of concern. They reaffirm the commitments of women’s movements that have placed women’s empowerment and rights on the international agenda. There is now a clear recognition that women will never gain dignity until their human rights are respected and protected. Strengthening families and societies by empowering women to take greater control over their own destinies cannot be fully achieved unless all governments around the globe accept their responsibility to protect and promote internationally recognized human rights. Empowering women is also critical to promoting democracy. The challenge, however, is to develop strategies to grant basic rights to women and enable them to choose how to exercise those rights. This is especially important because the gap between principles and practices defines the central dilemma of human rights (Steiner and Alston, 2000).

In order to improve institutional effectiveness, the international human rights system has been rapidly evolving. In recent years new roles have evolved for the UN, especially through the creation of the office of the High Commissioner of Human Rights. Within the Human Rights Commission, new thematic mechanisms (such as special rapporteurs and working groups) have emerged. New avenues have opened for individual communications, as reflected in the recently adopted Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). New forms of redress are being developed – including international prosecution against individuals and against corporations.

There is clearly room for additional reform of the UN mechanisms to ensure effective institutions and stronger means of enforcement. However, the international human rights norms have had, in fact, a demonstrable and positive effect on the behaviour of states toward their citizens (Risse, Ropp and Sikkink, 1999). Thus, significant strides have been made; both on a global scale through the United Nations and its agencies and on a regional level through the proliferation of human rights interest groups and non-governmental organizations around the globe.

There has been a paradigm shift in the vision of human rights discourse. Now, the scope of the human rights vision has been broadened to include non-state actors (e.g., individuals, corporations, financial institutions and third-party states), in addition to the traditional state-centric paradigm. In an era of globalization where the world economy is increasingly being integrated, moving beyond a state-centered view of human rights to include non-state actors has a potential to hold non-state actors accountable for violations of social and economic rights. However effective implementation still rests with states, who as signatories to international conventions are duty bound to protect, fulfill and promote rights. Though for some states human rights are still contentious, there has been a dramatic progression in the acceptability of rights with the number of states ratifying core conventions rising from 10 percent to more than half in the last decade. This increasing acceptability of all rights including political, civil, cultural, social and economic has made inroads into current thinking on development policy and practice.

### **III. Rights-based Approach to Development**

There has been a paradigm shift in the development discourse, from a welfare-based approach to development to a rights-based approach to development. Unlike the centrality of 'economic efficiency' in the welfare-based approach, the rights-based approach reflects a

global consensus on the centrality of human dignity and equality in social and economic life and the non-negotiable accountability of states for fulfilling their obligations.

The Human Development Report 2000 shows that human rights and human development are inextricably linked and mutually re-enforcing. They take root and grow in diverse societies. They expand capabilities by protecting rights (UNDP, 2000). This understanding has contributed to the development of people centered sustainable development.

This revolution in the discourse of development is strongly influenced by the writings of Amartya Sen, the winner of the 1998 Nobel Prize in economics. First, Sen illustrates that human values are not always analogous to preference-satisfaction, and provides a critique of utility/ welfarism (Sen, 1982). Second, Sen has had a long-held conviction that violation of rights and freedom is inimical to socio-economic development (Dreze and Sen, 1989, 1995). Finally, Sen has combined these two strands effectively in his recent book, *Development as Freedom* (Sen, 1999). Sen argues that freedom properly understood is the appropriate normative framework by which to understand global issues of development. At the heart of Sen's extensive writing in moral philosophy and development economics is the idea that the ability to survive is a substantive freedom. He focuses on a person's "capabilities" or substantive freedom of people 'to lead the lives they have reason to value and to enhance the real choices they have'. These freedoms include the ability to acquire sufficient food, freedom from disease and ill treatment, access to education, freedom from social exclusion, freedom to participate in the life of the community, and freedom from unemployment. According to Sen, the success of development must be assessed by the achievement of such freedoms. In fact, development is the result of the exercise of these freedoms (Sen, 1999). Sen further argues that substantive freedoms are supported by instrumental freedoms, such as economic opportunities to use resources, political choices about laws, social questions about arrangements of health care, the security of a social safety net, etc. The effectiveness of freedom interrelates with one another, and freedom of one type may greatly help in advancing freedom of other types. More importantly, Sen argues that individual freedom is a social commitment: that substantive freedom is extremely contingent on personal, social and environmental circumstances; and that the exercise of such freedom is inseparably linked to social, economic and political institutions. According to Sen, expansion of freedoms is both the definition of development and the means to achieve it. The ultimate aim of development is enlarging the capabilities of all

human beings. What are really important for people are the freedoms associated with human rights, he argues.

In May 2001, the United Nations Committee on Economic, Social and Cultural Rights reaffirmed this view in a forceful statement arguing for a better integration of human rights in development strategies. The Millennium Development Goals calls for the adoption of policies, programmes and strategies informed by a rights-based approach. The Millennium Declaration requires answers to pertinent questions relating to how targets are achieved, and who are affected by improvements. The UN organizations such as United Nations Development Programme (UNDP), United Nations Children Fund (UNICEF), and United Nations Development Fund for Women (UNIFEM) are increasingly becoming committed to follow a rights-based approach. The international bilateral and multilateral non-government organizations such as OXFAM, CARE, and DFID have come out with plans and strategies with a rights-based approach in their development work. The international financial organizations like International Monetary Fund (IMF) and the World Bank have some commitments to adopt a rights-based approach. For instance, poverty, according to the World Bank's World Development Report 2000/2001, is "more than inadequate income or human development – it is also vulnerability and lack of voice, power, and representation" (World Bank, 2001a). Also, World Bank's "Voice of the Poor", which is based on extensive consultations with thousands of poor people around the world, concludes that dependency, lack of power and voice are the core elements of poor people's definition of poverty (Narayana, et al., 2000). The Poverty Reduction Strategies Papers (PRSPs) include human rights issues for some countries like Nicaragua, Rwanda, Bolivia, Cambodia, Camaroon, Tanzania, Uganda and Vietnam. According to some critiques, the approaches of the IMF and the World Bank are not strictly in line with a rights-based approach (Sengupta, 2002; Vizard, 2001).

All these developments indicate that a new dialogue is taking place between development and human rights experts. Today, it is widely recognized that the path of human dignity runs not through imposed technocratic solutions or imported foreign models or assumed tradeoff between development and rights. Health, education, housing, fair justice and free political participation are not matters of charity but rather matters of right. This is what is meant by "Rights-based Approach". This refers to a participatory, empowering, transparent, accountable and non-discriminatory development paradigm that is based on universal, inalienable human rights and freedoms. The rights-based approach to development is based on the central premise that development policies and programmes should be based on norms and values enshrined in the international human rights law. As

compared to other development approaches, the idea of legitimacy in international law, with the principles of equity and justice, provides an added value to a rights-based approach.

The essence of rights is that they are empowering. Rights are transformatory: people are able to take their own decisions as actors or rights-holders by transforming rights to entitlements. And it is the obligations of the state and non-state duty-bearers to respect, protect and fulfill all human rights. The duty to respect requires the duty-bearer not to breach directly or indirectly the enjoyment of any human right. The duty to protect requires the duty bearer to take measures that prevent third parties from abusing the right. The duty to fulfill requires the duty-bearer to adopt appropriate legislative, administrative and other measures for the full realization of human rights.

The rights-based approach to development is based on the international principles of non-discrimination and equality, and participation. The principle of non-discrimination requires that laws and institutions, at local, national and international levels, that foster discrimination against specific individuals and groups (e.g., vulnerable, marginal, and disadvantaged or socially excluded) be eliminated. It calls for a broader strategy that addresses socio-cultural and political-legal institutions. The principle of participation requires active and informed participation by the people, including the socially excluded, in the formulation, implementation and monitoring of development policies and programmes. Participation is recognized not just as a means to other ends but also as fundamental human rights that should be realized for its own sake. The rights based approach places equal emphasis on accountability on part of the duty holders (state and inter-governmental organizations).

The rights-based approach also recognizes the interdependence or complementarity of rights. For instance, right to participation may depend on right to association, right to assembly, freedom of expression, right to information, right to education and right to employment. Since all rights are equally important, the rights-based approach recognizes the crucial interdependence of economic, social and cultural rights, on the one hand, and civil and political rights, on the other.

Keeping in mind the resource and other constraints in many developing countries, the rights-based approach allows for progressive realization and prioritization of rights over a period of time. In other words, governments can set benchmarks and priorities in participatory consultation with citizens. At the same time, it emphasizes that all countries have to provide a

'minimum core obligation' of all human rights to protect socially excluded people against retrogression and non-fulfillment of this minimum core obligation.

In the new millennium, human rights issues are taking on a new focus. First, economic and social rights are becoming of paramount concern as the link between an adequate standard of living and the enjoyment of other basic rights becomes more apparent. Second, there is an increasing realization that many groups in society require a higher level of protection than society as a whole. These groups are children, women, and indigenous groups, among others. The rights-based approach can be conceived as a pre-condition for women's empowerment.

To re-iterate the essence of rights is that they are empowering. Rights are legally-binding entitlements, not charity. Rights are legitimate claims. The rights perspective is transformatory as it transforms needs into rights and responsibilities. The state and non-state actors have legal obligation to respect, protect and fulfill those rights. So, rights empower women. Empowerment promotes the exercise of meaningful choice by enhancing capabilities. It recognizes that women are active agents in solving their problems. It is also important to realize the interdependent nature of rights. For example, enacting and implementing equal opportunity laws will help empower women to gain equitable access to resources, liberating individual initiative and creating economic opportunities. Legislating against gender discrimination will enhance the capabilities of women by giving them better access to credit and productive resources, property and inheritance rights and improved political participation and representation. In other words, supporting and enacting a rights-based approach to the needs of women can not only end discrimination against them but also empower them. Women's empowerment, in turn, is linked to the well-being of children, family and society.

A study has found that countries that promote women's rights and increase women's access to resources and education have lower poverty rates, lower child and infant mortality, improved nutrition, lower fertility rates, lower AIDS prevalence, less corruption, higher economic productivity and faster economic growth than countries who do not (World Bank, 2001b).

Most of the principles of a rights-based approach to development mentioned above are vital for protecting women from violence. For instance, the critical elements of a rights-based strategy in the prevention of domestic violence are the following: non-discrimination and equality; dignity of the person; the understanding that all rights are interconnected and interdependent in their realization; the participation of women in the determination of issues affecting them.

#### **IV. Domestic Violence as a Human Rights Issue**

Violence against women, including domestic violence, is a human rights abuse. It exists in every country and culture in epidemic proportion, and is disproportionately committed against women. The irony is that international human rights instruments and many domestic laws prohibit and condemn such violence.

Women experience violence in both conflict and non-conflict areas. In civil conflict areas like Kosovo, Rwanda, Sierra Leone and East Timor, sexual violence has been used as a means of domination and control over ethnic populations by military and paramilitary forces. Women in refugee camps also suffer from rape and sexual violence. Further in conflict and post-conflict societies domestic violence is widely prevalent.

In non-conflict areas there is an epidemic of violence against women. Population-based surveys from a range of countries indicate that 10 to over 50 per cent women report physical assault in intimate relationship. Of these women 33 to 50 per cent also report sexual abuse or coercion (Heise, Ellsberg, et.al, 1999). Moreover, discrimination in the enforcement of law, denial of equal opportunity in education and employment, exclusion of women from political representation, and the use of physical and psychological violence to intimidate and subordinate women in public spheres all constitute violations of the right to gender equality.

The effect of such violence is devastating. It not only harms the woman, it destroys the family, limits a community's workforce, and perpetuates an atmosphere of fear, insecurity, and impunity. It also is connected to other devastating human rights abuses such the suppression of the right of speech, association and more importantly liberty. Violence against women has also significant impact on health of the woman and community. For example, violence against women is now recognized as a lead factor in the spread of the Human Immunodeficiency Virus (HIV), which invariably results in the Acquired Immune Deficiency Syndrome (AIDS). Progress against HIV requires that women are able to protect themselves against all forms of violence, including domestic violence, rape, and sexual abuse. The disease has also placed many women at greater risk of further violence.

The roots of violence against women are located in the unequal balance of power between men and women. The low value some cultures assign to women and girls and the norms that discriminate against women contribute to violence and prevent women from defending themselves. Unequal access by women and girls to education, economic resources, and decision making authority are the central outcomes of gender

inequality and this limited access undermine the ability of women to negotiate both public and private acts of violence. Overall the denial of equal rights to women through cultural and social norms and practices in fact perpetuates and reinforces violence against women.

The recognition of violence against women, and specifically domestic violence, as a human rights violation is first articulated in Vienna Declaration and Programme of Action adopted at the 1993 United Nations World Conference on Human Rights. Although CEDAW does not explicitly address violence against women, it recognizes that discrimination is a root cause of violence against women and that the denial of equal rights to women reinforces and perpetuates violence against women. The UN Convention to Eliminate Violence Against Women is the first protocol to specifically focus on the full continuum of violence experienced by women.

Fundamentally the human rights approach focuses on those whose rights are being violated, allowing developing solutions that keep victims experiences and needs at the forefront. International standard continue to evolve in recognition of the pervasive nature of violence against women under circumstances ranging, for example, from domestic violence, to coercive sex work, to rape as a weapon of war. There are three critical approaches within the rights framework that have contributed enormously to facilitate the placing of domestic violence on the international and national agendas – namely due diligence, equal protection and domestic violence as torture. These three distinct legal approaches are discussed below.

**Legal Approaches to Domestic Violence:** Under international human rights law, the concept of state responsibility has been enormously expanded. The state now has a dual role to play. First, the state should not indulge in human rights violations. Second, more importantly, if violations occur in the private spheres, the state has a clear obligation to prevent those violations and protect the victims. Currently, there are three approaches of state responsibility for dealing with the issue of violence against women by private actors.

**Due Diligence:** The legal concept of “due diligence” describes the minimum effort a state must undertake in order to fulfill its responsibility to protect individuals from abuses of their rights. The committee charged with overseeing implementation of CEDAW in 1992 adopted General Recommendation 19 which emphasizes that “States may also be responsible for private acts if they fail to act with due diligence to prevent violations of rights or to investigate and punish acts of violence, and for providing compensation”. In 1993, the United Nations Declaration on the Elimination of Violence against Women (DEVAW) also calls on States to “pursue

by all appropriate means and without delay a policy of eliminating violence against women” and further to “exercise due diligence to prevent, investigate and, in accordance with national legislation, punish acts of violence against women, and whether those acts are perpetrated by the State or by private actors”.

**Equal protection of the law:** This approach is based on the principle of the equal protection of law. If discrimination in law enforcement is demonstrated in case of violence against women, then the State may be held liable for violating international human rights standard of equality (Thomas and Beasley, 1993; O’Hare, 1999). For instance, Article 26 of the ICCPR provides that “all persons are entitled without any discrimination to the equal protection of the law”. This has then led the basis for states addressing victims of domestic violence, a group usually outside law enforcement. Here lies the significance of the Optional Protocol to the CEDAW which was adopted in 1999. The proposed inquiry procedure under that protocol can be approached, following complaints from individuals or groups. Individual women can bring claims against a government, which fails to take measures to punish or prevent domestic violence. There is provision for international prosecution against individuals who perpetrate domestic violence.

**Domestic violence as torture:** Convention against Torture defines torture as “an act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person” for a purpose such as obtaining information or a confession, punishment, intimidation, or coercion, “or for any reason based on discrimination of any kind”. Domestic violence is a violation of a woman’s rights to bodily integrity, to liberty, and often right to life itself. Therefore, this approach argues that domestic violence is a form of torture, and should be dealt in line with other human rights instruments. Article 7 of the ICCPR states that “no one should be subjected to torture or to cruel, inhuman or degrading treatment or punishment”. When states fail to provide protections through legislation and other measures, they hold responsibility for the abuse. The failure of a government to prohibit acts of violence against women when they are of the nature and severity envisaged by the accepted definitions of torture constitutes a failure of state protection. Proponents of this approach believe that application of a human rights framework by recognizing domestic violence as torture and by insisting states to fulfill their responsibility to protect women, can be a powerful tool in eliminating violence against women. These three approaches to address domestic violence suggest that women’s rights groups have been successful in deconstructing the false dichotomy between public-private divide which has so long restricted efforts to put domestic violence in the national agenda. Marcus (1994)

makes a strong legal case for the reconceptualization of domestic violence as a human rights issue, given the similarity and close parallel between abuse and terrorism. She contends that people or group wishing to terrorize others use three basic tactics: (a) surprise and seemingly random (but actually well-planned) acts of violence, (b) psychological and physical warfare to silence protest and minimize opposition, and (c) the creation of an atmosphere of intimidation in which there is no way to escape. In the similar manner as terror can be directed at a community, it can also take the form of violence perpetrated in a women's home by her partner. In similar ways to terror, violence is designed to maintain domination and control, to increase advantages, and to defend privileges. She argues that the term terrorism as an alternative to domestic violence carries a connotation of privacy and thus minimizes or diminishes its importance and seriousness. Thus, significant language now exists to advance the status of women, and it is critical to capitalize on these advances. In recent years, women's human rights groups are pressurizing governments to implement CEDAW, and take positive measures to end legal, social and economic gender inequality.

#### **V. Links between Domestic Violence and Social and Economic Rights**

Domestic violence is rooted in gender power balance, gender identity, and gender-specific roles and responsibilities.

First, since women and men often have different roles and responsibilities, they have different needs and priorities. For instance, women tend to carry the primary responsibility for maintaining household, like collecting water, fuel wood, preparation of food, care for children and elderly. These activities not only increase women's daily burden of work (time poverty), they also restrict women's participation in community activities and decision-making processes, employment, physical mobility etc. Further the perceived non-fulfillment of these responsibilities is often a precipitating trigger for domestic violence.

Second, women tend to have limited access to and control over productive resources such as land, house, credit, agricultural extension, water etc. Women's limited access to land means less access to agricultural extension services, credit and water. Women are particularly threatened by loss of land, house and other property, and ownership rights because of the prevalence of statutory law and other forms of discrimination. This inhibits women's rights within marriage, leading to threat of divorce and violence against them. Women also face additional obstacles to develop coping strategies.

Third, the pervasive nature of gender-specific violence not only affects the individual victims directly, it also indirectly limits women's mobility and participation in social, economic and political activities. Women in many societies are afforded little recourse against domestic violence.

Finally, women are far less likely to participate in formal decision-making processes. Unequal control over economic resources not only inhibits women's autonomy in household decision-making; it also inhibits participation in public institutions and to break the shackles of poverty and deprivation. Gender inequality is the most pervasive manifestation of inequality of all kinds in any society because it typically affects half of the population.

Moreover, women more than men in most countries face structural barriers that impede women from having rights, capabilities and capacity to choose. Women also face institutional barriers and discrimination in law. Women's participation in decision-making are low at all levels. As a result they lack power and voice. Therefore an enabling environment is necessary to remove the structural and institutional obstacles. Therefore, promotion and protection of these critical rights can not only prevent violence against women, they will also empower women. In the long run, the realization of these economic rights along with reduced violence will help advance for overall empowerment.

#### **VI. Conclusions**

For centuries, states have viewed domestic violence against women as a private matter not relevant to state policy. During the past decade, however, the issue of domestic violence against women has become one of the preeminent issues in the women's international human rights movement. A large variety of countries now have accepted some responsibility to help prevent violence in the home and to prosecute offenders. To prevent and reduce domestic violence, government, non-governmental and inter-governmental organizations are already working at many levels (Schuler, 1991; UNICEF, 2000; UNIFEM, 2000; WHO, 2002). The strategies that are being adopted include: home visitation, collaborative efforts of domestic violence service providers, prevention efforts that address violence both in homes and in communities, school-based programs, and public education campaigns.

India, like many other countries, has enacted legislation that codifies domestic violence as a crime along with the creation of national media campaigns designed to raise consciousness about the issue, and establishment of women-only police stations intended to encourage reporting of domestic violence crimes. To respond to the

needs of the victims, protection and support systems must be available. Religious and social institutions that could assist victims need to be trained in appropriate responses. Since the existing legal framework is inadequate to fully address women's needs, political advocacy should be mobilized to change particular elements within the laws that continue to be unresponsive to issues of gender-based violence (Singh, 1994; Lawyers Collective Women's Rights Initiative, 2000).

In addition to legal and institutional interventions domestic violence needs to be resituated in social justice and broader social transformation of society. What is needed is a rights-based strategy in the prevention of domestic violence. The strength of a rights-based strategy is that it meshes formal treaty doctrines with grassroots activism and critiques of power. While the right to make the claim is global, the specific and useful strategies to build a non-violent and gender egalitarian society must be developed locally.

If one conceptualizes domestic violence as a violation of a woman's most basic right, the focus becomes an ecological perspective. It is only at this level of analysis and interventions that the problem of domestic violence has the potential to be eradicated. Domestic violence prevention strategies must include a critical understanding of the underlying causes of domestic violence as well as a vision of what constitutes a healthy, non-violent family.

Research and analysis in this paper clearly suggests that "right to housing" and "right to property and inheritance" are critical and most fundamental for any strategy in the prevention of domestic violence. Empowerment of women is the key to prevent gender-based violence. Access to, and control over economic resources, especially immovable assets, is the precondition to women's empowerment. Social support network, especially natal family and neighbors, is also a crucial factor in reducing domestic violence. Four points need to be emphasized here:

- (a) Importance of immovable assets and social support is significant in making a difference to the incidence of domestic violence.
- (b) Changing norms of acceptability of violence in the family is critical to reduce inter-generational transmission of violence.
- (c) Male attitudes and society's attitudes also need to be changed in this regard. Since prevention of domestic violence requires fundamental changes in attitudes and behavior, it confronts societal and individual resistance to change.
- (d) Support structures could be both within the family and from NGOs, women's self-help groups etc.,

who can both help in changing attitudes and in helping women acquire immovable assets. This calls for creative community involvement, shared responsibilities, and collective action with the goals to challenge patriarchal assumptions of power and control and entitlement to women.

Prevention of domestic violence at the national level depends on the level of public and governmental commitment to making prevention a long-term priority, and to establish a consistent, coordinated, and integrated approach for each community. Given the pervasiveness and harms of domestic violence, a national policy of zero tolerance for domestic violence is necessary.

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# Corporate Governance in Indian Banking Sector: A Hierarchical Approach

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## Abstract

Corporate governance is a broad term in today's business environment. Corporate governance is a multidisciplinary field and borrows concept from various disciplines such as accounting, economics, management, law and consulting. The main function of corporate governance is to make agreements that describe the privileges and tasks of shareholders and the organization. The present paper aims to formulate hierarchical relationships among factors influencing corporate governance mechanism in banking industry and to examine the present status and scenarios of corporate governance in Indian banking industry. For the accomplishment of the research objectives the various factors identified and hierarchical relationship developed with the help of interpretive structural modelling techniques. The present status and scenarios has been examined with the help of various commissions and committees of Indian banking industry.

**Keywords:** Corporate Governance, Hierarchical Relationships, Interpretive Structure Modelling

## 1.1 Introduction and Background of the Study

Corporate Governance refers to governing a corporation. It consists of a set of policies that are framed and developed for deciding the future course of action which will decide the way forward for the corporation. It encompasses rules and regulations developed by the people who are in-charge of the organisation not only for themselves but also for the people working in the organisation. Corporate governance is a multidisciplinary field and borrows concept from various disciplines such as accounting, economics, management, law and consulting. The main function of corporate governance is to make agreements that describe the privileges and tasks of shareholders and the organization. In case there is any conflict of interest among the stakeholders or between corporation and organisation, then it is the responsibility of the corporate governance strategies to work out the possible solutions for the same. It also involves setting up of standards of governance and administration in the corporations, against which the performance of all the stakeholders

involved, is measured. Corporate governance mechanism proves to be fruitful for the corporations.

Corporate governance has been extremely crucial since the post liberalisation era. When India started to ease out restrictions in its market since 1991, from then onwards it has seen an amazing upward trend in the size of its stock market, that is, number of listed firms was increasing proportionately. Studies have highlighted that if a country needs to make it attractive to other country corporations, then it must provide transparency in its operations and the domestic corporations must act in interest of shareholders and aim to increase their value. In India, corporate governance mechanism started to bloom a little late than the rest of the world. It was not until 1991 when liberalization took place and corporate governance established an international context. A major landmark in Indian corporate governance context was the establishment of Securities and Exchange Board of India in 1992, which although was set up to standardise and regulate stock exchange activities. Several committees were set up to lay down and strengthen the corporate

governance practices in India. Two such committees were set up under Kumar Mangalam Birla and Narayan Murthy by Securities and Exchange Board of India. The main key takeaway from the recommendations of these committees was the introduction of clause 49. However, increasing corporate governance scams across the globe forced certain alteration and modification in it to stop the happening of these corporate governance frauds in India. Clause 49 of the listing agreement of Indian stock exchange took effect from 2000 to 2003. It contained all the regulations and requirement of minimum number of independent directors, board members, different necessary committees, code of conduct, audit committee rules and limits, etc. Firms that were not following these principles were removed from the listing and were given financial penalties. The corporate governance mechanism in banks is unique in the sense that its level and style of operations is different from other organisations. Since, the bank operate in less transparent way owing to the different and diverse back-end activities, it becomes a tedious task for other stakeholders to keep an eye on the operations of bank. Since, the majority of stake in a government bank is owned by the government itself, therefore, other stakeholders being minority find it extremely difficult to deal with the situation alone. Since banks, particularly public sector banks are operated under pressure to serve general public and work under government pressure, therefore, they indulge in higher operational risk activities at times. This increases the need for corporate governance mechanism in banks.

### 1.2 Research Objectives

- To formulate hierarchical relationships among factors influencing corporate governance mechanism in banking industry
- To examine the present status and scenarios of corporate governance in Indian banking industry.

### 1.3 Factors Impacting Corporate Governance Mechanism

Certain factors influence directly or indirectly the organisations ability to conform to a sound corporate governance mechanism. But, a problem that arises is that these factors do not work in isolation. Also, there exists interdependence among these factors as well. This interdependence makes it essential to understand the relationship between these factors so that an understanding could be developed regarding how or what influences an organisation (particularly bank) while developing a corporate governance plan.

1. **Ownership-** Ownership plays a significant role in corporate governance mechanism of an organisation. It is often found that the philosophy and mind-

set of the owners impact the overall corporate governance mechanism being followed in the organisation, whether it is related to making policies or their execution. The ownership can be divided into public sector and private sector ownership. Public ownership means the majority stake in the organisation belongs to the government and general public. Private ownership means the majority stake in the organisation regarding its policies and decision making resides in the hand of few private entities.

2. **Board System-** Board system refers to the arrangement of directors inside the board. There are different type of board systems such as Collective, where every individual has a shared and common purpose and decisions are taken collectively; Governing boards where the board leads the organisation through controlling powers vested to it by the owners of the organisation; Working board where board not only leads the organisation but also works as a staff in the organisation; Advisory board where board serves to provide insight and perspective to any decision maker in the organisation; Fund raising boards where board is developed to draw benefits from connections individuals have with each other. Apart from this, Board structure could be Anglo-Saxon board, which is a one tier board; An Indian board (consisting of women director), German board and a Chinese board. Whatever the composition and system of a board is, it will have consequential impact on board policies and will therefore impact corporate governance mechanism in the organisation.
3. **Independent Directors-** Presence of Independent directors significantly impacts the corporate governance mechanism of the organisation. Since independent directors are truly independent in nature, they do not think about the impact of any significant negative comment on the organisation and hence are crucial in making the organisations adhere to corporate governance principles. More the number of independent directors in the organisation, more are the chances that the organisation will follow policies and guidelines and will not do unethical business practices, which are sure to be disclosed by the independent director.
4. **Committees-** Committees comprises of board of directors and are formed to carry out operations of the organisations systematically. These committees are either temporary (for short term and specific functions) or are permanent. These committees are responsible to carry out operations assigned to them with the overall objective of ensuring strict corporate governance adherence in the organisation. Several committees are framed in the organisation;

few of these are common and are listed as -Audit Committee, Remuneration Committee, Nomination Committee, Shareholder Grievance committee, Risk Management Committee, Corporate Compliance Committee and CSR Committee

5. **Information Disclosure-** Corporate Governance mechanism in an organisation can be measured through the extent to which information is being disclosed to the relevant stakeholders. The information disclosure mechanism should be such that it is relevant to the stakeholders, easily accessible and transparent in nature. All organisations which score high in corporate governance index are the ones with high degree of information disclosure. This information could be related to financial performance of the organisation such as financial statements, or regarding meetings conducted by the board of directors, notice of meeting, information related to Memorandum of Association or Articles or any other information that would assist any of the stakeholder related to organisation in taking suitable decisions that would help them in developing or building relations with the organisation.
6. **Capital of Bank-** Capital of the organisation also influence whether the organisation would follow the corporate governance norms sincerely or not. High capital organisation tends to be more adhering to these norms due to their need for raising funds from outside agencies which affect their goodwill. So, if a bank has sufficient amount of funds available, it might be willing to be more conforming to corporate governance norms than others with limited amount of funds. Capital of the bank would also include the component of capital structure of the bank. If there is more debt and less equity, then the company will have to also ensure that rights of debt holder should be protected as well.
7. **Size of Bank-** Similar to the capital of the bank, size of the organisation also influences their adherence to corporate governance mechanism. It is found that larger banks have high capital, presence in global world and therefore are stricter to adhere to the corporate governance mechanism. It is interesting to note that size also adversely impact the organisations capacity to conform to these practices because of their increased liabilities in terms of number of participants as stakeholders.
8. **Globalization Level-** Level of globalization also has an impact on the willingness or necessity to conform to the corporate governance mechanism. As the world is collapsing and shrinking in terms of reach, organisation have started to mushroom up in places far situated from homeland due to certain

advantages. But, these host countries also require that organisations follow sound corporate governance principles which would not make the locals suffer. Similarly, when other countries organisation set up their business in India, government needs to protect the rights of industries within the country as well the organisations set up in the industry. Therefore, government enact laws that need to protect these industries as well.

9. **Political Environment-** Political environment comprises of political stability in the country and the political system being followed in the country. Political stability tends to create an environment based on the ideology of working government which also impacts the laws enacted by them. Also, it is found that organisations during military rule and dictatorship also tend to negate the rules of corporate governance due to their main focus on earning profit motive. Similarly, the intention of the ruling government also influences whether the organisation follows strict corporate governance mechanism or not.
10. **Legal Environment-** Legal environment comprises of the laws which are developed by the country. These laws are related to the functioning which could either impact day to day operations or related to matters which are essential for long term survival of the organisation. In India, laws and provision related to corporate social responsibility, whistle-blower protection in Companies Act or Securities and Exchange Board of India's Listing Obligation and Disclosure Requirements make in mandatory to follow certain provision which have impact on corporate governance mechanism of the organisation.

#### 1.4 Hierarchal Relationships among Factors Influencing Corporate Governance in Banking Sector - Interpretive Structure Modelling (ISM)

In order to develop the hierarchical relationship between the factors involved, Interpretive Structure Modelling technique has been used. The first step involved in preparing ISM digraph is completed with identification of factors related to the system. What follows is preparation of an V-A-X-O matrix that describes the relationship between the factors.

**Table 1.1 Self Structuring Interaction Matrix (SSIM)**

	01	02	03	04	05	06	07	08	09	10
01	-	V	V	V	V	V	V	A	A	A
02	A	-	V	V	V	O	O	A	A	A
03	A	A	-	O	V	O	O	O	A	A
04	A	A	O	-	V	O	A	O	A	A

05	A	A	A	A	-	O	O	O	A	A
06	A	O	O	O	O	-	V	O	O	O
07	A	O	O	V	O	A	-	A	A	A
08	V	V	O	O	O	O	V	-	A	A
09	V	V	V	V	V	O	V	V	-	V
10	V	V	V	V	V	O	V	V	A	-

Source: Author's work

The relationship identified and coded is converted into form of zeroes and ones in the subsequent table. This gives us driving power and dependence level of factors and their driving power.

**Table 1.2 Initial Reachability Matrix (Pre-Iteration)**

	01	02	03	04	05	06	07	08	09	10
01	1	1	1	1	1	1	1	0	0	0
02	0	1	1	1	1	0	0	0	0	0
03	0	0	1	0	1	0	0	0	0	0
04	0	0	0	1	1	0	0	0	0	0
05	0	0	0	0	1	0	0	0	0	0
06	0	0	0	0	0	1	1	0	0	0
07	0	0	0	1	0	0	1	0	0	0
08	1	1	0	0	0	0	1	1	0	0
09	1	1	1	1	1	0	1	1	1	1
10	1	1	1	1	1	0	1	1	0	1

Source: Author's work

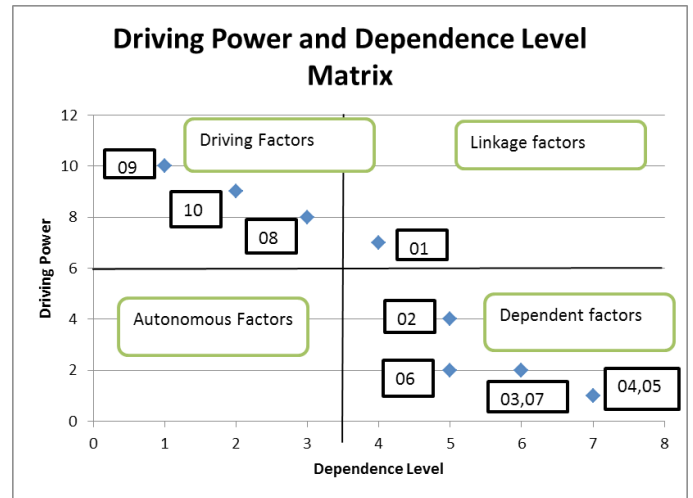
After incorporating transitivity in the above table, a final table is derived which gives the final driving and dependence level of each factor involved in the system.

**Table 1.3 Final Reachability Matrix (Post Iteration)**

	01	02	03	04	05	06	07	08	09	10	Driving
01	1	1	1	1	1	1	1	0	0	0	7
02	0	1	1	1	1	0	0	0	0	0	4
03	0	0	1	0	1	0	0	0	0	0	2
04	0	0	0	1	1	0	0	0	0	0	2
05	0	0	0	0	1	0	0	0	0	0	1
06	0	0	0	0	0	1	1	0	0	0	2
07	0	0	0	1	0	0	1	0	0	0	2
08	1	1	1*	1*	1*	1*	1	1	0	0	8
09	1	1	1	1	1	1*	1	1	1	1	10
10	1	1	1	1	1	1*	1	1	0	1	9
Depen- dence	4	5	6	7	8	5	6	3	1	2	

Source: Authors' work

The driving power and dependence level of each factor together is charted to form a chart for better presentation. This analysis is also known as MICMAC and gives great implications which are necessary for deep understanding of the topic. The following figure graphically represents the driving power and dependence level of each factor and on the basis of which, factors are categorised into 4 types.



**Figure 1.1 Driving and Dependency Matrix**

Source: Authors' work

Interpretation from Driving and Dependence matrix-

- **Driving factors:** These factors are those which have high degree of driving power and low degree of dependence level. These factors are responsible for bringing change in the system. In our study, it was observed that factor 08, 09 and 10 i.e. Level of globalization, Political environment and Legal environment are driving factors and they channelize and ensure sound corporate governance mechanism in industry.
- **Linkage factors:** These factors are those with high degree of driving power and dependence level; which act as connector between driving factors and dependent forces. These factors pass on the impact of driving factors on to the dependent factors. In our study, factor 01 i.e. Ownership was identified to be a linkage factor.
- **Autonomous factors:** These are those factors which have low degree of driving power and dependence level. These factors do not cause much impact to the system. Their impact may be on fewer factors but can have significant factors on few. In our case, no such factor was identified.
- **Dependent factors:** These factors are those with low degree of driving power and high degree of

dependence level. These factors are the one's which feel the overall impact triggered by driving and autonomous or lineage factors. In our study, 02, 03, 04, 05, 06, and 07 i.e. Board system, Independent directors, Committees, information disclosure, capital of bank and size of the bank are found to be the dependent factors.

After the MICMAC analysis has been conducted, the next step is to determine the partition level of each factor. Partition level here means the placement of each factor in the hierarchy. The following table helps in determining the partition level.

**Partition Level Tables**

**Iteration Level 1**

Factor No	Driving Power	Dependence Level	Intersection Set	Level L
1	1,2,3,4,5,6,7	1,8,9,10	1	Level I
2	2,3,4,5	1,2,8,9,10	2	
3	3,5	1,2,3,8,9,10	3	
4	4,5	1,2,4,7,8,9,10	4	
5	5	1,2,3,5,8,9,10	5	
6	6,7	1,6,8,9,10	6	
7	4,7	1,6,7,8,9,10	7	
8	1,2,3,4,5,6,7,8	8,9,10	8	
9	1,2,3,4,5,6,7,8,9,10	9	9	
10	1,2,3,4,5,6,7,8,10	9,10	10	
Iteration Level 2				
Factor No	Driving Power	Dependence Level	Intersection Set	Level L
1	1,2,3,4,6,7	1,8,9,10	1	Level II
2	2,3,4	1,2,8,9,10	2	
3	3	1,2,3,8,9,10	3	
4	4	1,2,4,7,8,9,10	4	
6	6,7	1,6,8,9,10	6	
7	4,7	1,6,7,8,9,10	7	
8	1,2,3,4,6,7,8	8,9,10	8	
9	1,2,3,4,6,7,8,9,10	9	9	
10	1,2,3,4,6,7,8,10	9,10	10	
Iteration Level 3				

Factor No	Driving Power	Dependence Level	Intersection Set	Level
1	1,2,6,7	1,8,9,10	1	Level III
2	2	1,2,8,9,10	2	
6	6,7	1,6,8,9,10	6	
7	7	1,6,7,8,9,10	7	
8	1,2,6,7,8	8,9,10	8	
9	1,2,6,7,8,9,10	9	9	
10	1,2,6,7,8,10	9,10	10	
Iteration Level 4				
Factor No	Driving Power	Dependence Level	Intersection Set	Level
1	1,6	1,8,9,10	1	Level IV
6	6	1,6,8,9,10	6	
8	1,6,8	8,9,10	8	
9	1,6,8,9,10	9	9	
10	1,6,8,10	9,10	10	
Iteration Level 5				
Factor No	Driving Power	Dependence Level	Intersection Set	Level
1	1	1,8,9,10	1	Level V
8	1,8	8,9,10	8	
9	1,8,9,10	9	9	
10	1,8,10	9,10	10	
Iteration Level 6				
Factor No	Driving Power	Dependence Level	Intersection Set	Level
8	8	8,9,10	8	Level VI
9	8,9,10	9	9	
10	8,10	9,10	10	
Iteration Level 7				
Factor No	Driving Power	Dependence Level	Intersection Set	Level
9	9,10	9	9	Level VII
10	10	9,10	10	
Iteration Level 8				
Factor No	Driving Power	Dependence Level	Intersection Set	Level
9	9	9	9	Level VIII

Once the partition level has been determined each factor is placed at its position in hierarchy and the model is developed incorporating all the links, i.e. including the transitive links as well. In the next and last step, the transitive links are removed and a clear hierarchy is derived. What is interesting to observe that ISM digraph an MICMAC analysis both share the common implications. In our MICMAC analysis all those factors which were found to be driving forces are placed at the bottom of the ISM digraph. Similarly the factors that were found to be dependent in MICMAC analysis are found to be placed at top of the ISM digraph. And the linkage factor, i.e. Ownership is observed to be linking the driving factors with the dependent factors in the system. This ISM digraph authenticates and proves our analysis.

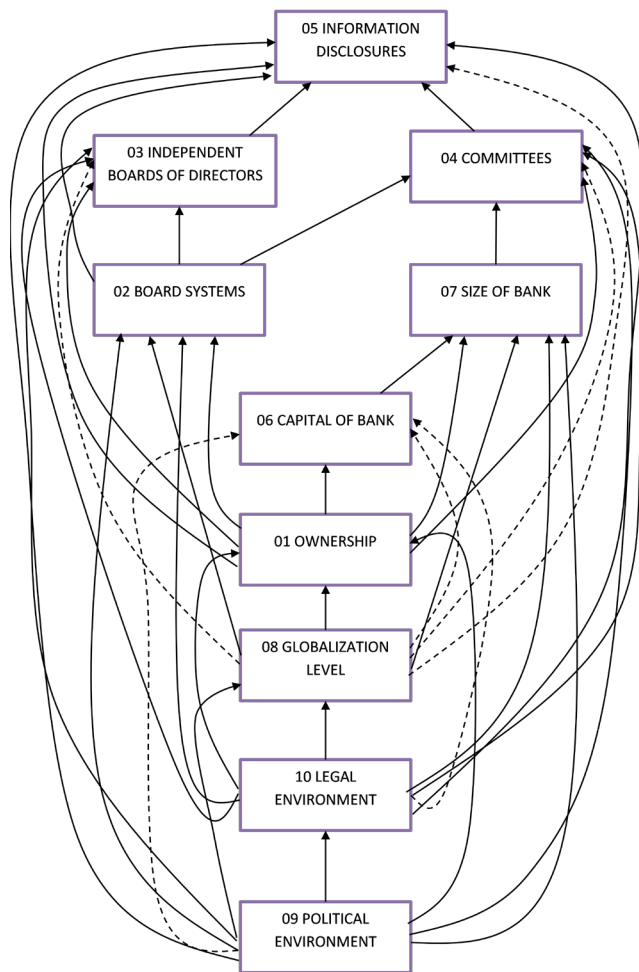


Figure 1.2 Hierarchical relationship among factors influencing corporate governance

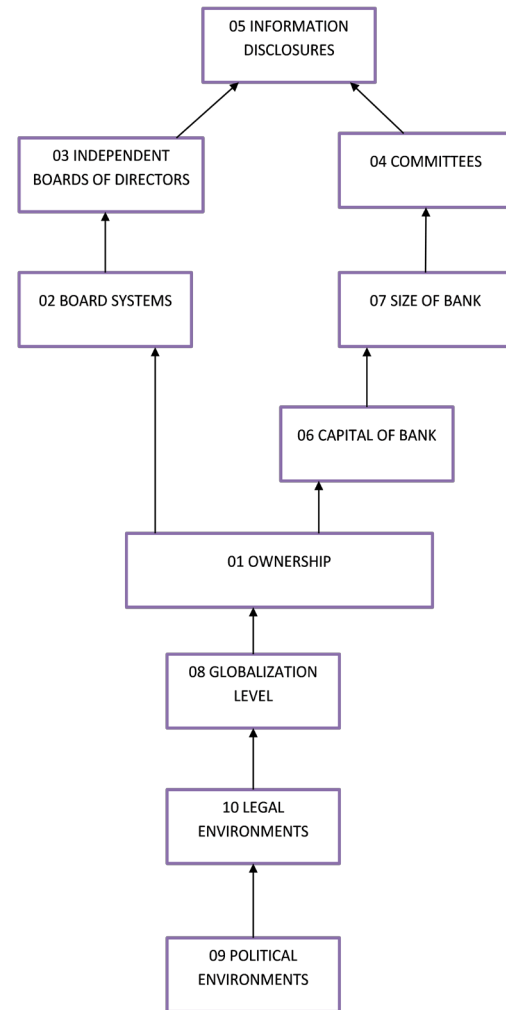


Figure 1.3 Final ISM di-graph depicting hierarchical relationship

### 1.5 Conclusion and Implications for the Study

Following conclusions can be drawn from the study and on the basis of it, implications could be drawn which would have significant impact on development of corporate governance mechanism-

- Political environment: Several banking scams have recently rocked the Indian economy recently. These scams are result of nexus between political lobby and businessman. Only a strong political system backed by strong will to end this lobby could prove consequential for end of negative and unethical practices. Also, major political parties can also incorporate their vision for corporate governance in their election manifesto so that the general public which is suffering from it could have a sigh of relief from the same.

- Legal environment: Legal environment is found to be pushing organisations towards building up a sound corporate governance mechanism. Therefore it is a requirement that several laws should be enacted and passed. These laws should make provision for stringent corporate governance mechanism in the country. Agencies should be framed for ensuring that organisations work towards their corporate governance mechanism sincerely.
  - Globalization level: Since globalization has proven to be fruitful for corporate governance, therefore the government should ensure that no regulatory measures are passed regarding the same. Also, rules regarding Foreign Direct Investment and Foreign Portfolio Investment should be framed such that it allows for inflow of international funds and therefore will be better for corporate governance mechanism.
  - Ownership: Private sector undertakings are found to be more efficient in developing a sound corporate governance mechanism owing to factors such as more professionally followed code of ethics and conduct, more educated employees with professional degree and others. If public sector undertakings are not working soundly in terms of corporate governance, there should be some laws and punishment regarding the same. Focus should be more on PSU's so that they also follow sound corporate governance mechanism because they work more with money of general public.
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# Depreciation of Rupee: Causes, Consequences & Policies for Insulation

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## Abstract

India, the third largest economy in the world on the basis of Purchasing Power Parity (PPP) and it is growing invincibly despite challenges like large population and lack of basic facilities. Above that the rupee is under stress as the value of rupee is consistently depleting because overseas investors are demanding less of Indian rupee. The exchange rate between the Indian Rupee and the US Dollar has touched Rs. 73.43 which means for acquiring one dollar, Rs. 73.43 has to be paid. Historically, on 15th August 1947, one dollar was equal to one rupee. But over the years, the rupee has been consistently depreciated against the dollar due to dwindling macroeconomic factors. In April 2020, the rupee touched its all-time low value- Rs. 76.87 and more than 10 percent of loss of its value in recent years have been observed and it is the currency which is worst performing. The consistent decrease in the value of Indian currency may impact the Indian economy in negative ways. As further increase in depreciation increases the costs of imports. Since Indian economy is heavily dependent on imports such as oil, gems, iron, fertilizers, organic chemicals, gold & technical apparatus, this is a great cause of concern. Hence the stability in Indian Rupee is of prime importance to the Reserve Bank of India (RBI). The Indian economy is a mixed economy where the central bank regulates to stabilize the inflation rate and the exchange rate volatility. This paper reviews the probable causes for this negative performance of the rupee and policy initiatives by the regulatory authority to curb the downfall. It has also made effort to capture the scale of actions taken by the Reserve Bank Management in volatility episodes.

**Keywords:** Rupee Depreciation, Economic Impact, Policy Initiatives.

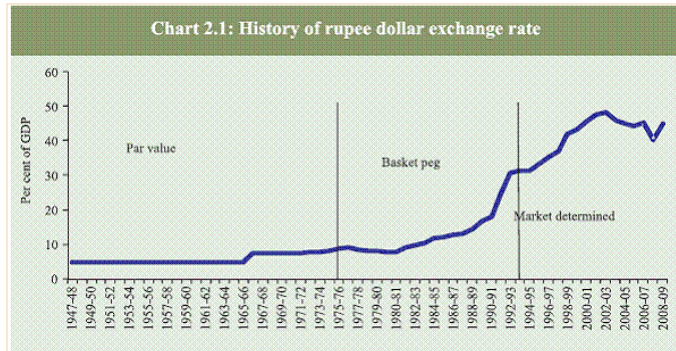
## Introduction

India, being one of Asia's largest countries has witnessed many fiscal and monetary challenges. One of the major issues is consistent fall in the worth of Indian currency causing the depletion of foreign reserves & Special drawing rights. Foreign reserves are critical to an economy for international transactions. Also, the depreciation of Indian rupee against hard currencies evades the acceptance of rupee in the international market. Since India is an import dependent nation, foreign reserves are bought and sold using Indian rupee to pay for imports. Decrease in rupee value makes the import more costly and thus affect the current account deficit in Balance of Payments (BoP).

The Balance of Payment had also been consistently in deficit implying that the government had to resort to borrowing of hard currencies. The first currency devaluation took place due to first major financial crisis the government faced in 1966. The inflation narrowed Indian and international prices further. During 1991, there was aggressive downward pressure on the value of the rupee from the international currency market, therefore India was faced with depleting foreign reserves that necessitated devaluation. During the same year 1991 India faced a Balance of Payment crisis which was huge in scale. As a part of intervention, Indian government decided to let the Indian rupee free float and determine its value using market forces. Indian rupee had been following a managed float system of exchange rates. The

value of Indian currency is decided by market forces of demand and supply, but the Reserve Bank of India has been vested with the power to intervene in case of extreme volatility.

**Figure 1**



Source: Reserve Bank of India publication.

According to the historical data, Figure 1. Is showing the past relationship between Rupee & US Dollar from 1947-2009. The graph reflects the stability in the exchange rate till 1966. The increase in exchange rate from 1966-76 was caused by the Reserve Bank of India's decision to devalue after Indo- Pakistan War 1965. The period of 1976- 93 was full of volatility as domestic banks were allowed to do intraday trading in foreign exchange market and the rupee was pegged with a basket of hard currencies. In 1993 Balance of Payment crisis after-effects started reflecting in the economy. The RBI then decided to allow the market forces to determine the price of Indian rupee in foreign markets.

Depreciation of Rupee with respect to other currencies is also evident through data. The data implies that during 2008-18 Rupee had been continuously underperforming against USD, Canadian Dollar (CAD), Chinese Yuan & Euro. This shows that the rupee oscillations are spontaneous and volatile. The Indian Exports and imports value also gets affected by the decreasing trend. This is causing the imports to be costlier and the exports to become cheaper. India trades with major economies and its business gets adversely affected. In 2020, the exchange rate of INR and Euro is Rs.86.25 and in 2001 it was Rs. 42.25. This depreciation has caused Indian imports to be costly by twice and exports value have become half. The Europe Union is the major trading partner of India, accounting for about €80 billion trade of goods in 2019 or 11.1% of Indian trade in totality, which is at par with the USA and surpassing to China (10.7%). European Union is also the second-largest center for Indian exports (over 14% of the total) after USA. Rank of India in the EU's largest trading partner is tenth, accounting for 1.9% of EU total trade in goods during 2019, which is behind the major trading partners like USA (15.2%), China (13.8%)

and the UK (12.6%). Hence it is crucial for India to limit the exposure of Indian rupee to sustain global business.

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### Objectives of the Study

- To study the probable causes of depreciation of Indian rupee in the foreign market.
- To understand the consequences of depreciation of rupee on economy.
- To learn about the policy initiatives taken to curb the downfall.

### Probable Causes of Depreciation of Indian Rupee and Their Impact.

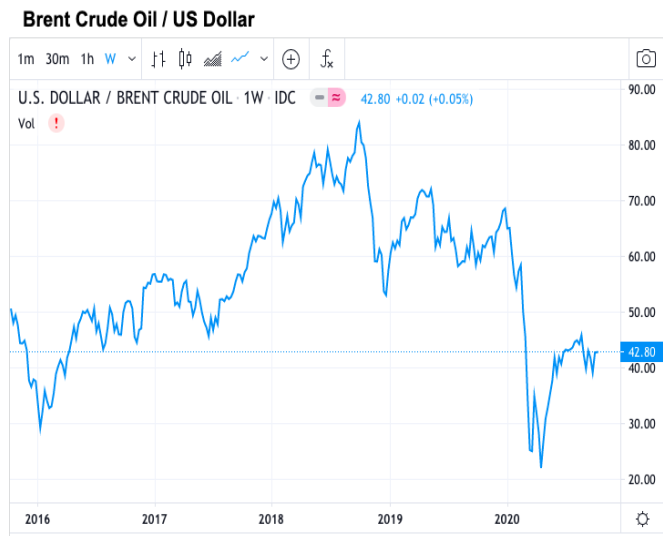
The Indian currency is under performing not only against the US dollar, but also against other hard currencies. Hence it is imperative to know the probable reasons behind the under-performance to predict the growth of the Indian economy. A host of reasons have been identified in terms of macroeconomic & political factors leading such deterioration.

#### 1. Oil Prices Escalation & Undwindled Demand

India fulfills its crude oil demand via imports from Iraq, Iran, Saudi Arabia, USA, West Africa, South America & others in foreign currency prominently US dollar. It is the third largest importer of oil. India imported around 228.6 million tonnes oil worth US\$ 120 billion in 2018-19. The upsurge in oil demand in its price hurt the Indian economy as the oil accounts for a substantial portion of India's total imports. The imports of goods are computed in current account (CAD) in balance of Payments. The Current Account balance of India mostly stays in deficit which indicates that the imports of India are in excess of its exports. However, the current account did register a surplus of \$0.6 Billion in 4Q FY20 (0.1% of Gross Domestic Products) against the deficit of \$ 2.6 Billion in 3Q of FY2020.

The surplus was due to a lower trade deficit of \$35 Billion with rise in oil demand worth \$34 billion. The further rise in price level will put pressure on Indian rupee in a downward direction. With expectations of slow global growth in 2020 due to pandemic- Covid-19, from the International Monetary Fund, it is imperative that rupee is going to depreciate further as the economy stands with low growth and dwindled oil demand. Crude oil prices movements act as an indicator to determine changes in rupee movements. In April 2020, when the

rupee hit its lowest - Rs. 76.87 against dollar, Crude oil price movement was a critical factor behind it.



Source-moneycontrol.com

**2. Aggravating Currency & Trade Wars**

When a country is engaged in manipulating the exchange rate of the currency or other economic instruments to achieve its own economic or political aspirations, it is called a Currency War. It has been witnessed in the past that such wars happened frequently and incur ‘Beggar thy Neighbor’ policy. As accepted by the World Bank and Indian Monetary Fund, Indian currency is perceived to be undervalued to almost 33% of its “Purchasing Power Parity” value Or the US \$ is overvalued. Despite continuous trade deficit for four decades, United States has succeeded in maintaining a high value of USD since it has the tag of Global Currency. It is unfeasible to trade across borders without dollars. Before the 2008 Global Financial crisis the Gold price at that time was \$ 400 per ounce. Today it is \$ 1731 per ounce. Therefore US \$ has depreciated in these years. Yet, in terms of Yuan & Rupee, USD has not depreciated. Aggravation in such war practices hinders the economic cycle and brings disruption in the global growth trajectory. Such trade wars & currency wars are used for strategic purposes & are often used as a catalyst for political gain. Disruption in trade leads to slower exchange of goods and services and in turn affects the aggregate demand. The Indian economy trades heavily and if any of the currencies participates in such practices, Rupee trade may deteriorate and be depreciated.

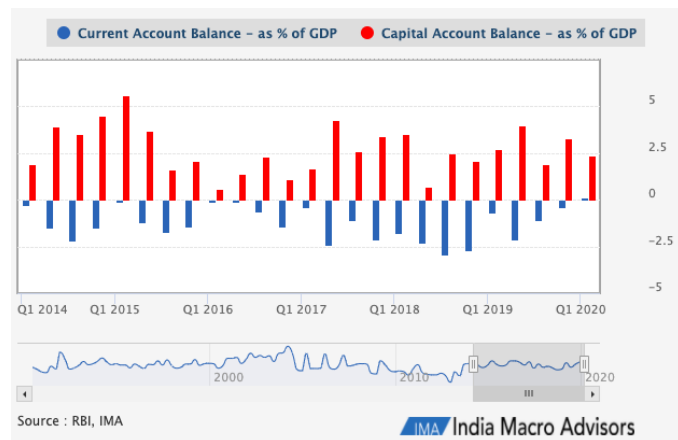
**3. Undue Goading Due to Interest Rate & Prevaricating Outflow of Capital Money**

Higher Interest rates attract foreign investors and create demand for the currency in which investments are

made. Such upsurge in demand leads to appreciation of the currency. As long as India is providing higher rates of interest in investments, the rupee is expected to gain value. In India, the Reserve Bank of India is responsible for interest rates decisions. In the past 5 years, the interest rate has been lowered from 6.8 % to 4 % in 2020 by the RBI to revive credit policy of the banks and India’s domestic demands. Low interest rates help in increasing money supply and indicate that the economy is on a productive trajectory. However, the lower interest rates dissuade foreign investors who indulge in diluting their holdings of hot money and create more supply of Indian rupee. More supply of Indian rupee is leading to depreciation of currency and outflow of capital investments. On the other hand, countries like the US have an interest rate around 0.25 % in 2020 which is way lower than that of India. Hence, Foreign investors do get attracted to India to park their funds but a continuous under performance of a currency invites suspicion on the country’s macroeconomic stability.



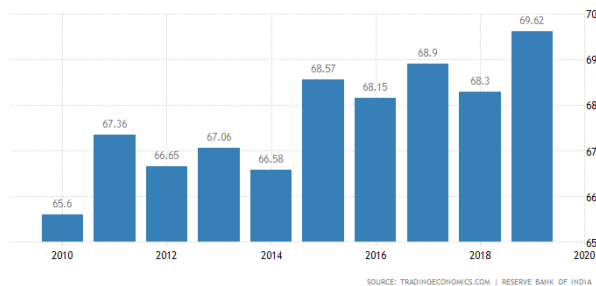
Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
4.00	4.00	14.50	4.00	2000 - 2020	percent	Daily



**4. Unbridled Increase in Government & Foreign Debt Amount**

Indian government’s debt to GDP ratio in 2010 was 65.6 % which was higher when compared to that of China - 33.5 %. Indian government relies on debt from bilateral trade, IMF loans, export credit facilities & commercial borrowings. The government debt is close to 70% of its GDP in 2020, implies that the government needs

to ensure funds availability to be able to pay back the investors with adequate returns. The past data showed that valuation gains occur due to the appreciation of US dollar against Indian rupee. The loan value enlarges as the rupee further depreciates leaving less of foreign reserves in a country basket. Two worrisome causes are - first, the raising of interest rates in other nations which may attract the potential & existing investors to park their funds in other markets. This outflow of money may cause more Rupee to be dumped and further depreciate it. The second cause of concern is the unexpected downfall of rupee. The loan amount will have to be paid by shelling out more rupees than past estimates.



Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
69.62	68.30	83.23	47.94	1980 - 2019	percent	Yearly

## 5. Underachievement of Current & Capital Accounts in BOP.

The Current account recorded a surplus in decades. In 2020 Current account of India stood at \$0.6 Billion positive balance. First time the exports rose against imports value. On the surface it looks positive, but it primarily reflects India's economic slowdown, India had actually lowered its import demand of non-crude oil and other gems & precious metals during the period. Causing the surplus in Current account in Balance of Payments. Meanwhile partial capital account convertibility has been insulating Indian economy from sudden evasion of funds.

### Policy Initiatives to Stabilize Exchange Rate

Reserve Bank of India (RBI), the central bank of India is responsible to control monetary fluctuations including foreign exchange rates volatility in India. The RBI undertakes this objective by modifying policy rate according to the prevailing macroeconomic conditions. The following are key actions taken to curb the downfall of rupee depreciation.

#### I. Modification In Policy Rate.

The Policy rate is a monetary policy instrument used by the Reserve bank of India to combat inflation & control money supply. The RBI if increases its policy rate, the higher rate attracts inflow of capital

investments and results in surge in rupee demand. The hike in interest rate also help in controlling inflation & depreciation. It puts upward pressure on the exchange rate and hence helpful. However, in the year 2020, the Repo rate is fixed at 4%, which is lower in comparison to past rates. This was decided in order to revive the economy. So, the monetary authority has to take a stance using trade-off.

#### II. Export Promotion & Import Substitution

The exports of India have to be in excess to its imports to have current account surplus. The country is working relentlessly towards promoting its exports. Government schemes like Make in India, friendly policies for SEZs are used by government to boost exports. The exports of both goods and services is expected to enlarge by improving total factor productivity (TFP) growth and scaled FDI flows. For imports, other alternatives to oil are also being thought of. The country if produces goods & services in lines with its import requirements, the imports demand would be substituted by domestically produced goods & services. Items like gold are heavily imported in India, schemes like Gold bonds & ETFs are introduced to substitute its physical demand up to certain extent.

#### III. Dealing with Transactions Related Bottlenecks

The rupee witnessed a sharp turnaround in the past owing to the measures taken by the RBI related to transaction process namely the interchange the window for attracting FCNR and increasing of foreign credit limit of banks. The action to open special US dollar swap window for oil imports helped in mitigating a major bundle of demand of foreign currency. These initiatives understood the market sentiments, which got reflected in the sharp turnaround made by the rupee from September 2014 onwards. Also, empirically it is known that ECBs and NRI deposits are interest sensitive, though policy interventions by authorities required which tend to reduce interest rate sensitivity. Thus, monetary policy needs to address the that debt flows like External Commercial Borrowings and NRI deposits are impacted both by interest rate as well as exchange rate movements, while sensitivity of capital flows like FII and FDI is relatively less to interest rate changes (RBI).

#### IV. Internationalisation of Indian Rupee

Besides these measures, the RBI intends to promote transactions in rupee in order to help it become an internationally acceptable currency like US \$. Same way China is also aggressively internationalizing its currency by using bilateral swap arrangements.

Former Governor Raghuram Rajan emphasized on the following in regard to internationalization of the rupee: "As our trade is going to expand, we will push for more settlement in rupees as currency. This also has second meaning that we will have to open up our financial markets more for those who receive rupees to invest back in the market. We intend to continue the path of liberalization at gradual pace"

#### V. Levying Custom Duties on Imports

The Ministry of Finance levy customs duties on imports and additional taxes on certain products including precious metals like gold & Platinum. Such actions help in directing the money flow towards asset generation in a country over heavy investments in only precious metals. This measure also protects the domestic market and insulates the domestic business of India. Because of this the imports do become expensive but consequently only non-essential import items feel its impact and leave the market for betterment.

#### Conclusion

The Indian rupee consistent depreciation has been a cause of great concern since India is an import dependent nation. The probable causes identified in this paper include rise in oil prices and constant demand. India imported crude oil at an increased price costing about \$120 billion in 2018-19 due to the absence of alternate sources of energy. The crude oil is in huge demand in India and the commodity is itself inelastic as it has no close substitute. To curb this dependence on crude oil, India has initiated International Solar Alliance as a measure and is now focusing on developing energy. The other notable reasons for downward pressure on rupee are trade wars among developed economies for strategic gains and prevaricating outflow of capital money in other overseas attractive investments. India provides better rate of return in investments, but other developed economies are providing enough incentives to redirect the FDI towards them. The Reserve Bank of India & Government of India have been actively involved in order to stabilize the volatility in the foreign exchange market through many ways. One such measure is use of policy rate, India monetary policy committee responsible for deciding policy rate, promotes growth and tries to take a stance best suited for the economy. Export promotion, import substitution, simplifying and elimination of bottlenecks are other measures to curb the consistent downfall. The policies are also advocating to internationalize Indian rupee. The Indian rupee is trying to create its space among hard currencies like US Dollar, Euro, Pound & Yen. Since India is fastest developing country hence it has the potential to attract huge foreign investments for economic development and control rupee depreciation.

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# An Exploratory Study of Women Entrepreneurship in Small and Medium Enterprises in India

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## Abstract

*The entrepreneur is one of the most important inputs used in the production process and Entrepreneurs play an important role in building new companies. They also contribute most in promoting the creation of a new economic technology in the markets, so that the pace of economic development, various opportunities for employment, and increase in other economic parameters would prove to be a milestone in the development of markets by many products, processes and services. If seen, women also play an important role in the social and economic development of any country. It was another thing when the women of traditional India were confined within the walls of their homes, but in today's modern India, women started to grow step by step in establishing themselves in the field of business by accepting the alternative challenges of growth and development. From traditional to modern, rural to urban, single to joint venture, unorganized to organized, small to large industries etc. in every enterprise sector, women are strengthening their own foundation and at the same time guiding young women to become successful. Women are beginning to realize their presence in the male dominated society. This paper is being dedicated to women entrepreneurs. In line with the main objective of this study, it is to understand the proportion of women entrepreneurs and to study women's participation in small-scale industries (SSI) nearby. In this paper, campaigns and programs run by the Government of India to promote and other institutional support for women entrepreneurs are highlighted.*

**Keywords:** Entrepreneurship, Women, Small Scale Industries, Job Opportunities, Productivity, Economic Development, India

## 1. Introduction

Through entrepreneurship, basic employment opportunities can be expanded in all societies and at the same time economic development can be made dynamic. Entrepreneur is a French word meaning "to begin" or "to undertake". It can generally apply to any individual or individual who starts a new business or project, or organizes and manages any enterprise with a competent and positive initiative or risk. The term entrepreneur refers to the qualities of leadership, initiative and innovation in new enterprise design.

Women make up about 50% of the entire world's population and about 49% of India's population. The main purpose of this research paper is to promote the status and impact of women entrepreneurs in India and

to demonstrate women's participation in small-scale industry (SSI).

### 1.1. Concept of Women Entrepreneurs

Put simply, the process by which women organize all aspects of production, run a business efficiently, take multiple risks, protect economic uncertainty and provide employment opportunities for others, is called women's entrepreneurship.

The Indian government has defined women as entrepreneurs in the sense that, a woman entrepreneur can be defined as a business where the ownership and management of a business is wholly owned by women and has a minimum financial interest of 51% capital. And at least 51% of women should be given job opportunities.

According to The European Commission "A woman entrepreneur is one who has set up a business in which she has a large stake and is interested in taking risks in current circumstances, making decisions in difficult situations and managing today's era."<sup>1</sup>

### 1.2. Women Enterprise

In terms of ownership, SSI or SSSBE is paid by one or more women entrepreneurs with legitimate concern, or when they do not have a budget of less than 51% per person or jointly. Only members / shareholders and directors of private companies or co-operatives are known as women entrepreneurs.

### 2. Functions of women Entrepreneurs

As the work status of every work says, before doing any work, its process should be thoroughly tested. Similarly, a woman entrepreneur must complete all the duties involved in starting a business and running a business in a smooth manner. These mainly include the consolidation and screening of ideas, careful determination of objectives, observational preparation of projects, testing of products, layer of ideas on the nature of the organization, fulfilment of promotional formalities, collection of funds, manpower, machine and Procurement of materials as well as operation of business is also included.

#### Five works of a female entrepreneur are highlighted by Frederick Harbison (1956)<sup>2</sup> :

1. Exploring all possibilities to start a new venture.
2. Investigate and deal with all the economic uncertainties involved in business etc. by continuously reducing the risks.
3. The introduction of new things or the imitation of new things.
4. Management, control and integration.
5. Better supervision and effective leadership.

#### All these five functions can be classified mainly into three categories:

- a) Risk Bearing
- b) Organization
- c) Innovation

#### Factors by which women entrepreneurs are affected

- a) Achievement and sustainability of achievement
- b) To achieve financial success and profitability

- c) Due to certain traumatic events such as divorce, discrimination arising during pregnancy, family life or any other economic reason such as retrenchment.
- d) In search of a bright future.
- e) To create self-identity.
- f) Due to ancestral occupation.
- g) To get self-satisfaction.
- h) Innovative, unique and creative thinking.

### 2.1. Participation of Women in SSI Sector

Small industries played a very important role in India's social and economic development. The participation of women in the (SSI) sector is largely identified in three different roles.

- a) Owners Business owners,
- b) Business executives
- c) Employees.

The concept of each outstanding small business itself is an entrepreneur who, in the words of Olagunju Y (2004), is an all-inclusive business in creating and managing a business for any one purpose. The purpose for which a statement is made can be any or all of that person, social or developmental. Everyone who participates in this process is called an entrepreneur. Also, it is very important to draw a line between entrepreneurs and entrepreneurs. While business owners start and manage their business for their own benefit, entrepreneurs make full use of high-profile ideas that create a business of their own kind, community and development as a direct weapon.

### 3. Objectives of the Study

- To study status of women entrepreneurs in India,
- To explore the factors that make women aware and encouraged them to become entrepreneurs.
- To analyze the challenges and challenges faced by women entrepreneurs.

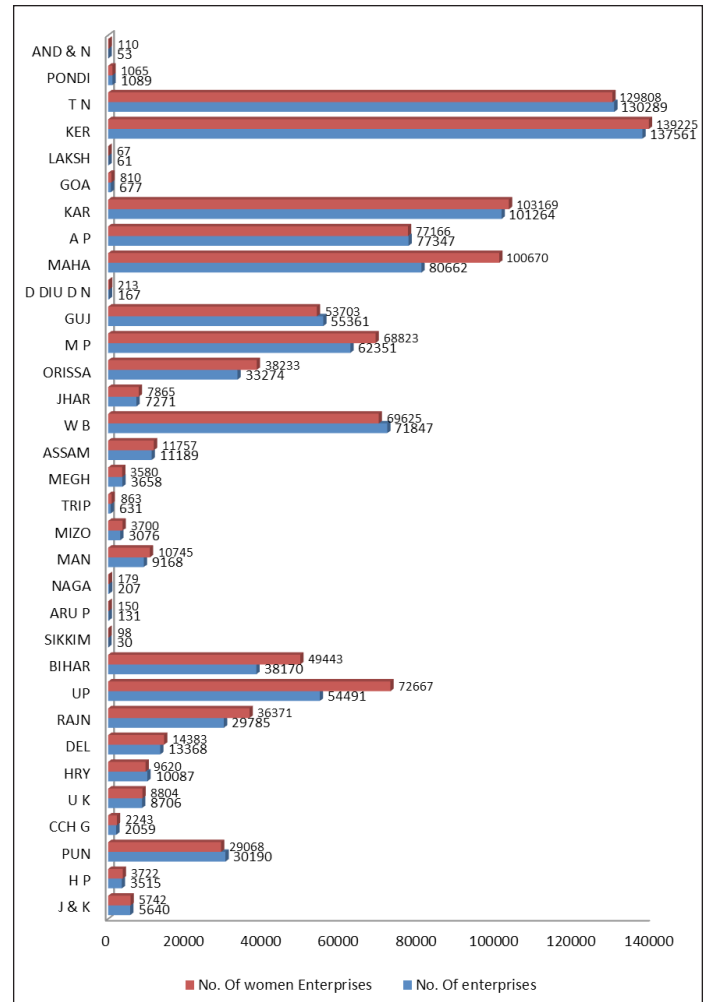
### 4. Methodology

This paper is based on secondary information data. The information is in separate journals, nationally and internationally, books, MSME and other organizational reports to consider the participation of women entrepreneurs.

**Table 1: Women Involvement in Management Ownership State-Wise in SSI Sector**

S. No.	Name of State	Sort Name	No. of enterprises	No. of women Enterprises
1	Jammu & Kashmir	J & K	5640	5742
2	Himachal Pradesh	H P	3515	3722
3	Punjab	PUN	30190	29068
4	Chandigarh	CCH G	2059	2243
5	Uttaranchal	U K	8706	8804
6	Haryana	HRY	10087	9620
7	Delhi	DEL	13368	14383
8	Rajasthan	RAJN	29785	36371
9	Uttar Pradesh	UP	54491	72667
10	Bihar	BIHAR	38170	49443
11	Sikkim	SIKKIM	30	98
12	Arunachal Pradesh	ARU P	131	150
13	Nagaland	NAGA	207	179
14	Manipur	MAN	9168	10745
15	Mizoram	MIZO	3076	3700
16	Tripura	TRIP	631	863
17	Meghalaya	MEGH	3658	3580
18	Assam	ASSAM	11189	11757
19	West Bengal	W B	71847	69625
20	Jharkhand	JHAR	7271	7865
21	Orissa	ORISSA	33274	38233
23	Madhya Pradesh	M P	62351	68823
24	Gujarat	GUJ	55361	53703
25.	Daman & Diu & Dadra & Nagar Haveli	D DIU D N	167	213
27	Maharashtra	MAHA	80662	100670
28	Andhra Pradesh	A P	77347	77166
29	Karnataka	KAR	101264	103169
30	Goa	GOA	677	810
31	Lakshadweep	LAKSH	61	67
32	Kerala	KER	137561	139225
33	Tamil Nadu	T N	130289	129808
34	Pondicherry	PONDI	1089	1065
35	Andaman & Nicobar Islands	AND & N	53	110
	<b>All India</b>		<b>983375</b>	<b>1053687</b>

Source: <http://www.dcmsme.gov.in/ssiindia/census/ch11.htm>

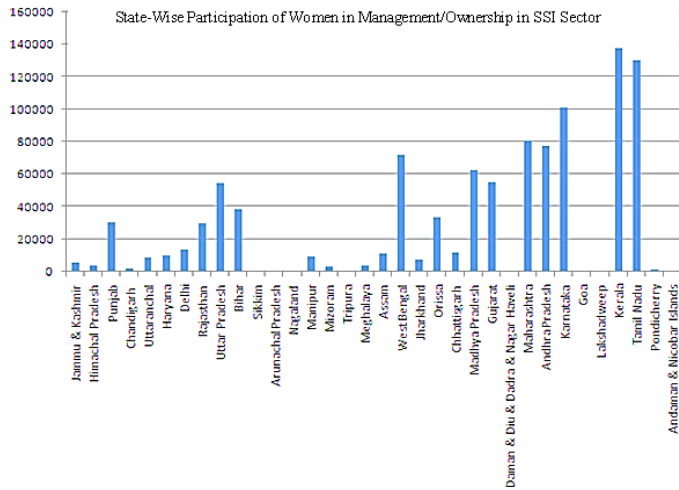
**Figure**

**Note:** Selected states are derived from the source mentioned for analysis.

At the all-India level, the number of women-managed enterprises is 983375 and the number of women-owned enterprises is 1053687 according to the third census of small industries conducted in 2001-02. Only 13% of registered women's businesses are in the SSI sector and another 87% are in the unregistered SSI sector. In the case of women-owned businesses, 11.5% were in the registered SSI sector and 88.5% were in the unregistered SSI sector. The share of female-headed units was 7.14 per occupancy. Rent of Rs. The investment of one lakh in female-owned units was 2.49.

In the provinces of Kerala, Tamil Nadu, Karnataka, Maharashtra, Andhra Pradesh and West Bengal, the number of businesses owned and operated by women was very high. Kerala is the state with the highest number of women (137561) and women with SSI (139225). Similarly, Sikkim is the state with the least number of women (30) and women owned by SSI (98).





Source:[http://www.ijsrms.com/media/1n3-IJS-RMS0103301\\_v1\\_is3\\_72-79.pdf](http://www.ijsrms.com/media/1n3-IJS-RMS0103301_v1_is3_72-79.pdf)

Dr. Kiran Mazumdar Shaw	Chairman and managing director of Biocon Limited.
Indira Nooyi	CFO and president of PepsiCo.
Ekta Kapoor	Director of Balaji Television
NeelamDhawan	Managing Director of Microsoft India.
Shahnaz Hussain	Founder of Shahnaz Hussain Herbals.
Suchi Mukherjee	Founder and CEO of the women’s online social media platform, LimeRoad

Source:[http://www.ijsrms.com/media/1n3-IJSRMS0103301\\_v1\\_is3\\_72-79.pdf](http://www.ijsrms.com/media/1n3-IJSRMS0103301_v1_is3_72-79.pdf)

**4.1. Issues highlighted by women entrepreneurs in India**

- Male-dominated society and gender issues
- Less or insufficient education
- social barriers and barriers
- Shortage of raw materials and insufficient productive resources
- Lack of financial support and problem in accessing credit
- Difficult to survive in stiff competition at every step
- High cost of production and low profit produced by women entrepreneurs due to lack of technology
- low risk carrying capacity
- Limited mobility due to safety concerns, traditional values and inability to drive vehicles, especially in rural areas

- Lack of entrepreneurial ability
- Reimbursement of legal formalities and documents in government offices and problems due to corrupt practices and human thinking
- Exploitation by middle men in the workplace
- Many responsibilities towards his family, society and work.

**Department of Small, Medium and Micro Enterprises: Women’s Services and Programs**

Training of Women Entrepreneurs	
<ul style="list-style-type: none"> <li>• <b>The National Institute For Entrepreneurship And Small Business Development (NIESBUD), NOIDA, UP:</b></li> </ul>	The center provided training for 31,813 women with approximately 25% participation in their various training activities during the year (up to December, 2014).
<ul style="list-style-type: none"> <li>• <b>National Institute For Micro, Small And Medium Enterprises (NI-MSME), Hyderabad</b></li> </ul>	In the year 2014-15 (up to December, 2014), the Institute provided training to 2,393 women under their various training programs.
<ul style="list-style-type: none"> <li>• <b>The Indian Institute of Entrepreneurship (IIE) at Guwahati</b></li> </ul>	For the year 2014-15 (up to December, 2014), the Institute provided training for 8 226 women.
<ul style="list-style-type: none"> <li>• <b>NSIC</b></li> </ul>	For the year 2014-15 (as of December, 2014), NSIC has provided training for 25,897 women under various training programs
<ul style="list-style-type: none"> <li>• <b>B. Trade Related Entrepreneurship Assistance And Development (Tread) Scheme For Women</b></li> </ul>	The program aims to empower women economically by developing their entrepreneurial skills in non-farm work.
<ul style="list-style-type: none"> <li>• <b>D. Mahila Coir Yojana</b></li> </ul>	Mahila Coir Yojana is a self-employed women’s program in the coir industry, which provides self-employment opportunities for women working in rural areas in coir fiber producing regions.

Source:<https://smallb.sidbi.in/%20fund-your-business%20/additional-benefitsmsmes%20/women-entrepreneurship>

## 5. CONCLUSION

All enterprises owned and managed by women and run by women are very helpful in the growth of economies in almost all countries. India's political rights for women of India have been aimed at providing equal opportunities in every field. Financial support of women entrepreneurs by establishing themselves in the enterprise sector looks like a different approach. From enhancing financial success and profitability to attaining achievement, Indian women are enhancing their self-identity, supporting family business, developing a sense of self-satisfaction, increasing innovation and creative thinking, etc. giving a core dimension to the definition of enterprise. As India is a male dominated society, as a result, women entrepreneurs face many different challenges and challenges, mainly due to poor or inadequate education, (or lack of complete education), lack of raw materials for production etc., Lack of productive resources, lack of financial support, mobility in a major scope, exploitation by middle men and responsibility of family responsibilities etc. The women of the present era are eager to face all these problems related to business boldly. The government is also providing various facilities such as term loans, concessions and subsidies, training facilities by various institutions like term, DIC, SIDBI, SFC, commercial banks etc. to encourage women entrepreneurs in every possible way and to take care of their amenities. This also seems to be growing as an important step in the financial sector.

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# Growing Importance of Tourism in International Relations

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## **Abstract**

*In recent times the tourism industry is not just one of the most rapidly growing industries but also the major contributor to worldwide economic growth and development. In today's globalised world, 'tourism' put into very simple words, can be referred as a socio-cultural and economic phenomenon which entails the movement of people to any part of the world. It has been introduced as a vital force which withholds the power to connect and give rise to worldwide human interactions. It acts as a significant medium to abridge the gaps between borders and encourage exchange of culture, values, material, philosophy and material along with other things. As per the experts and researchers, if used a wise tool tourism has the potential to affect international relations, improve public diplomacy as well act as an antibody to global challenges like poverty and terrorism. This paper aims to identify the growing importance of tourism in international relations, how it affects national integrity as well as it's transition, scope and potential in the near future.*

**Keywords:** *Tourism, International Relation, India, World, Covid-19*

## **Tracing the roots**

Mobility has been noticed since the beginning of time. Foreign trips by traders for trading purposes were a very common phenomenon interlinked with the inception of tourism. Similarly the main causes of travel initially included wars, crusades, missions etc. Only with the passage of time recreation, pleasure, an urge to understand cultures was included in this concept of "tourism". Increase in tourism grew after an increase in wealth generated by huge western industries, which have been growing ever since then. The evolution of this industry can be observed by the emergence of different variants of tourism over time. Ranging from eco, medical, experiential tourism to religious, mass and niche tourism.

## **World Tourism Organization**

The constitution of the World Tourism Organisation came into effect in 1970 which aimed at increasing tourism practices and dealing with other related issues. It has been 60 years since the foundation of this organisation and with the due passage of time, it has managed to

become the leading international organisation in the tourism industry. It exists "responsible, sustainable and universally accessible tourism". Some of its core values include protection of the rights of the workers and entrepreneurs of the industry, creating a balance of profit for the host country and the tourist as well as contributing to create a sense of mutual respect and admiration across borders.

## **Relevance of tourism in times of globalisation**

Times have changed and so have our definitions of concepts like world, nationality and nation. We have labelled ourselves as 'global citizens' living in a 'globalized world' shattering borders and redefining them. Nations have come together as a globalized body to fight crisis and challenges at the same time helping each other prosper. Now countries have started to adapt themselves to suit the needs of this structural economy by emphasising on global exchange and development in every possible way. Today they have realised that in this "new era" you can not survive being alienated from the rest of the world. One needs to strengthen ties with

other nations in order to flourish and compete in the international market.

Here the tourism industry serves as an important component in determining and maintaining international relations as well as opening a country's door to the whole world. The rising importance of this industry can be determined by the statistics proving it to bagging the third position in world's major economic fields after oil and automobiles. Tourism has generated almost 20% of the world employment since 2013.<sup>1</sup> Tourism acts like a facilitator in the process of globalisation, by laying emphasis on ethnic characteristics and exquisiteness of the 'local'.

### **Government and Tourism**

Diplomacy plays a crucial role in international relations, and thereby tourism. Finding appropriate ways of incorporating agreements and treaties that mutually benefit nations has been crucial for the policy makers and diplomats. The very basic requirement for a tourist to reach out a country's embassy to acquire the permission to step in their soil shows the authority and power these officials withhold. The governments realise how tourism shares a direct indirect relation with the state foreign affairs, and thereby each policy is crafted with utmost deliberation and taking into consideration the challenges and needs of the larger good. The international market is regulated by international law and standards, every country wants to acquire that status because it not only results in prosperity but also indicates a nation's current political stability which in turn determines the power and efficiency of the ruling party. So conventions, treaties, agreements are signed between countries in order to strengthen ties through tourism. Liberalising passports and visas, currency exchange rates, special facilities and treatment, security, benefits etc are all a part of the political dynamics between the nation states. The stronger a country's bond is with other nations, the more powerful and safe it is. And nobody would dare to challenge a strong nation, supported by global allies. This is also a major reason why significant emphasis is laid on efficient tourism and other agreements with neighbouring states. Since the countries share borders, such agreements, they pose a constant threat to each other. The policies are articulated in such ways that the neighbours get a warm welcome by the host countries and share a mutual benefit for both.

Tourists not only contribute in generating a large revenue, or creating employment but also act as a determinant of a country's international status and power, due to which every government wants to surpass the previous governments record and aim at reaching and maintaining the international position, which the flourishing tourism industry helps them to do at the fastest pace.

### **A ladder of development for the third world countries**

There is no doubt that tourism plays a critical role in every country's economic and other developments, however the impact it has created and is continuing to create in the developing countries is remarkable. In countries which are still in the clutches of poverty, unemployment, lack of education, poor health facilities, slow pace of industrialization, lack of self sufficiency, preexisting social evils, no capital flow and are recovering from the past exploitations, this industry acts as a hope in a long moment of despair. Even though subject to exploitation has pushed them behind, they still possess the richest history, culture and heritage. Arrival of the tourism industry provides these nations an opportunity to use these unique characteristics as an income generating alternative and take a step forward in the direction of development and growth. USA Today defines sustainable tourism as "the concept of visiting a place as a tourist and trying to make only a positive impact on the environment, society and economy." Worldwide flourish in the tourism industry not just benefits the nation to economically prosper but also revitalises and provides an opportunity to share their stories and challenge the world order.

### **Creating New Avenues**

Tourism leads to creation of jobs, it brings in spending and tourists pay taxes resulting in a decrease in payment by the locals benefiting economic independence. However tourism is very competitive and without a proper marketing engine to drive it it can't erode instead of flourishing. It helps in growing the local economy, feeding it as well as sustaining it. The reason behind being called a "multidimensional phenomenon" is because the industry in itself sustains and opens avenues to various other industries like the hotel industry, airlines, restaurants, museums etc. Larger the number of tourists, larger will be the facilities accessed by them, which creates various job opportunities in order to fulfill them. This leads to spur in employment rate and in turn monetary generation which leads to increase in revenue production and bloom in the economy.

### **International Cultural Exchange**

There was a time when people were rigid with their beliefs, religions and cultures. They were ignorant of the other ideas and beliefs of different people, comfortable in their own cocoon but now is not that case. The world is open to know about different cultures, beliefs, practices; experience it and travel facilitates this desire. Living in a globalised world, just being well equipped with your own history and heritage is not enough. Today we realise the importance of knowledge about different parts of the

world, learn from various cultures, incorporate healthy traditional lifestyles irrespective of their origin. Travel allows this exchange of ideas, flow of cultural practices, beliefs, religions, heritage, morals, values etc and provides an access to spread cultures worldwide and not limit them to its native. Which in turn leads to inclusivity and acceptance, by redefining boundaries.

### **Interlinking International peace and harmony with Tourism**

Linking peace and tourism seems like an absolutely bizarre connection at first but interestingly tourism can play a very influential role in maintaining harmony and peace. Tourism acts like a tool used by public diplomacy and international development and erasing boundaries. When a nation's tourism flourishes, it results in greater job opportunities, eradication of poverty, improved standard of living, increase in economic as well as socio-political growth, better government administration and a more content life. When all human needs are met, there won't be unsatisfactory and unresolved feelings which lead to a state of peace nationally and eventually in the international sphere. There is also a belief that better tourism can therefore help in solving global challenges including global warming, poverty as well as terrorism.

### **Conclusion**

In this emerging world we have established that tourism plays a vital role in the economy globally. Observing the stats there was roughly \$1 trillion in global receipts just in 2008, which has been blooming ever since. We live in an interconnected world where relations between every country determines what the uncertain future holds. In times like this the tourism industry acts as one of the most crucial determinants in global relations.. It has enabled flows of ideas, cultures, money, resources, goods, strategies along with many other things and has inter connected different parts of the world in an exemplary way to such an extent that now it's all interdependent on each other. Even though the future and scope of the tourism industry seems brighter with each passing

day, we can't deny the challenges are increasing at a simultaneous growth. Also it is very important to acknowledge that even though the tourism industry has a brighter future ahead, the current coronavirus pandemic will continue to significantly impact the industry for a long period of time. As countries have articulated various restrictions on both national and international travel in order to stop any further spread of virus, the industry has to bear the direct brunt of it. Along with a major global loss in revenue, the industry is going to face the highest employment loss ever.

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# Gender Budgeting in Multi-Level Governance

*Lekha Chakraborty\*, Veena Nayyar\*\* and Komal Jain\*\*\**

Gender budgeting is an approach that uses fiscal policy to promote gender equality by trying to translate gender commitments into fiscal commitments through processes, resources and institutional mechanisms. In a multi-level governance structure, the political economy of gender budgeting encompassed both the fiscal and legal frameworks. The interface between intergovernmental fiscal transfers and the institutions of multi-level governance matters. We discuss in this blog five challenges of gender budgeting in India, which politically is a three-tiered federal state.

Gender budgeting is more of a fiscal framework than legal mandate in India

In India, gender budgeting is not mandatory by law at any level of the federation. The legal frameworks for gender budgeting can take several forms: first, frameworks differ in unitary or federal states with multi-level governance; second, the mandate for earmarking the allocations for 'gender and development' through laws such as in the Philippines or the inclusion of clauses relating to gender budgeting in National Finance Laws as in Korea.

The frameworks for gender budgeting in India are confined only to fiscal fiat, inclusive of the taxation and public expenditure policies and to a limited extent, the intergovernmental fiscal transfers. The levels of governance in India include national, provincial and local levels. There is a heterogeneity of stakeholders, from various stages of budget from formulation to implementation in India at multiple levels of governance.

Gender budgeting provides thrust to statistical invisibility of 'care economy'

One important aspect of gender budgeting is that it can eliminate the statistical invisibility of the 'unpaid' care

economy. In India, gender budgeting has not yet reached its potential to incorporate the care economy, given the paucity of statistics.

Gender budgeting processes will only be partial if it is confined to 'paid' market economy. The care economy – as explained by the International Labour Organisation (ILO) – is the services for childcare, early childhood education, disability and long-term care, as well as elder care. The invisibility of unpaid care is a significant issue, which the United Nations Statistical Division (UNSD) through Systems of National Accounts 1993 has recognised. This extended the production boundary to incorporate the unpaid economic activity done at household and societal levels and recommended to keep the care economy statistics as satellite accounts.

To properly measure the care economy requires an investment in improving measurement of household and societal care services in public and private sectors through 'time use surveys' for example. This is only partly achieved in India. Time use surveys are conducted in India only for six States, and it is likely to be extended to all States.

Integrating gender criteria in intergovernmental fiscal transfers can improve progressivity

In India, the mechanism of intergovernmental fiscal transfers plays a major role in providing regional States with sufficient financial resources to carry out their expenditure assignments.

Anand and Chakraborty (2016) devised a formula for tax devolution into which gender sensitivity could be incorporated for India. The results revealed that 'engendering' intergovernmental fiscal transfers improves progressivity. This means that poor states will

receive greater fiscal transfers than rich states in fiscal transfers. In a multi-level governance system, designing conditional grants for gender budgeting should also have positive effects on gender equality.

In the interim report submitted in November 2019, the 15th Finance Commission of India has integrated the criteria 'Total Fertility Rate' (reciprocal) with 12.5 per cent as a proxy for demographic performance of States. It will be interesting to analyse if progressivity of the fiscal transfers improves ex-post to incorporating total fertility rate in the tax transfer formula of the Finance Commission. Anand and Chakraborty (2016) has suggested incorporating the child sex ratio (0-6 years) as a gender criterion in the fiscal transfers. Their analysis, however, has not incorporated total fertility rate to examine the progressivity of fiscal transfers. The commission report has also written that 'better performance in reduction of TFR also serves as an indicator for better outcomes in health (especially maternal and child health) as well as education. Hence, this criterion also rewards States with better outcomes in those important sectors of human capital' (page 29).

The gender budgeting process at the Union level needs strengthening

Starting in 2005-06, a Statement on Gender Budgeting was introduced into the budget documents by the Union Government. Today, the process of gender budgeting within the Union Ministry of Finance starts with 'budget circular', which states that each ministry and sectoral department is required to undertake gender-based analysis of specific demand for grants through Gender Budget Criteria. This applies a practitioner manual developed by the National Institute for Public Finance and Policy (NIPFP). The analytical matrices have been prepared by NIPFP for ex-post gender budgeting.

Gender budgeting was pioneered in India in the path-breaking research of NIPFP in 2000-2001 with United Nations Women and the Union Ministry of Women and Child Development. The NIPFP provided an analytical framework and models to link fiscal policy stances to desired gender development outcomes. It also served as the nodal agency providing policy inputs in institutionalising the process. Third, it served as the coordinator and facilitator for capacity building for the sectoral budgetary processes of

gender budgeting, including education, health, social justice and empowerment, and micro, medium and small enterprises. Fourth, it highlighted the need for accountability processes.

Today, an urgent policy reform to initiate effective gender budgeting at subnational levels of government is the revival of the Gender Budgeting Secretariat, which was established within the Union Ministry of Finance in 2004 with expertise from Controller of Government Accounts (CGA) and NIPFP. The existing estimates based on the Ministry of Finance initiatives showed that gender budgetary allocation was around 5 per cent out of total budget.

Strengthen fiscal marksmanship and link gender budgets to outcomes

Fiscal marksmanship is the accuracy of budgetary forecasting. It can be crucial information about how fiscal agents form expectations. The significant variations between actual revenue and expenditure from the forecasted budgetary magnitudes could be an indicative of non-attainment of the objectives of fiscal policy. Underestimation or overestimation of the budget is of critical importance in driving home the accountability of the government.

In India, budget comes in three stages, first is the Budget Estimates (BE) released during the Budget Speech. The second is the Revised Estimates (RE) after a year, and the third is the actual spending. The actual spending data comes with a significant time lag.

Higher Budget Estimates do not ensure higher spending. There is significant deviation between Budget Estimates and Revised Estimates and Actuals in India. We find that errors are high for different expenditure components of gender budgeting.

Linking gender budgeting to outcomes involves public expenditure benefit incidence analysis across income quintiles and also to integrate gender budgets in outcome budgets.

Upcoming Financial Commission report and its implications to gender budgeting

To conclude, the 15<sup>th</sup> Financial Commission's final report is due in October 2020. We will have to wait and see whether they design a conditional grant for strengthening gender budgeting at State level.

Incorporating a gender criterion in the tax transfer formula is conceptually an ideal solution for 'engendering' intergovernmental fiscal transfers. However, the effectiveness of such unconditional fiscal transfers on gender equality outcome depends on how a State prioritises and designs gender budgeting programmes for gender equality. Unless a State prioritises gender equality goals, the unconditional fiscal transfers cannot have any impact on gender outcomes.

Designing a conditional transfer (specific purpose grant) to strengthen gender budgeting can be directly linked to gender equality outcomes. However, if the conditional grants are tied to a 'menu of activities' to be performed under this grant at the State level as prior determined by the Union (the top-down approach), it can affect the gender equality outcomes due to the lack of flexibility in utilising such fiscal transfers.

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The views expressed in the post are those of the authors only. No responsibility for them should be attributed to NIPFP. This blogpost is prepared from the Chapter in 'Handbook on Gender, Diversity and Federalism'. Do read 'The political economy of gender budgeting: Empirical evidence from India' by Lekha Chakraborty, V Nayyar and Komal Jain. [https://www.elgaronline.com/view/edcoll/9781788119290/9781788119290.00034.xml?fbclid=IwAR0TbkilTRaI3FoZfbzOXI3\\_\\_gSsl57Fu\\_W0u7RY5tQDL\\_qrfd\\_UvUX1MXY](https://www.elgaronline.com/view/edcoll/9781788119290/9781788119290.00034.xml?fbclid=IwAR0TbkilTRaI3FoZfbzOXI3__gSsl57Fu_W0u7RY5tQDL_qrfd_UvUX1MXY).



# Understanding Social Movements in Kalinga-Nagar, Odisha: Issues and Debate

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## Abstract

*This article is trying to understand about social movement, mass protestant and the sensitive issue of Kalinga-Nagar, Odisha. This anti-displacement movement at Kalinga Nagar will go down in the records of history as one of the longest mass protests in the Odisha. This article is going to discourse the past, present and future effects of this social movement through short discussion and debate.*

**Keywords:** Social Movement, Social Change, Industrialization and Displacement.

## Introduction

The term 'social movement' has enlightened the Indian Sociology. Social movements are directly related to social change and also a product of the social structure. This does not mean that a social movement is a necessary condition of social change; it can take place independently of social movements through the operation of impersonal forces and factors. The study of social movements are one of the largest and most broad sub-fields of sociology. Whereas some researchers study on the rise of specific or micro-level social movement and some other researcher look at macro-level social movements like as, various large scale demographic, economic and political transformations to the emergence of regional, national, and even global social movements. A sociologically meaningful study of a social movement will remain incomplete unless both these aspects i.e. social change and social structure are linked into a single theoretical framework. Generally, social movements were emphasis on social evolution and structure of the movement. This paper mainly focus on the clear conceptualization of social movements in Odisha.

The different typologies of social movements have classified into women's movements, Dalit movements, tribal movements, agrarian and farmers' movements, regional identity movements, and human rights

movements on the basis of the socio-economic characteristics of the participants and the issues involved. All these movements are aimed at acquiring due spaces for different sections of populations and regions, which have been denied the same historically in economy, society, and polity in the development process. The article traces the genesis of social movement in Kalinga-Nagar, Odisha.

## The Movement in Kalinga-Nagar

"The anti-displacement movement at Kalinga Nagar will go down in the records of history as one of the longest mass protests in the country. After 12 Adivasi were killed in a police firing, the locals organized a highway blockade that lasted nearly 14 months. Mass mobilization continues to this day in the area, despite negative media reports and the Odisha government's bullying tactics. It seems to be the people's way of declaring that an indefatigable protest is the only option left to those threatened by displacement."

Since the 1990s, with the advent of the New Economic Policy was attract peoples' attention, for which Odisha needs rapid 'industrialization' to mitigate its desperate poverty. During that period, the people may die due to famine, floods and starvation in Odisha. Some people didn't know that Odisha is one of the rich in mineral

wealth. The government can hardly be expected to manage all that resources needed to start industrialization, as it's hardly able to meet its monthly wage bills. So, if the mines are leased out to private investment, and land with adequate infrastructure put on offer for industrial houses, prosperity will replace poverty in no time. Such was the intensity of this concerted campaign, particularly after the mineral resources were opened to private capital, both national and foreign, backed by the aggressive globalization-mantra, that in no time it caught the imagination of the middle class, reeling under the lack of employment opportunities. 'Industrialization' will open up employment opportunities to the educated unemployed, will generate man days for the unskilled poor, the cash-strapped state will earn revenue through taxes, royalties, land-sales etc., and in the near future the poor land of Odisha will overflow with milk and honey. This was the message being disseminated from assorted quarters – the corporate media, the government, the international aid agencies, the funded NGOs, the world-bank, the institutional intellectuals – and it appeared to have some takers. The road map to this neo-liberal 'industrialization' is primarily geared towards "harnessing Odisha's vast natural resources". This state has almost 60% of India's known bauxite reserve, 25% of coal, 98% of chromite, 28% of iron ore, 92% of nickel ore, 28% of manganese etc. – enough to make profiteering private companies salivate. But there is a catch. To get going, to start digging the mines, setting up plants to process the ores, building residential townships, roads, ports etc., at every stage you require land. And bonafide citizens of India, though poor and deprived, and mostly scheduled tribe people, inhabit most of these lands. To acquire their land, these people need to be displaced, by hook or crook. Over the years these people have come to view the 'development' plans of the govt. with suspicion; they feel they're being given the short shrift. Suspicion leads to resentment, and resentment leads to resistance. And whenever there is resistance, the govt. comes down on its own citizens with a heavy hand. Greater the resistance, greater tended to be the repression of the govt. The police firing at Maikanch that led to the loss of three tribal lives in December 2000 is still fresh in the public memory. Earlier in 1997, there was a police firing at Sindhigaon, Gopalpur where people protested against the proposed steel plant by the Tata, a Steel Major. The incident at Kalinga-Nagar, in that way, can be seen as the latest in a series of ongoing conflict between the two sides: between the one favoring 'industrialization', led by the government, and those opposed to it.

With this given backdrop let us come to the incident that has led to this report. On 2<sup>nd</sup> January 2006, like a new-year's gift from the state govt., people came to learn that police had resorted to firing on a mass of tribal protesters,

protesting against the construction work of a proposed steel plant by the Tata at Kalinga-Nagar in Jajpur district, killing a dozen and injuring scores; one policeman was killed and some injured. Unexpected and shocking as the news was, it invited condemnation from all quarters, particularly human right groups and opposition parties. Members of 3 district units of PUCL (Bhubaneswar, Cuttack and Dhenkanal) jointly constituted a fact-finding team to probe into the incident and resolved to come out with a report. The team had first visited the site of the incident and the adjoining tribal hamlets on 11th January 2006. It had subsequently made 3 more visits. In the course of its visit the team had interacted with the local people, the leadership of the protesting forces, the family members of some of the deceased, the district police and civil administration, and the residents of the two rehabilitation colonies; it also visited the injured at SCB Medical College, Cuttack. Collating all the primary materials received, besides the numerous media-reports and other secondary information to which we could lay our hands, the team has arrived at the following understanding of events:

### **During Movement**

January 2, 2006, the day of the Kalinga Nagar firing will be remembered both as a Black Day and a Glorious Day in the history of Odisha, black because on that day the Government and Police of a democratic State behaved in a manner, as 'South Asian' in its editorial on 30th Jan. 2006 observed, that 'would put to shame even British Gen. Dyer who was responsible for the Jallianwalla Bagh massacre' and glorious, because a group of tribal knowing well that they were no match to the mighty combine of bureaucracy-politicians-industry could dare to voice protest onto the face of the regime-that-be in a clear, loud and resolute manner.

That day, with the help of the administration, the Tata undertook the program of leveling the land where their plant was to come up. Top district officials, including SP and DM, were present. People of the area had assembled to protest. Coming sporadically from several villages, their numbers had gradually swelled to 300-400, including women and children, some of them carrying bows and arrows, tangias (a kind of pick axe) and other traditional weapons, customarily carried by tribal people. They were assembled on the adjacent fields to the site, close to Champakoila village. By all accounts, the mobilization of the police was massive, around 10 platoons that is around 300 policemen, requisitioned by the SP for overseeing the leveling of a piece of land. They had come prepared for combat, for a decisive show of strength, armed and battle ready. They had taken positions, according to unofficial police sources, divided in three contingents on three sides of the Tata site, which

was temporarily fenced by long ropes. (9 contingents were positioned along the rope boundary and one was 'reserve', specially meant to give protection to the top brass present.)

About what happened that day there are several versions. We are trying to narrate what appears most plausible to us. When the leveling machine was doing its work, the protestors wanted to enter the rope cordon and stop the machine; the police tried to stop them. So, there arose a situation where there was pushing and pulling from both sides. In their attempt to scare them the police used 'stun shells' (there are allegations of landmines or bombs being used by the police which the team doesn't find plausible), along with teargas shells, and rubber bullets. All this was done in quick succession, as if the police were in a hurry to finish a formality. (As the organizers informed us, they wanted to discuss with the authorities but wasn't given a chance.) This resulted in a great confusion when people ran helter skelter in fright, and outrage. Some of the policemen, while chasing the demonstrators, had tripped on the uneven land around the site. This in turn encouraged some of the fleeing crowd to return. (Anyone, who has followed the resistance of the weak against the mighty administration, would understand the dynamics and psychology of such conflagration.) The police had started fire, ostensibly to give cover to its fallen colleagues. But, inexplicably, they fired to kill, and some of the agitators fell victim. In the melee one of the policemen, an unarmed havildar, Gopabandhu Mohanty, slipped and fell in the hands of the fleeing tribal. He was killed by the disoriented crowd. After this, the men in uniform and gears ran amok, the officials present doing nothing to restrain them. They were baying for blood, seeking revenge, using the death of a colleague as an alibi. The people, frightened out of their wits, ran, as the police shot unrestrainedly from behind. Bodies, dead and injured, including women and children, lay strewn on the ground. The villagers carried some of their injured and dead people to the villages and admitted the injured into the hospital. The others, dead and injured, were taken to the hospital by the police. The final count, that emerged by and by, were shocking: 1 policeman dead and 4 injured; 12 tribal dead and 37 injured – the dead, as well as the injured, included women and children. (Annex-2 for list of the 12 tribal killed) The PUCL team met some of the injured people, including the four policemen, at Medical College Hospital, Cuttack. The injured policemen were - Shri R.R.Naupani, Shri B.S.Gerung, Shri Asbahadur Gum and Shri H.B.Newar. The team found that all the injured policemen had suffered injuries caused by *lathis*. There was no sign of injuries caused by arrow.

## Post- Movement Period

**Wider Impact of Kalinga-Nagar Episode:** In fact, under the aegis of Visthapan Virodhi Jana Manch (People's Platform Against Displacement) an economic blockade on Daitary-Paradip National Highway was put up and maintained right from the day of incident 2nd January 06 till 9th March, 2007, that is to say, for more than 14 months at a stretch, by far the longest of its kind. The Jana Manch lifted the blockade only after the Odisha High Court intervened and the State Chief Minister showed a conciliatory response to the set of demands that the Jana Manch had put forth. As a condition for lifting the 14 months long road blockade the Jana Manch had demanded that the administration won't use force under any pretext to evict them from their land; that the Tata must not start construction work without their consent; and that a dialogue to explore an alternative to displacement ought to continue. The Chief Minister formally agreed to their demands in writing on March 8, 2007, and the letter was read out to the protestors and their leaders in Kalinga Nagar. It was only then that the people decided to withdraw the blockade, but announced to the whole world that if the government renege on its promises the blockade would be back on track again.

On 2 January, 2006 the police recklessly fired upon the protesting tribals who had sporadically gathered at Champakoili village the site for boundary wall. As a result 12 persons died and as per a conservative estimate 37 persons got severely injured on the spot. The police immediately dragged away the dead bodies except 4 ones which remained in the custody of the shell-shocked tribal. The people under the banner of VVJM, Sukinda sat on a dharna at Madhuban Chhaka on the NH-200. As the shock and grief gave way to outrage and a new resolve to thwart the designs of the government, the ever-swelling numbers of agitators blocked the highway, with seven-point demands. The road blockade continued for more than 14 months until 9th March 2007. On the persistent demand by the VVJM and public at large the remaining 8 bodies were handed over to the families on 4th January 2006. A mass cremation was held at Ambagadia village amidst tears and slogans all around. The place of cremation got renamed as *Veer Bhumi* (Land of Heroes). As if to add salt to the injury, the police had chopped off the palms of the dead bodies which were in their custody. This unprecedented behavior on the part of the police, which had no rhyme or reason not only further fueled the wrath and outrage of the tribal but also invited the full-throated condemnation from all over the world including Amnesty International and India's official bodies like SC and ST Commission and National Human Rights Commission. Shyam Gagrai,

35 succumbed to bullet injuries on 11 March 2006 at All India Institute of Medical Sciences in New Delhi.

### **Commission of Enquiry in Kalinga-Nagar incident**

3 January 2006, the Government of Odisha ordered a judicial probe into the Kalinga-Nagar massacre to be conducted under the provisions of the Commission of Inquiry Act. However a month and twenty days later, on 23rd February 2006, the Government issued a notification constituting the judicial commission to probe into the police firing in Kalinga-Nagar headed by Odisha High Court Justice Sri A. S. Naidu. But since then two more tribal Shyam Gagrai and Sanjoy Soy - injured in the police firing on 2nd January had died. Therefore on 6 May 2006, the Justice AS Naidu Commission had to adjourn hearing till 9 June 2006 as the State Government failed to issue a notification to bring the death of these two tribal under the purview of the inquiry commission. In August 2006, the Justice Naidu Commission sought extension of its tenure as it could not complete the inquiry because of the apathy of the State government. As was anticipated, the Superintendent of Police of Jajpur, Sri Binoytosh Mishra, who was present during the shooting of the Adivasi, in course of his deposition on 15 October 2006 made before the Justice AS Naidu Commission of Inquiry defended the police action on the tribal at Kalinga-Nagar. He claimed that the agitators had 'fiercely' attacked the policemen with axes, bows and arrows. However, the fact finding team of Peoples' Union for Civil Liberties (PUCL) in its report stated that all the four injured policemen - Shri R.R. Naupani, Shri B.S. Gerung, Shri Asbahadur Gum and Shri H.B. Newar-undergoing treatment at Medical College Hospital, Cuttack "suffered injuries caused by lathis. There was no sign of injuries caused by arrow". It is interesting to note that on 24 June 2006, Justice Naidu Commission sent a piece of iron object that was retrieved from the neck of a victim Tuna Jarika during the post-mortem examination at the community health Centre at Danagadi, for forensic test. Jarika was ostensibly killed with that object.

### **Displacement**

Even under previous governments in the state, innocent people died when they stood up against moves to evict them from their land to make way for industry. The past killings of citizens relating to a steel plant at Gopalpur and an alumina plant at Maikancha bear testimony to the "move them or kill them" attitude of all governments. If Kalinga Nagar type of blood baths have to be averted, the political and bureaucratic mindset has to change, sooner than later. In 1992, Kalinga Nagar was earmarked as a steel complex. At present, it houses many companies such as MESCO, Neelachal Ispat Nigam (NINL), Jindal Stainless, Visa Steel and Maharashtra Seamless (the

flagship of DP Jindal Group). As per Sudhir Patnaik [Patnaik 2006], displacement at Kalinga Nagar started in 1997-98. The state government initially paid displaced people Rs 35,000 per acre, which has since been doubled, whereas the land is sold to companies at around 10 times this amount. Hundreds of families have been displaced and many more are expected to be moved in the future. There were 700 families; now there are 250, with no news of the other 450 families! As Patnaik points out, the majority of local people in Kalinga Nagar (tribal, Dalits and general population) do not have proper land titles, though they have been cultivating the land for four to five generations. But the government only compensates those who have proper land titles. Naturally, many locals were and are worried about it. In fact, the recent Kalinga Nagar protest was not against industrialization; the locals were merely demanding compensation for those who do not have land titles. Besides, the level of consciousness of the movement at Kalinga Nagar has increased over the years due to able leadership, whose resolve against involuntary displacement for "development" projects or industries has become stronger, because of their awareness about the plight of displaced people at different places in the state and outside the state. In fact, one of the current leaders, Rabindra Jarika, who has been "arrested" by Jajpur police on October 25, 2005, has a master's degree in sociology from Utkal University, Bhubaneswar. Interestingly, Rabindra Jarika was "whisked away" when he was returning from a national tribal meet in Bhubaneswar. Kalinga Nagar tribal were initially somewhat in favor of industrialization, since they had been sold dreams of a great future. As Patnaik observed, when the agitation started there three years back, they merely wanted land for land, and any land would have probably sufficed. Monetary compensation is often useless; it cannot give people the same quality of life they enjoyed before being displaced. If the land-for-land principle is followed, that is better; but where would the government get land as fertile as people had before? In Kalinga Nagar and other proposed industrial plazas, large patches are agricultural-quality land.

**Seven Demands of VVJM:-** Soon after the 2 January episode the VVJM put forward a 7-point Charter of Demands before the State Government and insisted on its fulfillment as a condition for removal of the road blockade on Paradip-Daitary Express Highway. Although they have withdrawn the road blockade with effect from 9th March 2007 following the intervention by Odisha High Court and assurance of CM to consider their demands in due course, the organization still theoretically adheres to the Charter as the main plank of their agitation. They proclaim that their agitation is still on and shall ever remain so, until the cause for which their compatriots were martyred in the police firing o 2nd

January was fulfilled. The quintessence of their manifesto at the moment is to oppose involuntary displacement to take place any further in their area, and press for proper rehabilitation of the families already displaced. Although the modus operandi of their resistance has changed over from militancy to moderation under the force of circumstances, the spirit of resistance is as unbending and resolute as it was in the phase of militancy. It is worthwhile to recount here the 7-point Charter of VVJM around which the tribal struggle in Kalinga Nagar has been hovering since the fateful 2<sup>nd</sup> January 2006:

- Put an end to all displacement. Five acres of land be given to families who have already been displaced.
- The Chief Minister, the Finance Minister, Minister of Mines, Industry, Scheduled Caste & Scheduled Tribe Welfare Minister be removed from Ministry, and the Minister of Finance and Chief Minister be booked for murder charge.
- The Home Secretary and DGP be suspended and SP and Collector of Jajpur District and ADM, Kalinga-Nagar (who were in office then and directly responsible for the police firing) be suspended and booked under Section 302.
- Rs.20 lakh as compensation for the family of each dead and Rs.10 lakh to the family of injured.
- MNCs and Monopoly companies be driven out from the soil of Odisha.
- Adivasi be given the rights over mineral resources, land, water, forests and industry in tribal areas.
- Unconditional release of leaders and activists of the movement and withdrawal of all cases pending against them.

### Conclusion

The above all discussion it is evident that an adequate framework for the study of social movements should take into account the historicity, the elements of present social structure and the future vision of the society in which they originate and operate. It is the dialectics between historicity (past experiences), social structure (present existential conditions) and the urge for a better future (human creativity) which provides the focal point for analysis of social movements. That is, a theory of social movements implies not only a theory of social structure but also a vision about the future of society. I must hasten to add that the interlocking of the past–present–future implies that social movements reflect the confluence between the persistent, changing and evolving elements of a system. Further, the framework also suggests that an analysis of social movements in India, a nation-state, can be our legitimate concern. At

a deeper level the framework implies that men make history and constantly learn from their historicity. Movements are neither mere accidents nor entirely the resultants of manipulations by leaders and demagogues but the consequence of conscious efforts of men to change systems in the light of their past experiences, avoiding pitfalls. Finally, the continuous occurrence of movements implies that man is not imprisoned by present structures and no moratorium on his creativity can be imposed.

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# A Study on Library Resources with Services Satisfaction based on Library Users Affiliated Colleges to Solapur University

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## Abstract

*The main aim of this study was to assess and evaluate user satisfaction with library resources and services among library users associated with Solapur University. The current research shows the level of users' satisfaction with different library resources and services offered by college libraries. The research found that a vast number of respondents were pleased with library facilities and services. The research is designed to achieve users' satisfaction in the library to investigate the level of satisfaction towards library resources and services with regards to 26 colleges of Solapur University based in Maharashtra. Information in the form of data has been collected from colleges and on the basis of users results; analysis needs to analyze users' satisfaction.*

**Keywords:** *Library Resources and Services; User Studies; Users Observance; User Satisfaction; Solapur University*

## 1. Introduction

College libraries are hubs of academic life for improving the student's knowledge. It is expensive to explore the level of user satisfaction through the services of the College Library. New students go to college every year with different needs and expectations. With the advancement of technological advancements and the array of data that is becoming accessible to users, the aggressive pressure for academic libraries will continue to increase. The performance of the administration of the library can only be measured by the extent at which its administration and services are used. The three notable foundations in colleges are laboratories, instructors/classrooms, and libraries containing rich and updated resources and services including hardware that can support the work of teaching, learning, and research. The purpose of this review was to assess the administration provided by the institution and the level of users' satisfaction among students and faculties. Different types of resources and services are provided

in academic libraries in view of user pre-requisites. Academic libraries are also expected to know about the needs of users and fulfill their demands and needs. The fundamental goals of this section are to differentiate between respondents from different categories of users like undergraduate, postgraduate students and faculty members to learn about the usage of library resources and services.

## 2. Review of Literature

In India and abroad, there are several studies conducted on users' satisfaction level. The authors tried to include a few important studies. **Chavez et al. (2005)** have studied the general users of the Paradise Valley Community College Library were satisfied with the resources, facilities and circulation services and suggested a repeat survey in two years to compare student satisfaction levels. **Uganneya and Idachaba (2005)** jointly conducted a study and found that circulation and information technology facilities at 7 University of Agricultural

Libraries was inadequate. The level of library use was found to be poor and also the library did not fulfill the users' knowledge needs properly. **Sriram and Rajev (2014)** researched to classify the different resources and facilities needed by Sur University College Sultanate of Oman academic library users and their degree of effect on the satisfaction of their users. The usage of library facilities, the satisfaction of users with library resources and services, and the actions of students and research scholars finding information at Tezpur University were examined by **Saikia and Gohain (2013)**. The analysis showed that in addressing the multidimensional demands of students and scholarly academics for knowledge and skills, the library plays a vital role. Usage guidance is believed to be important to assist library users in fulfilling their demands for information and to inform users of the library's available tools and services.

**Poll and Payne (2006)** jointly found in a study that the benefits of using library resources by academic library users can be measured in terms of information obtained, information literacy, educational and professional success, social addition, and amplifying the well-being of the entity.

**Sowole (1995)** carried out study users satisfaction level of library is accomplished by offering the information tools and services needed. **Nadozie (2006)** Analysis has shown that the facilities needed to provide qualitative services to the library are either accessible or not completely accessible. The use of library facilities, and definitely their satisfaction with library services, was discussed by **Abagai (1993)** based on the availability of trained staff, information resources, and library accommodation. **Nwalo (1997)** performed a review with the assistance of library facilities and facilities requirements and regulations; the word lib evaluation. **Cullen and Calvert (1993)** found that the assessment of inputs based on collection, budget, staff resources and measures of process competence are markers of the understanding of library users of the resources and services provided by the library. **(Burhansab, Batcha & Ahmad, 2020)** studied the use of electronic resources/information by library users at selected college libraries affiliated to Solapur

University. Well-structured questionnaires were used to gather data from 1022 library users from selected colleges affiliated to Solapur University. The result showed that the preponderance of users from Aided (33.51%), Self-financing (26.10%) and educational colleges (43.24%) preferred to visit the Library once in three days.

### 3. Objectives

- To identify the services provided by the library and services preferred by users.
- To assess the opinion about library resources, facilities and services.
- To measure user satisfaction levels with library resources and services in college libraries.

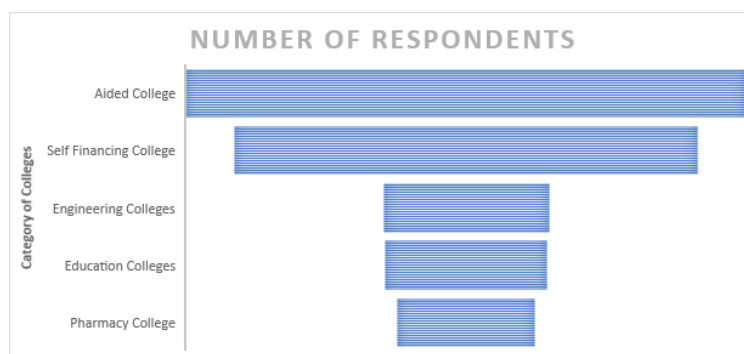
### 4. Research Methodology

#### 4.1. Sampling and Questionnaire Design

A survey of 26 colleges including Aided colleges, Self-financing colleges, Engineering colleges, Educational colleges and Pharmacy colleges affiliated to Solapur University based in Maharashtra, India were selected under the study. There was a structured questionnaire designed. The questionnaire consisted of different questions in the following categories: demographics, e-resource use, e-resource access, skills and training, e-resource challenges and benefits, among others. Two open-ended questions were also asked by respondents about the implement and enhancement of e-resources in the libraries of their colleges. A total of 1350 questionnaires were distributed to users of the library of selected colleges under study, out of which 1022 were received back. The response rate of received questionnaire was 75.70 per cent. The data analysis was performed using the Social Sciences Statistical Package (SPSS Version 17).

#### 4.2. Sample Selection

Sample is selected on the basis of confidence level 99% and confidence interval 5%. Following are the samples of the study of various colleges affiliated to Solapur University, Solapur. The sample and total population taken for the study are shown in Tabulation (Table 4.3)





**Table 4.3: Representation of Respondents from Different Categories of colleges**

S. No	Category of the Colleges	Male	Female	Total
	Aided College	245	140	385
	Self-Financing College	174	144	318
	Engineering Colleges	67	47	114
	Education Colleges	66	45	111
	Pharmacy College	59	35	94
	<b>Total</b>	<b>611</b>	<b>411</b>	<b>1022</b>

## 5. Results and Discussion

### 5.1: Frequency of Using ICT Resources

**Table 5.1 Frequency of Using ICT Resources**

ICT Resources / Frequency	Library online catalogue		E-Journals		Electronic Thesis & Dissertation		E-Books		Bibliographic Databases		Printing		Scanning		Institutional Repository	
	Daily	122	11.9 %	153	15.0 %	111	10.9 %	160	15.7 %	94	9.2 %	178	17.4 %	106	10.4 %	99
Weekly	282	27.6 %	395	38.6 %	245	24.0 %	326	31.9 %	232	22.7 %	318	31.1 %	255	25.0 %	178	17.4 %
Monthly	355	34.7 %	273	26.7 %	292	28.6 %	308	30.1 %	415	40.6 %	369	36.2 %	326	31.9 %	283	27.7 %
Never	263	25.7 %	201	19.7 %	374	36.6 %	228	22.3 %	281	27.5 %	157	15.3 %	335	32.8 %	462	45.2 %
Total	1022	100 %	1022	100 %	1022	100 %	1022	100 %	1022	100 %	1022	100 %	1022	100 %	1022	100 %
Ranking	6	Monthly	1	Weekly	7	Never	2	Weekly	4	Monthly	5	Monthly	3	Never	8	Never

The above table explains the frequency of using ICT resources. While ranking the usage of ICT resource, majority of the users are found using E-Journals (38.6%) and E-books (31.9%) on weekly basis. Mainstream of users from various college libraries are using Bibliographic databases (40.7%), printing (36.2%), and Library on line catalogue (34.8%) on monthly basis. However, some of the ICT Resources like E-thesis and dissertation (36.6%), Scanning (32.7%) and Institutional Repository (45.2%) are found at the scale of never by the most of the users.

### 5.2 OPAC Usage satisfaction in the Libraries

**Table 5.2: OPAC Usage satisfaction in the Libraries (College-wise)**

Colleges / OPAC	Aided Colleges		Self-Finance College		Engineering Colleges		Education Colleges		Pharmacy Colleges		Total	
Highly Dissatisfied	46	11.9 %	22	6.9 %	8	7.0 %	10	9.0 %	22	23.4 %	108	10.6 %
Dissatisfied	46	11.9 %	37	11.6 %	19	16.7 %	12	10.8 %	22	23.4 %	136	13.3 %
Satisfied	191	49.6 %	211	66.4 %	69	60.5 %	64	57.7 %	34	36.2 %	569	55.7 %
Highly Satisfied	55	14.3 %	25	7.9 %	11	9.6 %	17	15.3 %	10	10.6 %	118	11.5 %
Neutral	47	12.2 %	23	7.2 %	7	6.1 %	8	7.2 %	6	6.4 %	91	8.9 %
Total	385	100 %	318	100 %	114	100 %	111	100 %	94	100 %	1022	100 %

Chi Square = 155.3

P Value = 0.000

It is explained from the Table 5.2 that majority of the users from Self Financing College (66.4%), Engineering College (60.5%), Education College (57.7%), Aided College (49.6%), and Pharmacy College (36.2%) are found satisfied with the present OPAC system. On the other hand, 23.4% of users from Pharmacy College are observed highly dissatisfied and in addition another 23.4% of the users have opted dissatisfied with the OPAC system. A Higher number of users from Aided Colleges (16.9%), self-financing colleges (11.6%), Engineering college (16.9%), Education College (10.8%) and Pharmacy College (23.4%) are opting the point scale of dissatisfied with the OPAC system. The calculated Chi square value is 155.3 and p value zero is found less than 0.01 indicates that there is a significant difference among the users in various libraries regarding the level of satisfaction on OPAC.

Greater part of the users (55.7%) from entire libraries claimed 'satisfied' and another 11.6% of users are 'highly satisfied' with the current OPAC facilities.

Moreover, in the highly dissatisfied (10.5%), dissatisfied (13.3%) and never satisfied (8.9%) groups cannot be

ignored. OPAC is the bibliography to the library as well as to the users. Thus, it can be concluded that usage of OPAC in Libraries are almost fulfilled, yet the number of dissatisfied scale users are not less in numbers. The libraries in which satisfaction level is resulted very low, the improved OPAC facilities would be made more accessible to the users. It may be due to by a group of users not aware of its usage. They should be given training in using OPAC. Hence the libraries should try to overcome these problems so that extreme utilization of OPAC can be possible.

### 5.3: Library Website usage in the Libraries

The table brings out the result that majority of the users opted searching of study materials at a higher response (34.5%). They are benefited with study materials through the college website as the foremost preference followed by announcements and events (23.8%) to know about the various programs conducted by Libraries. Working hours (20.9%) and membership information (13.6%) are also searched by the user and selected in the third and fourth option respectively. Useful links to resources (28.2%) is selected by the users in the Fifth position.

Table 5.3: Library Websites Usage in Libraries

Purpose	Preferences												Total
	1		2		3		4		5		6		
Working hours	163	15.9 %	158	15.5 %	185	18.1 %	175	17.1 %	167	16.3 %	174	17.0 %	1022
Membership Information	151	14.8 %	153	15.0 %	160	15.7 %	221	21.6 %	191	18.7 %	146	14.3 %	1022
Announcement and Events	152	14.9 %	212	20.7 %	195	19.1 %	160	15.7 %	151	14.8 %	152	14.9 %	1022
Study Material	231	22.6 %	196	19.2 %	152	14.9 %	152	14.9 %	144	14.1 %	147	14.4 %	1022
Useful links to resources	187	18.3 %	166	16.2 %	160	15.7 %	144	14.1 %	210	20.5 %	155	15.2 %	1022
On line Catalogue (Web OAPC)	144	14.1 %	145	14.2 %	151	14.8 %	180	17.6 %	152	14.9 %	250	24.5 %	1022

Considering the overall analysis of the website usage of the total Libraries, it is shown that proper guidance should be given to the users by the authorities for using the website. It helps to use the various Library resources and spontaneously increase the usage. It is common

factor that only a limited number of users are using the Library Website effectively and efficiently for the academic purpose. Conducting user awareness programs by the Libraries concerning the website resources will help to explicit the usage of resources.

#### 5.4: Reasons for using IT in the Libraries (College-wise)

5.4: Reasons for Using IT in the Libraries

Colleges /Reason for using IT	Aided Colleges		Self-Finance College		Engineering Colleges		Education Colleges		Pharmacy Colleges		Total	
<b>Time saving</b>	72	18.7 %	62	19.5 %	15	13.2 %	27	24.3 %	17	18.1 %	193	18.9 %
<b>Easier</b>	104	27.0 %	95	29.9 %	38	33.3 %	22	19.8 %	18	19.1 %	277	27.1 %
<b>Faster</b>	78	20.3 %	53	16.7 %	26	22.8 %	32	28.8 %	31	33.0 %	220	21.5 %
<b>Wider</b>	63	16.4 %	58	18.2 %	19	16.7 %	15	13.5 %	14	14.9 %	169	16.5 %
<b>Current</b>	68	17.7 %	50	15.7 %	16	14.0 %	15	13.5 %	14	14.9 %	163	15.9 %
<b>Total</b>	385	100 %	318	100 %	114	100 %	111	100 %	94	100 %	1022	100 %
Chi Square = 91.2 P Value = 0.000												

Table 5.4 shows that the principal choice of using IT said by the users of Aided Colleges (27.0%), Self-Finance College (29.9%) Engineering college (33.3%) is easier access of information but in the case of Education College (28.8%) and Pharmacy College (33.0%) the choice of IT differs as faster access. At the same time self-financing college and Education colleges prefer time saving as the other reason. A small group of users from pharmacy college (19.2%) selects IT for easier access of information.

Overall information reveals that among various reasons for using IT Services, easier (27.1%) is ranked one. As IT services provide with fastest (21.5%) technologies most of the user rank it to number two. Comparatively a good number of users also support IT for its time saving process (18.9%). However, in the grading of wider access (16.5%) and current information (16%) there is a slight difference given by the users. Chi square value 91.2% and p-value 0.000 shows that there exists significant variation in opinion regarding the reasons for using various IT resources and services.

Moreover, there are no doubts that all the users find IT services as easier, current, Faster and time saving than manual methods. Thus, it can be seen that IT services are inevitable part of information seekers. It is easier to access information, time saving Faster etc. Still manual services have its own significance in this fast-running technology world. However, the modern technologies play an enthusiastic role to provide information within the stipulated time.

#### 5.5 Satisfaction level of working Hours of Libraries

The working hours of Library and time required for using the Library among the user should be satisfactory in the present situation. Regarding the working hours of the libraries some of the college Libraries in India are providing services 24 x 7 basis. Now the commencement of Digital Library through Wi-Fi network campus helps the users for speedy and round the clock retrieval of the resources.

Table 5.5: Working Hours Satisfaction in the Libraries (College-Wise)

Colleges /Satisfaction of Working hours	Aided Colleges		Self-Finance College		Engineering Colleges		Education Colleges		Pharmacy Colleges		Total	
<b>Highly Dissatisfied</b>	48	12.5 %	40	12.6 %	11	9.6 %	7	6.3 %	19	20.2 %	125	12.2 %
<b>Dissatisfied</b>	47	12.2 %	42	13.2 %	15	13.2 %	12	10.8 %	10	10.6 %	126	12.3 %
<b>Satisfied</b>	183	47.5 %	142	44.7 %	72	63.2 %	67	60.4 %	52	55.3 %	516	50.5 %
<b>Highly Satisfied</b>	58	15.1 %	52	16.4 %	9	7.9 %	18	16.2 %	7	7.4 %	144	14.1 %
<b>Neutral</b>	49	12.7 %	42	13.2 %	7	6.1 %	7	6.3 %	6	6.4 %	111	10.9 %
<b>Total</b>	385	100 %	318	100 %	114	100 %	111	100 %	94	100 %	1022	100 %
Chi Square = 71.9 P Value = 0.000												

The table 5.5 shows level of satisfaction regarding the working hours of the Library. It is found that the majority of the users from Aided College (47.5%), Self-Finance College (44.7%), Engineering Colleges (63.2%), Education Colleges (60.4%) and Pharmacy Colleges (55.3%) are satisfied with current working hours of the respective libraries. Yet a certain portion of users from Pharmacy College (20.2%) and Self-Financing College (12.6%) have said highly dissatisfied. More than (10.9%) of users from all colleges Libraries are found neutral. However, comparatively a good number of users from Self-financing colleges (16.4%), and Aided colleges (15.1%) are highly satisfied.

Overall analysis of all the Libraries discloses that most of the users (50.5%) responded as satisfied, even though (14.1%) users suggest that they are 'highly satisfied' with the present working hours. Moreover 12.3% users are at 'dissatisfied' and moreover (14.2%) of users are 'highly dissatisfied' with the working hours of the library. A small number of users (10.9%) are at the state of neutral with the working hour. The authorities will try to fulfill the requirement of the dissatisfied and highly dissatisfied groups instead of ignoring them. Chi square value 71.9 and P.value zero at 1% level of significance shows a significant variation in the satisfaction level of working hours among the users of various college libraries in Solapur University.

It is deduced that the level of satisfaction at the working hours of Library is observed more or less satisfactory among the users. Still the authorities should take essential steps to upgrade few libraries in Solapur University area up to the standard of state level libraries providing maximum services and extended working hours to their users.

### Conclusion

Colleges affiliated to Solapur University have very good infrastructure and well-developed libraries. The availability of resources and services for quality information in libraries do have an important influence on the satisfaction of users. They not only come back, but interact well of the library to other users when users are satisfied with library information resources. The libraries under the study also have certain deficiencies, like any institution. A good percentage of users do not know about ICT or OPAC services. Their library facilities, resources and services have to be strengthened. Advanced services must be provided to students and teachers by the libraries and they will get the optimum benefits.

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