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## From the Editor

High Level of Tolerance to Indiscipline should not be taken for granted. Tolerating, to some extent, indiscipline in the system, ignoring mild criticism to the establishment by the employees and not getting perturbed with sluggish non-performance of a few employees have been seen as practices in man management. In order to avoid unnecessary hiccup in day to day functioning of any establishment, the leaders used to tolerate indiscipline by some employees and ignore some sort of criticism and non-performance of a few employees too. Although the organizational structure does not permit such tolerance or criticism, it has been a cultural practice in some of the organizations. While the need of such tolerance or criticism cannot be wiped out from a System, accommodating the repercussions of this act in long run becomes next to impossible.

Tolerance to indiscipline or ignoring criticism and non-performance needs to be analyzed from two sets of stakeholders of any organization – Managerial (Managers) and Managed (Other Employees). Managers very often don't want to get into whether an employee criticizes the Management. It's good in one way as nothing to worry for something one is unaware of. In fact, Institution is much beyond the individual and hence if some employees criticize the System and the Managers and the same is not in the knowledge of the Managers, there is nothing to lose or gain. But if the same is in the knowledge of the Managers and the said employees know about the knowledge of the Managers on their deeds or misdeeds then that becomes cancerous and stands as a peril to the System and Organization. If the concept of tolerance comes into picture, it means, the managers are aware of the misdeeds (indiscipline, criticism and non-performance) but are insensitive to those. In short-run, it may be good as by ignoring such things, the managers can sideline any sort of disturbances apprehended from those nuisance creators and focus on constructive points that need the attention genuinely. But in long-run, it insists for emergence of 'taking things for granted' in both sides (Managers' side and Other Employees' side) and situation gets uncontrolled.

As managers keep on tolerating and ignoring such things, they get addicted to that and find the

alternative way to do things without disturbing those troublesome employees. In fact, they keep on overloading the jobs supposed to be done by those disturbing elements on the descent performers who used to give respect to the protocol and are aware of their duties and responsibilities towards the organization. As a result, the performers start doing mistakes unknowingly, out of pressure and get frustrated of their performance. This leads to considerable damage in the organizational functioning. Since the managers do have hold on those employees' temperament and are also getting irritated with the mistakes caused by them, they shout on those employees who in turn either deteriorate in their performance or plan to switch the organization. In both the cases the organization loses.

On the other hand, with the persistent tolerance to indiscipline/non-performance/criticism, employees who are responsible for such nuisances get scope for repeating the same with enlarged gravity. In fact, they take it for granted that owing to their nuisances, the Management is not giving them any responsibility and hence they are getting advantages of being escaped from professional commitments for which they have been on roll and which have been vested to the disciplined employees. Managers' silence to the misdeeds of some employees gets interpreted as the former's cowardice and the latter dare to publically speak against the managers/system so as to take the pride of terrorizing the management. Moreover, they succeed in convincing some of the so-called descent performers, who were having the instinct of taking advantage of the situation, although they don't have the intent to go undisciplined or criticize the system. Ideologically, the so-called descent performers start praising the evil-doers for the fact that, for them only, they have been getting some benefits for which they were aspired of. As a result, with the passage of time, the group of nuisance creators gets strengthened and dares to challenge against any virtues. It creates a sense of pity in the mind of descent performers towards the managers and gets panic for the future of the organization.

Consequently, neither the managers become bold to take action owing to their acquiescent attitude nor

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the wrong-doers realize the threat of their bread and butter owing to their careless attitude. The toll of 'taking things for granted' comes on the organization, which ultimately takes in trap both the managers and ill-doers. But the toll fails to drag the performers as they can find their way out of the bleakness. They keep on performing amidst all odds for the organizational requirement as well as for own professional development and keep it up wherever they land in. Performance in the form of literary contribution is also the cup of tea of those performers only who in spite of tremendous pressure also keep on contributing to the research world. Of course, there may be a few who takes the advantage of others' creations. The current Issue of the Journal is an outcome of those performers who are in the addiction of creating literature thereby enriching the research world and strengthening their own professional pursuit.

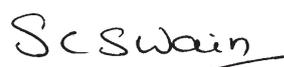
This Issue offers 13 research papers and one case study for the readers with the hope of giving expected level of literary satisfaction.

Five contributions of this Issue focus on the interest of deprived/destitute and rural upliftment. One paper titled 'Deprivation and Economic Backwardness among Tribal in Jharkhand' reveals how after partition from Bihar, economic growth has failed in Jharkhand to trickle down to the tribal community in the state. In India, considerable progress has been made in the field of basic universal education, gender equality in education, and global economic growth. However, there is slow progress in the improvement of health indicators related to mortality, morbidity, and various environmental factors contributing to poor health conditions. Considering this, an author's creation 'India's Progress towards Achieving the Millennium Development Goals' aptly unfold the hard reality in this regard. While governmental policies and schemes are abundantly prevalent in India, in the context of appropriation of benefits by the targeted population, India lags behind because of misappropriation at different points. On this backdrop, an author tries to ascertain whether the scheme of Direct Cash Transfer of Subsidies benefit the poor in the paper 'Direct Cash Transfer of Subsidies: Benefitting the Poor?' Skills are important to improve employability and livelihood opportunities, reduce poverty, enhance employability and bring about holistic rural

development that is sustainable. Coordinated efforts are needed to develop an integrated approach that improves access to relevant quality education and vocational skills for the rural youth. Divyayan of Ramakrishna Mission is committed to the cause of developing an integrated approach to skill development. An author in her paper exhibits how Divyayan empowers rural youth through skill development. Indian economy registered GDP growth rate of 7.4 %, in the second quarter of 2015-16, a marginal increase over first quarter growth of 7%, indicating expansion in Indian economy. Expansion of any economy needs to allow all members of a society to participate in, and contribute to the growth process on an equal basis regardless of their individual circumstances, in order to get reflected in inclusive growth. Since it is worth examining whether GDP expansion indicates inclusive growth, an author aptly expressed his views in his article 'Does Spike in GDP Growth Rate Signal Inclusive Growth?'

Two authors have focused on banking sector. While one is on '**The Changing Role of the Reserve Bank of India in Bank Supervision and Corporate Governance with the Introduction of Risk Based Parameters**', the other one is on 'Study on Non Performing Assets of State Bank of India'. Three contributions are from the area of Technology. While one is on Mobile Internet, the second one is on integration of Project and Change Management but the third one is on overall equipment effectiveness. Two contributions are from human resource function; while one focuses around **flexible working arrangements**, the second one is all about **managing conflict in work relationship between manufacturer and distributor**. One contribution is there on **business strategy for tapping rural India that has immense potential for Pharmaceutical Industry**. Moreover, a case study explains how **co-operative entrepreneurship development plays a pivotal role in facing international changes**.

Hopefully, the contributions will keep readers busy in analyzing multiple concepts in a lucid way.



(Dr. Sukanta. Chandra Swain)  
Managing Editor

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# Deprivation and Economic Backwardness among Tribal in Jharkhand



Digvijay Kumar<sup>1</sup>

*Jharkhand is a rich state, infested with abundance of minerals, of poor people, lived a case of hunger, poverty and backwardness. More than a quarter of the population of the state is formed by the tribe. Chronic poverty seems disproportionate among the tribal group. The reasons for the backwardness of the state lies in political instability, corruption, low human development and policy failure of the state. Expropriation in terms of acquisition and displacement from their own land is the main challenges in current scenario. It has social, political and economic factors that neglecting the tribal and marginalized groups in the name of development and integration. After partition from Bihar, economic growth has failed to trickle down to the tribal community in the state.*

*Key Words: Development, Expropriation, Marginalized, Poverty*

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## Introduction

Scheduled tribes are identified on the basis of certain criteria such as primitive traits, distinct culture, geographical isolation and general backwardness. The tribal people also referred to as 'Adivasis' meaning original inhabitants of the land were not considered part of the Hindu social hierarchy. The constitution of India under article 366 has defined scheduled tribe as such tribes or tribal communities or part or groups within such tribes or tribal communities as are deemed under article 342 to be scheduled tribes for the purpose of this constitution. The tribal population in India, though a numerically small minority, represents an enormous diversity of groups. They vary among themselves in respect of language and linguistic traits, ecological settings in which they live, physical features, size of the population, the extent of acculturation, dominant modes of making a livelihood, level of development and social stratification. They are also spread over the length and breadth of the country though their geographical distribution is far from uniform. The state is rich with natural resources such as forests and mineral resources. It has one of the richest deposits of coal and iron ore in the country. Other mineral resource like graphite, magnetite, bauxite, uranium, mica, fireclay and copper are also present in the state. The state

contains nearly 40 percent of the mineral reserves of the nation. According to the 2011 census, the tribes constitute 26.2 percent of the population of the state. The state has around 32 tribal groups. They mostly live in relatively remote and inaccessible areas and are very poor and marginalized. Eight of the tribal groups of the state namely; Asur, Birhor, Birajia, Korwa, Savar, Pahariya (Baiga), Mal Pahariya and Souriya Pahariya are particularly vulnerable tribal groups. They live in small, scattered and inaccessible dwellings. Malnutrition, malaria and dysentery are common among these groups. Among the tribes of Jharkhand, Santhal is the most numerous, making up about a third of its tribal population; followed by Oraon (19.66 percent), Munda (14.86 percent) and Ho (10.63 per cent), each with more than 10 percent of the tribal population of the state. The tribes of the state live mostly in rural areas. Although they represent only 9.8 percent of the population in urban areas of the state, they include 31.4 per cent of the population of the villages (Jharkhand Economic Survey, 2013-14).

## Major Issues and Challenges

Poverty: Jharkhand is the fifth poorest Indian state with 51.6 percent rural people below the poverty line (BPL). According to Arjun Sengupta committee report on unorganised sector, 79 per cent of the informal or

unorganised workers, 88 per cent of the Scheduled Castes and Scheduled Tribes, 80 per cent of the OBC population and 84 per cent of the Muslims belong to the poor and vulnerable group. They have remained poor at a bare subsistence level without any job or social security, working in the most miserable, unhygienic and unliveable conditions, throughout this period of high economic growth since the early nineties (NCEUS, 2007: 8). The unorganised workers in Jharkhand are also very high, 91.8 percent male and 98.3 percent female and total 94 percent of the population. A comparison of population share and poverty levels reveals a higher incidence of poverty among specific social groups. Among all social groups, STs have the highest incidence of poverty (49.7 percent). The poverty reports reflect that those areas close to forests and mines have high concentration of poverty. The inaccessibility and devoid of basic facilities such as education, hospital, roads, drinking water and banks have

worsen the living condition of the tribal people along with lack of economic opportunities. Such a continuous phenomenon has created a vicious cycle of poverty. The naxalite hit districts like Palamu, Godda, Garhwa, Latehar and Dumka also have the high rate of poverty. The present debate, which very much associate with the economic growth focuses development through the trickle down process. In the context of Jharkhand, it is assumed that mining will lead to development by extracting minerals but the statistics show that it is not happening in this manner rather it has been found that that most mining areas on the state remain mired in grinding poverty and deprivation. Such negligence or failure in disseminating the fruits of development through the process of trickle down has promoted the spiralling violence and the regions to be plagued by naxalism. The lopsided and non inclusive development has created a large section of poor and marginalised people in the mineral rich state.

**Table 1 : Poverty Ratio and Number of Poor in 2011-12 based on Rangrajan Committee.**

States	Rural		Urban		Total	
	% age of persons	No. of persons (in lakh)	% age of persons	No. of persons (in lakh)	% age of persons	No. of persons (in lakh)
Jharkhand	45.9	117.0	31.3	25.5	<b>42.4</b>	142.5
India	30.3	2605.2	26.4	1024.7	<b>29.5</b>	3629.9

Sources : Planning Commission, Government of India. 2014

**Depleting Natural Resources:** It has a large proportion of tribal communities which are highly dependent on the natural resource base for their survival and their livelihood systems revolve around forests, agriculture, livestock and wage labour. The lands of the tribal, have become the objects to be predatory and acquisitive plundered by the governments, their corporate agents and the non tribal entrepreneurs by the rapid enhancement of their economic prosperity and social security in the name of development. The diku started as rent generators and rent collectors and spearheaded the development of commercial capitalism in the region. The tribal of south Bihar are presented as an undifferentiated mass of simple cultivators variously exploited by, and or misperceiving the actions of, non tribal including the government (Corbridge, Jewitt & Kumar, 2004: 20).

**Reduced Agricultural Output:** Declining fertility of soils, increasing incidences of drought and seasonal shifts in rainfall patterns are affecting traditional cropping patterns and limit in harvests. About 75 percent of the population of Jharkhand lives in rural areas; a large section of the population living in villages depends on agriculture and associated activities for their food and livelihood and employment and incomes; for them agriculture is a way of life. About 59 percent of the workforce is dependent on agriculture. The agriculture sector contributes about 15 percent to the GSDP of the state. Because of wide forest coverage and other geographical compulsions, only a

small part of the total geographical area of the state is available for cultivation. The Net Sown Area (NSA) in the state is only about 19 percent of its total geographical area. Marginal category of farm households constitute 68.21 per cent of total households but own only about 24.13 per cent of land in the state. Their average size of land holdings is as low as 0.41 hectare. The state agriculture economy is characterized by the existence of a large number of small and marginal farmers (84 percent). Land distribution in the State is highly skewed. About 5.5 per cent of total farm holdings belong to medium and large categories of farm households but they own 22.14 per cent of cultivable land in the state. Scheduled tribes land holdings constitute 35.70 per cent of total land holdings but own 45.21 per cent of total cultivable area in the state. Jharkhand has extremely low irrigation coverage. Only a little more than one tenth of the net sown area is irrigated. It, however, has increased over a period of time; in 2010-11, the net irrigated area became 11.54 percent. The total agriculture cultivated area is only 32 percent while total irrigated areas is about 23 percent. There is also a lack of irrigation facilities. A small section of the society holds a large part of land and a majority of landless and small farmers are struggling for their livelihoods. The infrastructure in agriculture induced poor farmers and labourers to migrate (Jharkhand Economic Survey 2013).

**Decentralisation:** There are many programmes and policies which have been in placed to impact on the

conditions of tribal people in Jharkhand but failed to prove effective. The Panchayat Raj (Extension to Scheduled Area) Act (PESA) was approved in 1996 but implementation process was too slow to execute it properly. It was only in 2010 that the Government of Jharkhand (GoJ) conducted Panchayat elections. Empowerment of these institutions by devolving finances and executive powers have not been started in de facto. Bureaucratic and political interventions at the local level curb the decentralisation process to work smoothly.

**Left Wing Extremism (LWE):** There are about 14 districts, severely affected by naxalite- maoist insurgency. LWE on the one hand, mobilizes the discontent amongst tribal people to its cause, and on the other hand, prevents the government to deliver services to improve their quality of life and living conditions. This is one of the major problem which discourage the industrialists to invest in these regions and also create a problem for the government to administer.

**Social, Political and Cultural Dispossession-** Owing to new forces in terms of unjust industrial policies and dominance of ruling class, after economic disruption, the social condition of the indigenous societies are also breaking down. They are losing their traditional social controls and social tension is increasing among them. They are feeling the deprivation of their sense of personal worth and a devaluation of their social identity. In political sphere, their traditional political institutions are destroyed. They are incorporated into the state and they have to conform to and become integrated with the political institution of the dominant society. The process of disintegration of their traditional cultures is further accelerated by deliberate programmes of integration and assimilation followed by the state to bring the indigenous people to the so called national mainstream. There is a non declared polity to suppress the language of the indigenous people and to impose on them the dominant language of the area. Prolitarianisation of indigenous people are taking place through the process of disassociation of the indigenous people from their subsistent and self sufficient economy which have destroyed and turned them into free workers, independent from and deprived of the material means of their own reproduction. The conversion of self sufficient farmers into cheap wage labourers resulted into the spread of capitalist relations of production (Areeparampil, 2010: 161-166).

### **Tribal Economy of Jharkhand**

Tribal economy and society runs economic underdevelopment and an absence of economic specialization alongside the geographical isolation of tribal communities. Tribal economy which is dependent upon land and forest has limited range of occupations practised by India's scheduled tribes in the form of pre-eminence of agriculture and forestry-and above all 'simple

cultivation'-in the welfare of tribal communities apart from their engagement in hunting and fishing, slash and burn agriculture and cultivating without ploughs and without irrigation practices. For Schermerhorn, tribal communities take the form of Durkheim's mechanical society. Their organization, such as it is, is amorphous and diffuse; it is structured by ties of lineage (and family) which are made independently of the more functional and market-oriented demands of organic societies'. Above all, the tribal communities lack a hierarchy; their communities are communities of equals. This lack of an economic hierarchy has in turn been traced back to a 'psychology' of tribal economics which might be described as Chayanovian at best and as irrational at worst (Corbridge, 1988). About 84 percent of the STs are in agriculture, with a bulk of them as cultivators (53 percent) (NCEUS, 2008). Low social service sector expenditure perpetuates to deteriorate the quality of life in the state.

**Table 2 : Social sector expenditure of GSDP**

Year	Education	Health	Together
2008-09	3.20	0.65	3.85
2011-12	3.05	0.63	3.68

Sources: *Economic Survey, Jharkhand, 2013-14.*

Table 2 clearly shows that there has been a reduction in social sector expenditure both in education and health sector which directly affects a large chunk of population. The low level of public policy prioritization these lower numbers of schools reflect is also a matter of concern as far was tribal rights are concerned. In addition, as was noted in the field study, many of these schools are in poor shape of repair and do not really function as institutions of basic education.

**Table 3 : Indicator of Economic Deprivation among Tribal in Jharkhand**

Indicators of deprivation	ST	ALL
Households availing banking services	41.91	53.9
Television	11.3	26.8
Bicycle	62.9	58.8
Computer / Laptop	3.9	5.4
Mobile only	23.8	44.1
Two wheeler	7.5	16.1
Four wheeler	0.9	2.8
Households with TV, Computer/ Telephone/mobile phone and Scooter/ Car	0.8	2.9
Electricity	29.3	45.8
Number of households having latrine facility within the premises	8.3	22
Number of households having bathing facility within the premises	5.2	16.5
Main source of drinking away from premises	42.3	31.9

Source: *Ministry of Tribal Affairs, Annual Report 2012-13*

## Education

The literacy rate in the state, though less than the all India average, has also improved over a period of time. In the state, 67.63 percent of the population is literate; 78.45 percent of its males and 56.21 percent of its females are literate. The literacy rate has improved by about 14 percentage points; among males by about 11 percentage points and among females by 18 percentage points in the last one decade. *Spending on education as percent of GSDP has been continuously declining in the last three years. Poor and slow improvements in education have also restrained the path of tribal development.* The dropout rate from school between Class I and VIII is also very high. The survey of school education report 2009-2010 shows that 76.8 percent ST students in Jharkhand dropped out before Class VIII while 57.8 percent drop out across the country."

**Table : 4. Literacy rate among Tribal in Jharkhand**

	Male	Female	Person
<b>ST</b>	<b>68</b>	<b>46</b>	<b>57</b>
<b>Rural</b>	<b>67</b>	<b>44</b>	<b>55</b>
<b>Urban</b>	<b>83</b>	<b>68</b>	<b>75</b>
<b>ALL</b>	<b>77</b>	<b>55</b>	<b>66</b>
<b>Rural</b>	<b>73</b>	<b>49</b>	<b>61</b>
<b>Urban</b>	<b>88</b>	<b>75</b>	<b>82</b>

Sources: Census of India 2011

## HEALTH

The health indicators of the state have improved over the years. The infant mortality rate in the state has declined from 48 per thousand live births in 2007 to 38 in 2012 – well below the national average of 42 per thousand live births. Similarly, the state also performed well in reducing maternal mortality ratio at 219 per lakh live births in 2010-12, from 261 per lakh live births in 2007-09. In the last five years the state has also been successful in reducing fertility rates; the total fertility rate has declined from 3.2 children per women in 2007 to 2.8 in 2012. This suggests the success of family planning programmes in the state. Over half of the eligible women in the state deliver births in safe conditions – either in a health institution or in presence of trained health providers. The state has also performed well in immunization coverage among children aged 12-23 months. About 70 per cent of eligible children in the state receive full doses of all recommended immunization and the prospect of achieving universal immunization is high. Such improvement is really a positive sign but not enough. The overall health condition is still lag behind the national average. The overall sex ratio of the ST population in Jharkhand is 987 females per 1000 males which is higher than the national average (978) for the total ST population. According to National Family Health Survey 3 (NFHS 3) 69.5 percent women between 15 and 49 years of age are suffering from anaemia while 85 percent ST women suffer from the same problem in the state. When compared to ST women in India, there too Jharkhand tribals seem neglected as only 68.5 percent ST

women in the country suffer from anaemia. There is also a difference between tribal and non tribal in the state where 70.3 percent non-tribal children between the age group of 6 and 59 months suffer from anaemia while 79.5 percent ST children suffer from the same. The number of underweight ST children under five years is higher in Jharkhand than in the country. Only 54.5 percent ST children are underweight in the country while 64.3 percent are underweight in Jharkhand. Even when it comes to hygiene, the tribal households in the state lag behind. According to census 2011, in Jharkhand around 12.9 percent households have piped water source for drinking while only 5.6 percent ST houses have it. Similarly, 7.7 percent rural households have toilet facilities within the house premises while only 3.7 percent ST households have it (Jharkhand Tribal Development 2013).

**Table 5 : Demographic Features of Jharkhand and India in 2011?**

	Jharkhand	India
Population	32,966,238	1,210,193,422
Decadal growth rate	22.34	17.64
Maternal Mortality Rate	261	212
Crude birth rate	25.0	21.8
Crude death rate	6.9	7.1
Infant mortality rate	39	44
Total fertility rate	3.0	2.5
Population Density	414	382
Sex ratio	947	940
Sex ratio at birth	919	905
Urbanisation	24	31.1

Sources: Economic Survey, Jharkhand, 2013-14

## Conclusion

This is one of the richest states in terms of mineral wealth but grappled with extreme poverty. Tribal which constitutes more than a quarter of the state population is deprived of many basic amenities. Negligence and ineffective policies which has also been an outcome of political instability, corruption and red tapism, have weakened the education and health system which restrain to provide employment opportunities and further hinder their development. Owing to lack of employment diversification, sole dependency on primary sector and physical inaccessibility to infrastructures make them further impoverish.

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# India's Progress Towards Achieving the Millennium Development Goals



Viplava Thakur<sup>1</sup>

The Millennium Development Goals (MDGs) which include eight goals were framed to address the world's major development challenges with health and its related areas as the prime focus. In India, considerable progress has been made in the field of basic universal education, gender equality in education, and global economic growth. However there is slow progress in the improvement of health indicators related to mortality, morbidity, and various environmental factors contributing to poor health conditions. Even though the government has implemented a wide array of programs, policies, and various schemes to combat these health challenges, further intensification of efforts and redesigning of outreach strategies is needed to give momentum to the progress toward achievement of the MDGs.

*Key Word : MDG*

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## Introduction

The MDGs adopted by the United Nations in the year 2000 project the efforts of the international community to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty." The MDGs are eight goals to be achieved by 2015 that respond to the world's main development challenges. These goals are further subdivided into 18 numerical targets which are further measured by means of 40 quantifiable indicators. Health constitutes the prime focus of the MDGs. While three out of eight goals are directly related to health, the other goals are related to factors which have a significant influence on health. Hence the goals and targets are inter-related in many ways. The eight MDG goals are to (1) eradicate extreme poverty and hunger; (2) achieve universal basic education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria, and other diseases; (7) ensure environmental sustainability; (8) develop a global partnership for development.

Ever since India's independence in 1947, various national health schemes, programs, and policies have been launched with the view to improve the health status of people. The most recently launched National Rural Health Mission (NRHM) in 2005 aims to improve and strengthen the existing rural health care with the phased increase of funding amounting to 2-3 % of gross domestic product (GDP), as well as to bring out some innovative interventions. In addition, the NRHM has addressed two

of the major problems identified under the MDGs i.e., poor governance and policy neglect. The half-way point in the time period of achievement of the MDGs has already been crossed. It is therefore crucial to capture India's achievements toward attaining the MDGs and to analyze the challenges and policies with reference to the goals and targets.

## Goal 1: Eradicate Extreme Poverty and Hunger

### Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than 1 dollar a day

While the common international poverty line put forth by the World Bank amounts to \$1.25 a day, in the Indian context, the below poverty line (BPL) has been defined as the cost of an all India average consumption basket at which calorie norms were met, this being 2400 calories per capita per day for rural areas and 2100 calories for urban areas, which in turn is estimated from the monthly per capita consumption expenditure for the corresponding year. The World Bank Report states that the period between 1981 and 2005 shows that India has moved from having 60% of its people living on less than \$1.25 a day to 42%, while the number of people living below a dollar a day (2005 prices) has also come down from 42% to 24%. According to national estimates, the percentage of population living below the poverty line was 36% (37.3% for rural areas vs. 32.7% in urban) for 1993-94 [Table 1]. More than a decade later, due to the average growth rate of the economy being more than 7%, this percentage reduced to 25% in 2008. Social groups such as the schedule caste (SC) and schedule tribe (ST) accounted for 80% of the rural

poor in 2004-2005. The poverty gap ratio which refers to the mean distance below the \$1 (1993 PPP US\$) a day poverty line, decreased from 10.9% in 1993 to 7.2% for 1999 to 5.2% for 1999-2000. However if one is considering the World Bank definition of poverty, according to estimates from the National Commission for Enterprises in the Unorganised Sector (NCEUS), 77 % of Indians, i.e., about 836 million people, live on less than half a dollar a day. Reports from the 61st NSS indicate this figure to be 41.6% in 2005. This implies that despite the economic boom, millions of the country's poor remain unaffected. To achieve the goal of eradicating extreme poverty and hunger, the percentage of persons below the poverty line must further be reduced to 18.75% by 2015.

**Table 1**  
Estimates for poverty - India

Indicator	1993-1994	2004-2005
Population below national poverty line, total percentage (%)	36	27.5
Population below national poverty line, (rural)	37.3	28.3
Population below national poverty line, (urban)	32.7	26.7
Proportion of population below \$1 (PPP) per day	40.4	41.6
Poverty gap ratio at \$1 a day (PPP), percentage	13.6	10.5
Purchasing Power Parities (PPP), national currency per 1993 international dollar (WB)	9.923	15.602

Sources"

**Table 1**

Estimates for poverty – India

The share of the poorest quintile in the national consumption was observed to sharply decline in the urban areas from 8% in 1993-94 to 7.3% in 2004-05 compared to in rural areas, 9.6% in 1993-94 to 9.5% in 2004-05. If the income or consumption were equally distributed, the share would be 20%.

**Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger**

One of the indicators prescribed by the MDGs include the proportion of under-five children who are underweight. According to findings from the National Family Health Survey-3 (NFHS-3), the weight for age of 40.4% of the under-five children was –2 standard deviations (SD) (moderately underweight) from the median of the reference population while that of 15.8% was – 3 SD (severely underweight) from the median. This is less compared to figures reported in the NFHS-2 round in 1998-1999 (42.7% moderately underweight and 17.6% severely underweight) and in NFHS-1 in 1992-1993 (52% moderately underweight and 28.9% severely underweight). However, the age group of children assessed in the NFHS-1 round was less than 4 years of age, hence these numbers may not be exactly comparable). The number of undernourished people has decreased from 214,800,000 in 1991 to 212,000,000 in 2002. In other words,

the proportion decreased from 25% in 1991 to 20% in 2002. However undernutrition of women and children, especially the female child, continues to be a major issue, given the unequal status to women.

**Current efforts**

A number of antipoverty programs have been launched to decrease the incidence of poverty in India. Some of such programs and policies in operation in the rural areas include the National Rural Employment Guarantee Act (NREGA), Swarnajayanti Gram Swarozgar Yojana (SGSY) or Golden Jubilee Rural Self Employment Scheme, Indira Awaas Yojana (IAY) or Indira Housing Scheme. Programs launched in the urban areas include Jawahar Lal Nehru Urban Renewal Mission, Integrated Housing and Slum Development Program and Swarna Jayanti Shahari Rojgar Yojana (SJSRY). Since the inception of NREGA in 2005, while 2.67 crore households demanded employment, 2.57 crore households were provided with employment. Over 40 lakh houses have been constructed under the IAY while 27 lakh of Self Help Groups (SHGs) have been formed under SGSY.

Some of the current nutrition programs started by the government include the Integrated Child Development Scheme or ICDS (1975) and National Mid-Day Meal Scheme. In addition food security programs for the poor include the Targeted Public Distribution Scheme (TPDS), the Antyodaya Anna Yojana and Grain Bank Scheme. However utilization of services of some of these programs has been found to be quite low. While the coverage of children by an Anganwadi center under the ICDS is relatively high, only one out of every four children (28%) in the country aged 0-71 months has received any service from an anganwadi center in the year preceding the survey. The National Program of Mid-Day Meals in Schools covers approximately 11.74 crore children. In regard to the TPDS, a performance evaluation shows that during 2003-2004, out of the 14.07 million tons of BPL quota from the central pool to the 16 large States, around 5.93 million tons was delivered to the BPL families and 8.14 million tons intended for them never reached them. Under the Antyodaya Anna Yojana, as many as 242.755 lakh poorest of the BPL families out of the targeted 250 lakh families had received coverage.

**Goal 2: Achieve Universal Basic Education**

**Target 3 : Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling**

The youth literacy rate, that is the literacy rate of the 15- to 24-year olds, has shown an appreciable increase from 61.9% (1991) to 82.1% (2007). The literacy rate of female youth has increased remarkably from 49.3% in 1991 to 77.1% in 2007, compared to that of males (73.5% in 1991 to 86.7% in 2007). The net enrollment ratio (NER), which refers to the proportion of school children in the age group of 6-11 years enrolled in grades I-V to the population of

children in the same age group, increased by almost 10 points from 84.9% in 2000 to 94.2% in 2006. Similar to the trend observed for the youth literacy rate, the NER for girls increased from 77% in 2000 to 92.2% in 2006, versus 92% (2000) to 96% (2006) for boys. The primary completion rate of both the sexes has increased significantly from 55% in 1992-1993 to 85.7% in 2006.

#### Current efforts

The government has committed to reach the goal of elementary education for all by 2010 by means of "Sarva Shiksha Abhiyan" (SSA) campaign on education for all which was launched in 2000, thus aiming to make free and compulsory education to the children of 6- to 14-year age group, a fundamental right. As a result of its efforts, enrolment has increased by 25 million between 2001 and 2005 and the number of out of school children has reduced from about 320 lakh in 2002-2003, to 70.5 lakh based on reports of States and UTs in March 2006. Other schemes include Prarambhik Shiksha Kosh (PSK) to help finance the government's commitment to quality basic education, District Primary Education Programme (DPEP) - to revitalize the primary education system and setting up of institutions for teacher education.

#### Goal 3: Promote Gender Equality and Empower Women

#### Target 4 : Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015.

There has been an appreciable increase in the gender parity index at all levels of education which is the ratio of the number of female students enrolled at primary, secondary, and tertiary levels of education to the number of male students in each level [Table 2].

Trend in the gender parity index

Year	Gender Parity Index		
	Primary	Secondary	Tertiary
1901	0.77	0.60	0.54
2002	0.87	0.75	0.70
2006	0.96	0.82	0.72

Source"

Table 2

Trend in the gender parity index

With regard to measuring progress toward woman empowerment, the share of women in wage employment in the nonagricultural sector has risen from 12.7 in 1990 to 18.1 in 2005. The proportion of seats held by women in national parliament has shown a slight increase from 5% in 1990 to 9.1% in 2008.

#### Current efforts

Two targeted schemes for girls have been initiated under the SSA; the National Programme for the Education of Girls at the Elementary Level (NPEGEL) and *Kasturba Gandhi Balika Vidyalaya* (KGBV). A national evaluation of KGBV which was undertaken in February 2007 in 12 States

has shown that the program has been very well received by the community and is reaching out to girls from the most deprived sections in rural areas. Another program is the *Mahila Samakhya* (MS) successive evaluations of which have pointed to its success in laying down the foundation of woman empowerment.

Apart from programs and policies related to enhancing female literacy, the Government initiated the National policy for the empowerment of women in 2001. Apart from this, there exist several legislative acts to provide protection and ensure the rights of women. The 11<sup>th</sup> five-year plan (2007-2012) has undertaken to ensure that women are at the central stage of all activities which include economic, social, and political. Some of the currently operating schemes for economic empowerment include *Swa-shakti*, *Swayamsiddha*, *Swaslamban Programme*, support to Training and Employment Programme which aim to bring out socio-economic development and empowerment of women through promotion of women SHGs, micro credit, and income generating activities.

#### Goal 4: Reduce Child Mortality

#### Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

The under-five mortality rate (U5MR) and infant mortality rate (IMR) are best key indicators for monitoring child health. According to SRS 2008, IMR is 53/1000 live births. Table 3 displays the trends in the U5MR and IMR over time. It is projected that at the current rate of decline, by 2015, India would have an U5MR of 64 per 1000 live births (which is short of the MDG of 41), while the IMR would be 47 per 1000 live births, being short of the MDG of 28. While the IMR remains high in rural compared to urban areas, nevertheless there has been a steady decline in both the areas [Table 4]. India is ranked at the 49<sup>th</sup> position with respect to the U5MR, with the countries with the worst U5MR being given top ranks, these being Sierra Leone, Angola, and Afghanistan with the average annual rate of reduction being 2.6%.

Trend in under -five and infant mortality rate

Year	Under-five mortality rate (per 1000 live births)	Infant mortality rate (per 1000 live births)
	1990	123
1995	104	74
2000	94	68
2004	85	62
2005	74	57

Source"

Table 3

Trend in under-five and infant mortality rate.

	Under-five mortality rate		Infant mortality rate	
	Rural	Urban	Rural	Urban
IMR (2008)	53.1	32.2	41.2	24.2
U5MR (2008)	81.2	41.5	51.2	31.7

Table 4

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Rural-urban disparity in under-five and infant mortality rate

The percentage of children under 1 year of age immunized against measles is also considered as a monitoring indicator for child health. According to NFHS-3, the percentage of children in the age group between 12 and 23 months who received vaccination against measles by 12 months of age was reported to be very low at a figure of 48.4%, while the total percentage was found to be 58.8%.

#### **Current efforts**

The government is directing intensive efforts to improve child health. Most notable of these are the child health interventions under the Reproductive and Child Health (RCH) Programme. These include the following:

- a. Integrated Management of Neonatal and Childhood Illnesses (IMNCI) – the IMNCI strategy includes a wide range of interventions against the leading causes of childhood morbidity and mortality -- acute respiratory infections, diarrhea, malaria, measles, and malnutrition. Till date, 297 districts in the country have initiated the IMNCI strategy.
- b. Home-Based Newborn Care (HBNC): This model health care strategy, which has proved to decrease childhood mortality rate in Gadchiroli, is now being implemented in five high focus states - M.P., U.P., Orissa, Rajasthan, and Bihar. In two districts of each of these five States, the Accredited Social Health Activist (ASHA) is being trained to administer injectable antibiotics for neonatal sepsis and childhood pneumonia.
- c. New Born Care Scheme (NBCS): Under the NBCS, in addition to 80 districts under RCH phase I, 60 more districts have been covered under RCH phase II wherein the existing neonatal care facilities have been upgraded. In addition, the National Neonatology Forum (NNF) has imparted training to 242,079 health personnel.
- d. Immunization: To ensure injection safety, autodisposable syringes (Ads) have been introduced.
- e. Promotion of Infant and Young Child Feeding: This is a breastfeeding partnership which aims to revive the breastfeeding hospital initiative. The 11<sup>th</sup> five-year plan has set a goal to reduce the IMR to 28/1000 live births. ASHAs will be trained on identified aspects of newborn care during their training. Focus will be given to promoting optimal breastfeeding practices among women at home and in health facilities.

#### **Goal 5: Improve Maternal Health**

#### **Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio**

According to estimates by World Health Organization

(WHO) and United Nations Childrens Fund (UNICEF), the maternal mortality ratio (MMR) was 570 per 100,000 live births in 1990, which dropped down to 254 per 100,000 live births in 2006. The target for MMR under the MDG has been quantified to be 200 by 2007, and 109 by 2015. Hence the progress toward reaching this estimated goal appears to be seemingly slow. About two-thirds of these maternal deaths occur in the Empowered Action Group (EAG) states. The proportion of safe deliveries conducted by skilled birth attendants is an important determinant of maternal health, this being 33% in 1992-1993 (NFHS-1) and going up to 48.3% in 2005-2006 (NFHS-3). According to District Level Health Survey II (DLHS-II) in 2002-2004, in urban areas, more than three-quarter (76%) of the deliveries conducted were safe as against less than two-fifths (37%) in rural areas.

#### **Current efforts**

The government has intensified the maternal health care facilities under RCH II and NRHM. Some of these specific initiatives include the following:

- a. Essential obstetric care: Under RCH II, all the Community health centers (CHCs) and 50% of the primary health centers (PHCs) have been proposed to provide round-the-clock delivery services. About 52% of the target of 14,225 PHCs would be providing 24-hour services by the year 2010.
- b. It is committed to provide skilled attendance at every birth at both the institutional and community level by training of community level health functionaries.
- c. All the first referral units (FRUs) are to be equipped to provide emergency obstetric and neonatal care. A total of 2471 facilities of 74% of the target for 2010 have been operationalized as FRUs.
- d. An 18-week training program is being implemented to train MBBS doctors in anesthetic skills for emergency obstetric care.
- e. Provision of quality manual vacuum aspiration abortion facilities at all CHCs and 50% of the PHCs.
- f. Provision of *Janani Suraksha Yojana*, (JSY) which is a safe motherhood scheme under NRHM. About 84.26 lakh women have availed benefits from the scheme in 2008-2009. Special focus will be given to all these interventions under the 11<sup>th</sup> five-year plans.

#### **Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases**

#### **Target 7: To halt by 2015 and begin to reverse the spread of HIV/AIDS**

According to 2006 estimates, the national adult HIV prevalence in India is approximately 0.36%, which amounts to between 2 and 3.1 million people. This is almost 50% of the previous estimate of 5.2 million; this being attributed to new methods of estimation. The

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national prevalence rate for men is 0.43% while for women it is 0.29%. The prevalence is much higher in urban (0.35%) versus rural areas (0.25%) in the 15-49 age group. About 88.7% of the infections are present in the reproductive health group of 15-49 years. The young population in the age group of 15-24 years is highly vulnerable to HIV accounting for 31% of AIDS burden with an HIV prevalence rate of 0.1%.

#### **Current efforts**

India has taken an aggressive step toward HIV/AIDS control by implementing the third phase of its National AIDS Control Programme (NACP), which is designed to reverse the spread of HIV/AIDS by 2012. Its thrust areas include treatment of sexually transmitted infections, voluntary counseling and testing, and condom promotion. The National AIDS Control Organization (NACO) has collaborated with Hindustan Latex Limited (HLL) on a Condom Vending Machine (CVM) Project. Under this initiative, it has been proposed to set up 11,025 vending machines in 42 districts in the six high prevalence states and 24 districts of the four EAG states. In a spearheading effort, the NACO collaborated with UNICEF to scale up the School Based Adolescence Programme across 144,409 schools, with the objective to reach out to some 33 million students. For ensuring blood safety, over 1230 blood banks have been modernized till date. As of March 2009, there are 4987 Integrated Counseling and Testing Centers and the number of persons tested at these centers has increased from 17.5 lakh in 2004 to 101 lakh in 2008-2009. As of November 2009 there are a total of 230 anti-retroviral treatment (ART) centers with a total of 313,161 patients receiving free ART. From November 2006 onward, pediatric ART is also available at these centers with 14,303 children living with HIV/AIDS receiving free ART as of March 2009.

#### **Target 8 : To Halt by 2015 and Begin to Reverse the Incidence of Malaria and Other Major Disease**

##### **Malaria**

Over the years, malaria has been showing a declining trend from high incidence levels. While in 1996, 3.04 million cases (including 1.18 million *P. falciparum* cases) were reported, according to 2006, 1.78 million cases of malaria (including 0.84 million *P. falciparum* cases) and 1708 deaths were reported from the country. The number of malaria cases and deaths has been fluctuating between the years 2004 and 2008 [Table 5].

Malaria situation (2004-2008)

##### **Current efforts**

The National Vector Borne Disease Control Programme (NVBDCP) frames technical policies and guidelines for the control of malaria in the country. As of 2006, there are 499,970 drug distribution centers (DDCs), fever treatment depots (FTDs) and malaria clinics and about 80% of the targeted population was covered by indoor residual

spraying (IRS). Till date 60,10,000 insecticide-treated bed nets have been distributed free of cost or at subsidized rates to the highly endemic states. The urban malaria scheme under the NVBDCP gives protection to a 113.2 million population in 131 towns in 19 states and union territories.

##### **Tuberculosis**

India accounts for nearly one fifth of the global burden of tuberculosis, which amounts to 1.9 million cases. TB mortality in the country has reduced from over 42/100,000 population in 1990 to 28/100,000 population in 2006. The prevalence of TB in the country also decreased from 568/100,000 population in 1990 to 299/100,000 population in 2006. Three rounds of surveys in Thiruvellur district of Tamil Nadu carried out between 1999-2005 by Tuberculosis Research Centre, Chennai, revealed a decline in prevalence of TB at the rate of about 12% per year. The annual risk of TB infection (ARTI) is an important tool to monitor epidemiological trends of TB. In Thiruvallur district, three rounds of surveys carried out during 1999-2005 showed the ARTI to vary between 1.2% and 1.6% with an average decline of 6% per year. Likewise, an average decline of 4-3% has been observed in the ARTI in Bangalore city and periurban villages of rural Bangalore respectively in between two separate surveys conducted in each area. The case fatality rate prior to introduction of the Revised National Tuberculosis Control Program was 25%, declining to 5% in the post-RNTCP era. A recent matter of concern is the emergence of multidrug resistant tuberculosis, its prevalence ranging from 3% among new cases to 12% among retreatment cases.

##### **Current efforts**

The RNTCP implementing the Directly Observed Treatment Short course (DOTS) strategy was launched in India in the year 1997 phase II (2006-2011) of RNTCP which is in line with the new WHO stop TB strategy for TB control is a step toward achieving the TB-related MDGs in terms of reducing the prevalence of TB by 50% by 2015. The vision of the program is to achieve and maintain a cure rate of at least 85% in new sputum positive pulmonary TB patients, and detection of at least 70% of such cases. In 2009, the RNTCP has achieved a case detection rate of 72% and treatment success rate of 87%. Special emphasis has been given toward the management of MDR-TB. It has been proposed to have a network of RNTCP accredited quality assured state level Intermediate Reference Laboratories (IRLs), at least one in each large state, providing culture and Drug Sensitivity Testing (DST) services for RNTCP and to have DOTS Plus sites, for the case management of MDR-TB patients by the year 2010. The DOTS Plus sites providing category IV treatment have initially been set up in certain identified districts in Maharashtra, Gujarat, Andhra Pradesh, Delhi, Haryana, Kerala, and West Bengal. It is intended to make DOTS Plus services to be available in all states by 2010 with complete

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geographical coverage achieved by 2012. TB-HIV co-ordination activities have been implemented since 2001 and an intensified TB-HIV package is being scaled up to cover the entire country in a phased manner by 2012. This includes offering HIV testing to TB patients, intensified TB case finding at ICTCs, ARTs, and Community care centers and linking of HIV positive TB patients to NACP and RNTCP for care and support.

#### **Goal 7: Ensure Environmental Sustainability**

##### **Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources**

The proportion of land covered by the forest area has shown a very marginal increase from 21.5% in 1990 to 22.8% in 2005. In terms of the per capita consumption of ozone depleting substances (ODS), India seems to have taken effective measures since the per capita consumption is less than 3 g as against the international recommended standard of 300 g in accordance with the provisions of the Montreal protocol. The carbon dioxide emission per capita is also much less compared to other countries, this being around 1 ton as against the world average of about 4 tons. In India, as much as 74% of the total population uses solid fuels for cooking, the majority are either wood, crop residue, or cow dung cake, accounting for 70.7%, 13.5%, and 13.1% of total solid fuels used, while coal, lignite, and charcoal combined together account for less than 3%. According to findings from National Sample Survey 2004, the percentage of households using solid fuel was 85.8% for rural areas and 25.6% for urban areas.

#### **Current efforts**

The Ministry of Nonconventional Energy Sources is running several programs to provide better systems for cooking and lighting. Joint Forest Management schemes are in operation wherein rural women living below the poverty line are provided with financial assistance to raise nurseries in forest areas. The *Rajiv Gandhi Grameen Vidyutikaran Yojana* started in the year 2005 aims to provide all rural households with access to electricity within the next 5 years.

##### **Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation**

According to census 1991, the proportion of people with access to safe drinking water was 62% which in turn increased to 85% as per Census 2001 and 89% in 2006. However the proportion of population using basic sanitation continues to be low, increasing from 14% in 1990 to 28% in 2006. However rapid growth in the urban population poses a major challenge with regard to safe water supply, sanitation, and drainage.

##### **Target 11: To achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers**

The past few years have witnessed a rapid urbanization and mass-scale migration of people from rural to urban areas, resulting in a steep rise of urban slum communities. The total slum population in the country is 40.3 million, comprising 22.6% of the total urban population. Some 54% of urban slums do not have sanitary toilets while the community toilets provided by the government are in a dismal state due to a lack of maintenance.

#### **Current efforts**

The National Urban Renewal Mission was launched in 2005 as a program meant to improve the quality of life in 60 select cities. The major objectives of the mission are to scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor as well as security of tenure at affordable prices, and ensuring delivery of other existing universal services of the government for education, health, and social security. Other programs include *Valmiki Ambedkar Awas Yojana* (VAMBAY) and National Slum Development Programme (NSDP). With the efforts of the Rajiv Gandhi National Drinking Water Mission, the access of rural people to safe drinking has increased from 55.54% in 1991 to 86.77% in 2001. Promotion of rural sanitation is managed by the Total Sanitation Campaign (TSC). A total of 578 districts of the country have been covered under TSC.

#### **Goal 8: Develop A Global Partnership of Development**

India's diverse economy ranges from traditional village farming to a wide range of modern industries, and a multitude of services. India achieved 8.5% GDP growth in 2006, 9.0% in 2007, and 7.3% in 2008. India's increasing participation with the world economy is evident from the trade to GDP ratio, which increased from 22.5% of GDP in 2000-2001 to 34.8% of GDP in 2006-2007. India's merchandise export and import is also reported to have grown by 22.6% and 24.5% during 2006-2007. The overall teledensity increased rapidly from just 0.67% in 1991 to over 18% in early 2007. The promotion of e-governance on a massive scale is one of the important areas of concern of the National Common Minimum Needs Programme of the Government.

#### **Conclusion**

Despite the existence and launch of various programs and policies to address the major areas of concern under the MDGs, the progress toward achieving these goals appears to be rather slow in most of the areas, with the exception of education and global economic progress. It has been observed that the utilization of services offered by different programs is rather low. With only about 6 more years to go toward the set time for achieving these goals, the only way to do so would be to further intensify our efforts in reaching out to the unreached populations and ensuring uniform distribution of resources.

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## Direct Cash Transfer of Subsidies : Benefitting the Poor?



Prabhat Kumar Pani<sup>1</sup>

*From 1 January 2013, India rolled out the much-hyped direct cash transfer of subsidies scheme. Economically, it is expected to be a significant reform measure for improving distribution of subsidies by eliminating 'leakages' from the existing system of transfer in kind.*

*This study has been undertaken mainly to understand the opinion of rural poor people in India towards Direct Cash Transfer of Subsidies. The prime objective is to analyse and reveal the opinion of poor people living in rural areas on Direct cash transfer of subsidies. This study would give us the actual feedback of the views opined by poor people living in rural areas. To achieve this objective, Potka block of East Singhbhum district of Jharkhand have been included in this study. The study reveals that the scheme might create difficulties for the poor and those left out of it in another respect. The task ahead is mammoth and daunting. The success of the scheme depends crucially on the expansion of the banking network in the country. To tide over this problem, the scheme envisages the Banking Correspondent model, use of micro ATMs or utilisation of the Common Service Centers. Quick coverage of the entire population under the UID project or registration under the National Population Register (NPR) could prove to be decisive factors in the outcome of this initiative. Finally, the impact of the scheme on the poor might be even more limited, because cash transfers are not covering the government's biggest subsidies – food and fertilizer. Monthly rations of food and kerosene will continue to be distributed to poor households in kind through fair price shops. Leakages from the public distribution system in these respects will also continue the way they do now. There will be leakages, accusation of bribing etc. that will happen even if new schemes are announced. We need to go with the flow and plug gaps as we see them.*

*Key Words : Subsidies, Social security, financial inclusion, Corruption, Leakage*

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### INTRODUCTION

In his 2011-12 Budget speech the then Finance Minister, Pranab Mukherjee, had stated that the government plans to move towards direct transfer of cash subsidy for kerosene, Liquefied Petroleum Gas (LPG), and fertilizers. A task force headed by Nandan Nilekani was set up to work out the modalities of operationalising Direct Cash Transfer (DCT) for these items. This task force submitted its report in February 2012.

The year 2012-13 started with the announcement of the first phase of Cash Transfer under Direct Benefit Transfer Scheme rolled out in 20 districts of the country with 7 programmes under its ambit. The announcement has generated a lively debate on the impact of this scheme and its multiple dimensions. Similar schemes in various forms have been implemented in a number of countries in the world. We have had programmes like *Bolsa Familia* in Brazil, *Oportunidades* in Mexico, *Samrudhi Kosh* in Sri Lanka. This kind of programme has also been launched in Bangladesh, Iran, Namibia and many other countries of Asia and Africa. The cash-transfer of benefits has existed

in India too as in case of payment of scholarships, old age pensions etc. But the importance of this step lies in the fact that the government has for the first time decided to experiment with a paradigm shift in visualising the future of social security programmes to make them sustainable, targeted and free from wastage and corruption.

It is no body's case to argue here that the country would not require cushioning in the form of subsidies and social security network. Undoubtedly, these will have to continue for a long time to come for a substantial section of our society. After all, even now close to 300 million people in India live under poverty who need economic support in various forms. However, the elaborate network of social security programmes which are now intricately linked to economic sustenance of the poor and ensuring health and education to all through inclusive growth is in danger of being grounded due to leakages and corruption in reaching the benefits to the intended social groups. The Direct cash transfer of subsidies is significant since it has taken up the challenge of defining a new social security structure which is bold in its vision, sincere in its

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intentions and has strong transformative potential. It would be wrong to assume that the adoption of Direct Benefits Transfer model implies cutting down the public services. On the contrary, it could free up resources which can be used for the provision of more extensive and better quality public services. A study by National Institute of Public Finance and Policy (NIPFP) has estimated that linking of Aadhar with Direct Benefits Transfer for major programmes of the government such as MNREGS, Food and fertiliser subsidy, Sarva Shiksha Abhiyan etc. can lead to huge savings which can be used for other programmes. Indeed there are questions that are yet to be answered. Would it be right to include the Public Distribution System (PDS) in the ambit of Direct Benefits Transfer? What about fertiliser subsidy? Does it have to be linked to inflation indexing to keep the benefits undiminished for the poor as prices of commodities rise? Should we adopt a Universal Cash Transfer model or a Conditional Cash Transfer one? What would be the distributional impact of this scheme within a family? What would be the impact of these transfers on inequality in society? There are no easy answers to these questions but there are some indicators which can throw light on it. In Latin America, the Conditional Cash Transfers had significant impact on improving social indicators like enrolment of students in school and immunization percentage of children. In Brazil, the implementation of direct cash transfer of subsidies has resulted in significant reduction in inequality. But blind copying of the example of another country may be counterproductive. Each country has to devise its own programmes keeping in mind its specific realities and requirements. This explains the cautious start for this programme in India.

The limited beginning of the scheme highlights the operational difficulties of administering it. It has two essential pre-requisites. The beneficiaries must have a unique identity number, christened 'Aadhar'. These numbers are being issued by the Unique Identification Authority of India (UIDAI). After identifying the beneficiaries from the UIDAI platform, the scheme aims to deposit money directly into their bank accounts. The second requirement therefore is the possession of a bank account. Beneficiaries of the scheme must have both the 'Aadhar' identity and the bank account. Having one of the two will not help. Having both also is not going to help immediately since bank accounts will have to be 'Aadhar'-enabled for facilitating transfer of cash. The main operational challenge is connecting the issued 'Aadhar' identity numbers to the bank accounts of the 'Aadhar' holders. Only bank branches equipped with Core Banking Solutions (CBS) are capable of doing so. The future progress of the scheme will be a function of the pace at which bank branches, particularly in rural areas, implement the CBS. It will also depend on the speed with which 'Aadhar' identity numbers are issued across the country.

### **Benefitting the poor?**

The scheme is not targeted exclusively towards the poor or the below-poverty-line (BPL) population of the country. 'Aadhar' identities are being issued across all income groups and are not confined to the BPL. Indeed, given that possession of both 'Aadhar' and a bank account is necessary for benefitting from the scheme, it is more likely that the non-poor segments will be the greater beneficiaries of the scheme, at least during its initial phase. The non-poor segments have more bank accounts than their poor counterparts. India's limited financial inclusion has ensured that most poor in the country, particularly in rural areas, do not have access to formal banking facilities. The non-poor are also able to satisfy the documentation requirements of 'Aadhar' faster than the poor.

The scheme might create difficulties for the poor and those left out of it in another respect. It is expected to have an inflationary impact similar to the rural employment guarantee scheme, MGNREGA. Cash deposited into bank accounts of beneficiaries would be partly spent and saved. The spending would generate a fresh cycle of expenditure in the economy leading to some increase in prices. The early inflationary impact of MGNREGA was not entirely unwelcome, since it came at a time (2008-2009) when the economy was looking for demand-driven stimulus for revival following the slowdown inflicted by the global economic crisis. The current bout of fresh inflation might not be welcome given the already high consumer prices.

Finally, the impact of the scheme on the poor might be even more limited, because cash transfers are not covering the government's biggest subsidies – food and fertilizer. Monthly rations of food and kerosene will continue to be distributed to poor households in kind through fair price shops. Leakages from the public distribution system in these respects will also continue the way they do now.

### **OBJECTIVES OF THE STUDY**

The main objective of the study is to analyse the views of rural poor people on Direct Cash Transfer of Subsidies. The other objectives were:

- To find out the familiarity about Direct Cash Transfer of Subsidies of the selected respondents amongst rural poor people.
- To determine the willingness of the selected respondents to accept Direct Cash Transfer of Subsidies.
- To analyse the socio economic factors influencing the respondents' familiarity about direct cash transfer of subsidies and their willingness to accept Direct Cash Transfer of Subsidies.
- To provide feedback to the law makers by offering suggestions.

### **METHODOLOGY**

This study has been undertaken mainly to understand the perception of rural poor people in India towards Direct

Cash Transfer of Subsidies. The prime objective is to analyse and reveal the opinion of poor people living in rural areas on direct cash transfer of subsidies. This study would give us the actual feedback of the views opined by poor people living in rural areas. To achieve this objective, *Potka block of East Singhbhum district of Jharkhand* have been included in this study. A non-probability convenience sample of 160 respondents consisting different age groups, educational levels, and income groups have been collected to get the primary data for this analysis. The required primary data has been collected from personal interview with the help of a schedule which have been developed with open ended and close ended questions. Collected data has been analyzed using percentages and interpreted for consequential inferences.

#### LIMITATIONS OF THE STUDY

1. The period of the study was 1<sup>st</sup> May 2014 to 31<sup>st</sup> December 2014.
2. This study is only restricted to *Potka block of East Singhbhum district of Jharkhand* only.
3. The result of the study may not be applicable to any other blocks.
4. Since the study is based on their perceptions, the findings may change over the periods in keeping with changes in environmental factor.

#### ANALYSIS AND INTERPRETATION

The profile of the 160 respondents is presented in Table 1, which is summarized as follows:

1. Sufficient coverage has been given to all age groups in the study.
2. The educational qualification of the respondents range between Illiterate and Secondary (High school).
3. Seventy five percent of the respondents are male and twenty five percent of the respondents are female.

The annual income of majority of the respondents range between Rs.50, 000 to Rs.80, 000. The income of other respondents are less than Rs. 50, 000.

**Table 1: Profile of the respondents**

Characteristics	No. of Respondents	Percentage
<b>Age in years</b>		
below 30	24	15
30-40	32	20
40-50	40	25
50 and above	64	40
<b>Sex of the respondents</b>		
Male	120	75
Female	40	25
<b>Qualification of the respondents</b>		
Illiterate	48	30
Primary level	80	50
Secondary level	32	20
<b>Annual Income</b>		
Less than Rs. 20,000	20	12.5
Rs. 20,000 to Rs. 30,000	36	22.5
Rs. 30,000 to Rs. 50,000	32	20
Rs. 50,000 to Rs. 80,000	72	45

Source: Field survey.

The first step of this study is to find out the overall perception of rural poor people and to see the percentage of poor people who are aware of the direct cash transfer of subsidies and its importance in their lives. The majority of the respondents (80%) are not aware of direct cash transfer of subsidies (Table 2).

**Table 2 : Awareness level of direct cash transfer of subsidies**

Sl. No.	Awareness	Number of respondents	Percentage
1	Yes	32	20
2	No	128	80
Total		160	100

Source: Field survey.

If we look at the cross table analysis we will be able to ascertain the relationship between few socio-economic factors such as education, age, gender and income of the respondents and the familiarity of direct cash transfer of subsidies. It is quite evident from the Table 3 that the secondary level is more aware about the direct cash transfer of subsidies than the people of illiterate and primary levels of education.

**Table 3 : Relationship between qualification and familiarity of direct cash transfer of subsidies**

	Illiterate		Primary		Secondary	
	Nos.	%	Nos.	%	Nos.	%
YES	00	00	04	05	28	87.5
NO	48	100	76	95	4	12.5
Total	48	100	80	100	16	100

Source: Field survey.

Even in case of age, greater parts of the aware respondents (75 percent) in the age group of 40 - 50 years have said that they are familiar with direct cash transfer of subsidies (Table 4). Whereas 100 percent of the respondents in the age group of below 30 years and 30 - 40 years have said that they are not familiar with direct cash transfer of subsidies. Only 3.125 percent of respondents in the age group of 50 years and above are familiar with the direct cash transfer of subsidies. So, there is an association between age of the respondents and familiarity with direct cash transfer of subsidies.

If we look at the cross relationship between income and the knowledge about the Direct cash transfer of subsidies, we will be able to visualize the relationship as the respondents (56.25 percent) whose annual income is Rs.30, 000 to Rs. 50,000 are more familiar with Direct cash transfer of subsidies, whereas the respondents whose annual income ranges between Rs.20, 000 to Rs.30, 000 and less than Rs. 20, 000 were not so familiar (5.56 percent & zero percent respectively) with Direct cash transfer of subsidies (Table 5). Therefore, it is evident that there is a relationship between annual income of the respondents and familiarity of direct cash transfer of subsidies.

**Table 4: Relationship between age and familiarity of direct cash transfer of subsidies**

	Up to 30		30 - 40		40 - 50		50 and above	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
Yes	0	00	0	00	30	75	02	03.125
No	24	100	32	100	10	25	62	96.875
Total	24	100	32	100	40	100	64	100

Source: Field survey.

**Table 5: Relationship between income and familiarity of direct cash transfer of subsidies**

	Less than Rs. 20,000		Rs. 20,000 to Rs. 30,000		Rs. 30,000 to Rs. 50,000		Rs. 50,000 to Rs. 80,000	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
Yes	0	00	2	5.56	18	56.25	12	16.67
No	20	100	34	94.44	14	43.75	60	83.33
Total	20	100	36	100	32	100	72	100

Source: Field survey.

**Table 6: Relationship between age and willingness to accept direct cash transfer of subsidies**

	Up to 30		30 - 40		40 - 50		50 and above	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
Yes	0	00	0	00	22	55	10	15.625
No	24	100	32	100	18	45	54	84.375
Total	24	100	32	100	40	100	64	100

Source: Field survey.

Majority of the aware respondents (55 percent) in the age group of 40 years and 50 years have expressed their willingness to accept direct cash transfer of subsidies, whereas the respondents in the age group of below 40 years were not willing to accept direct cash transfer of subsidies (Table-6). Hence it is concluded that there exists a relationship between the age group of the respondents and willingness to accept direct cash transfer of subsidies. Out of 32 respondents who have completed their high school (Secondary level) course, 87.5 percent of them have expressed their willingness to accept Direct cash transfer of subsidies, whereas no respondents whose qualification is at the illiterate level were ready to accept the Direct cash transfer of subsidies (Table-7). So, there exists a relationship between the qualification of the respondents and willingness to accept the direct cash transfer of subsidies.

**Table 7: Relationship between qualification and willingness to accept direct cash transfer of subsidies**

	Illiterate		Primary		Secondary	
	Nos.	%	Nos.	%	Nos.	%
YES	00	00	04	05	28	87.5
NO	48	100	76	95	4	12.5
Total	48	100	80	100	32	100

Source: Field survey.

**Table 8: Relationship between income and willingness to accept direct cash transfer of subsidies**

	Less than Rs. 20,000		Rs. 20,000 to Rs. 30,000		Rs. 30,000 to Rs. 50,000		Rs. 50,000 to Rs. 80,000	
	%	Nos.	%	Nos.	%	Nos.	%	Nos.
Yes	00	00	00	00	20	62.5	12	16.67
No	20	100	36	100	12	37.5	60	83.33
Total	20	100	36	100	32	100	72	100

Source: Field survey.

Out of 32 aware respondents whose annual income range between Rs.30,000 and Rs. 50,000, 62.5 percent of them have expressed their willingness to accept the Direct cash transfer of subsidies, whereas hundred percent of the respondents whose annual income is less than Rs.30,000 were not ready to accept the Direct cash transfer of subsidies. Only 16.67 percent of the respondents whose annual income range between Rs. 50,000 and Rs. 80,000 have expressed their willingness to accept the direct cash transfer of subsidies (Table-8). So, there exists a relationship between annual income of the respondents and the willingness to accept the direct cash transfer of subsidies.

**Table 9: Reasons for willingness to accept direct cash transfer of subsidies**

	Eliminate Intermediaries	Reduce Corruption	Improve the Targeting of Benefits	Total
Number of respondents	24	6	2	32
Percentage	75	18.75	6.25	100

Source: Field survey.

**Table 10 : Reasons for non accepting direct cash transfer of subsidies**

	Leakages in the system (not exclusively for poor or BPL)	Documents required for 'Aadhar'	Accusation of bribing	Total
Number of respondents	16	80	32	128
Percentage	12.5	62.5	25	100

Source: Field survey.

**Table 11: Benefit to the public from introduction of direct cash transfer of subsidies**

	Yes	No	Can't say	Total
Number of respondents	28	50	82	160
Percentage	17.5	31.25	51.25	100

Source: Field survey.

**Table 12: Reason for introducing direct cash transfer of subsidies**

	To provide a monetary benefit for a specific purpose or use	Direct income support	To provide a direct subsidy for specific products	Total
Number of respondents	60	40	60	160
Percentage	37.5	25	37.5	100

Source: Field survey.

**Table 13: Opinion of the beneficiaries of direct cash transfer of subsidies**

	Comfortable	Uncomfortable	Can't say	Total
Number of respondents	32	72	56	160
Percentage	20	45	35	100

Source: Field survey.

Respondents' views on direct cash transfer of subsidies as presented in Table 9 to Table 13 are summarized as under:

1. About 80 percent of the respondents are not willing to accept direct cash transfer of subsidies. It could be revealed that respondents have not accepted the inevitability of accounting as per direct cash transfer of subsidies.
2. Most of the respondents have given elimination of intermediaries as the reason for accepting direct cash transfer of subsidies.
3. About 62.5 percent of the respondents expressed the requirements of documents for 'Aadhar' as the reason for not accepting direct cash transfer of subsidies.
4. Most of the respondents are unable to express their views upon benefit from the introduction of direct cash transfer of subsidies and only 17.5 percent of the respondents said that they know about the benefit of direct cash transfer of subsidies.
5. There seems to be a lot of optimism among the respondents regarding the reason for the introduction of Direct cash transfer of subsidies. 37.5 percent of them expressed that Direct cash transfer of subsidies would act as a provision of monetary benefit for a specific purpose or use, 25 percent feel that Direct cash transfer of subsidies would act as a direct income support and 37.5 percent of them expressed that Direct cash transfer of subsidies would provide a direct subsidy for specific products.
6. A majority of the respondents (45 percent) expressed that they are not comfortable with the introduction of direct cash transfer of subsidies.

## SUGGESTIONS

We are at the right stage in the design life-cycle to pick up the concept of Cash Transfers and fast-track the idea so that it can be rolled out rapidly. The pre-requisites are known and are falling in place. The Aadhar project is moving towards universal coverage. Universal Access to Banking and Financial Inclusion are also moving ahead rapidly. The payment systems and procedures needed for a Unified Payments Infrastructure is known and has been tried and tested.

There is a need to accelerate the process of designing and rolling out the cash transfer system. There is also a need for many departments to coordinate their actions. This can happen only if the programme has a centralised coordination mechanism. This is not a programme which addresses expenditure concerns or a department's efficiency concerns. It is about putting an overarching architecture in place which can be a game changer. This is the best justification for having invested in the UIDAI program and the payoffs are immense on many fronts.

On the basis of present study, the following suggestions can be given for adding more teeth to the existing Direct cash transfer of subsidies so as to make it more effective.

1. Efforts should be made to bring majority of India's rural population under the scheme.
2. Setting up of coordination committees at the national level - This has been done.
3. Identifying programmes/ schemes which will be routed through the Direct Cash Transfer System. Priority should be given on identification of programmes related to rural development and for the benefit of rural poor people in terms of social security.
4. Establishing mechanisms for facilitating a rollout of the Direct Cash Transfer System, including:
  - a. Accelerating the coverage of Aadhar, at least among target groups to achieve 80% coverage.
  - b. Accelerating financial inclusion with linkage to Aadhaar numbers to facilitate enable direct cash transfers electronically.
  - c. Put in place a robust system for cash transfers
  - d. Preparing a rollout map/ plan for cash transfers for each scheme including operational details
  - e. Rolling out Direct Cash Transfers.

## CONCLUSION

The task ahead is mammoth and daunting. The success of the scheme depends crucially on the expansion of the banking network in the country. To tide over this problem, the scheme envisages the Banking Correspondent model, use of micro ATMs or utilisation of the Common Service Centres. Quick coverage of the entire population under the UID project or registration under the National Population Register (NPR) could prove to be decisive factors in the outcome of this initiative.

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To conclude, if we have to have social safety net programmes, which we must in a civilised society, the best way to do it is cash transfer simply because

- i) It eliminates a lot of middlemen and reduces avenues of leakages.
- ii) It transfers decision making and restores dignity to the poor who can now decide what they want to do with the money - buy food, educate kid, marry daughter, settle debts, get drunk; it's their life and their decision.

There will be leakages, accusation of bribing etc. That will happen even if new schemes are announced. We need to go with the flow and plug gaps as we see them.

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# Study on Non Performing Assets of State Bank of India



Mohit Kumar<sup>1</sup> & Rajesh Kumar<sup>2</sup>

*In India the magnitude of the problem of bad debts was not taken seriously. Subsequently, following the recommendations of Narasimham committee and Verma committee, some steps have been taken to solve the problem of old NPAs in the balance sheets of the banks. It continues to be expressed from every corner that there has rarely been any systematic evaluation of the best way of tackling the problem.*

*There seems to be no unanimity in the proper policies to be followed in resolving this problem. There is also no consistency in the application of NPA norms, ever since these have been recognized. Non Performing Assets are also called as Non Performing Loans. It is made by a bank or finance company on which repayments or interest payments are not being made on time. A loan is an asset for a bank as the interest payments and the repayment of the principal create a stream of cash flows. It is from the interest payments that a bank makes its profits. The problem of NPA is not limited to only Indian public sector banks, but it prevails in the entire banking industry. Major portion of bad debts in Indian Banks arose out of lending to the priority sector at the dictation of politicians and bureaucrats. If only banks had monitored their loans effectively, the bad debt problem could have been contained if not eliminated. The top management of the banks was forced by politicians and bureaucrats to throw good money after bad in the case of unscrupulous borrowers.*

*Agriculture advances have registered a 7 fold net increase, SSI advances have set a record net increase of 8.5 times and the advances to other priority sector have made a net increase of 4.5 times, that of their respective figures in 2001-02. The overall Priority sector advances have registered a 6.5 fold increase over that of 2001-02 in 10 years period. In this paper, an effort has been made to evaluate the non-performance assets of the SBI since 2002.*

**Keywords:** Nonperforming assets, Gross nonperforming assets, Net nonperforming assets, Profitability, Mismanagement, Total advances.

## INTRODUCTION

For any nation, banking system plays a vital role in the development of its sound economy. India is not an exception. Bankers are the custodians and distributors of the liquid capital of the country. The foremost function of the banking system is to mobilize the savings of the people by accepting deposits from the public. The banker becomes the trustee of the surplus balances of the public. Here-in-lies the onerous duty of the banker is in stimulating the mobilization of surpluses. Well - knit banking systems secure a good foundation for a Nation's Industrial and Economic Progress. The role of banking in promoting development and growth, especially in the context of planning to break the vicious cycle of poverty and to retrieve the economy from the trap of under-development is a matter of paramount importance, particularly when our country is on the way of development. Deposit mobilization promotes the economic prosperity by controlling the money circulation

and canalizing for development and productive purposes. In order to mobilize deposits, the commercial banks undertake deposit mobilization through various deposit schemes suited to the different sections of the people. As the growth of the bank deposits is the key element in the progress of the banking business, bankers spend more time and man power in the mobilization of deposits.

The deposits along with other sources of funds, namely, capital, reserves and borrowings, form the sources of funds for the banks. The lending and investment activities of the bank are based on the sources of funds.

The banking industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management came into picture. The primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal and housing etc. and to receive deposits. Receiving deposit involves no risk, since it is the banker who owes a duty to

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repay the deposit, whenever it is demanded. On the other hand lending always involves much risk because there is no certainty of repayment. In recent times the banks have become very cautious in extending loans, the reason being mounting non-performing assets. Non-performing assets had been the single largest cause of irritation of the banking sector of India. Earlier the Narasimha committee-I had broadly concluded that the main reason for the reduced profitability of the commercial banks in India was given importance to priority sector lending. The committee had highlighted that priority sector lending was leading to the building up of non-performing assets of the banks and thus it recommended it to be phased out. Subsequently, the Narasimha committee-II also highlighted the need the zero non-performing assets for all Indian banks with international presence. A major portion of the money lent comes from the deposits received from the public. These deposits are mostly repayable on demand. Therefore while sanctioning credit the banker should appraise the project reasonably or else it leads to the non-repayment of loans and advances. Most of the banks today in India are facing the default risk wherein some part of the profit is reserved for covering the non-performing assets.

#### CONCEPT OF NPA

The banks, in their books, have different kind of assets, such as cash in hand, balances with other banks, investment, loans and advances, fixed assets and other assets. The Non Performing Asset (NPA) concept is restricted to loans, advances and investments. As long as an asset generates the income expected from it and does not disclose any unusual risk other than normal commercial risk, it is treated as performing asset, and when it fails to generate the expected income it becomes a "Non Performing Asset".

In other words, a loan asset becomes a Non Performing Asset (NPA) when it ceases to generate income, i.e. interest, fees, commission or any other dues for the bank for more than 90 days. A NPA is an advance where payment of interest or repayment of installment on principal or both remains unpaid for a period of two quarters or more and if they have become 'past due'. An amount under any of the credit facilities is to be treated as past due when it remain unpaid for 30 days beyond due date.

Non Performing Assets are also called as Non Performing Loans. It is made by a bank or finance company on which repayments or interest payments are not being made on time. A loan is an asset for a bank as the interest payments and the repayment of the principal create a stream of cash flows. It is from the interest payments that a bank makes its profits. Banks usually treat assets as non-performing if they are not serviced for some time. If payments are late for a short time, a loan is classified as past due and once a payment becomes really late (usually 90 days), the loan is

classified as non-performing. A high level of nonperforming assets, compared to similar lenders, may be a sign of problems.

#### STATEMENT OF THE PROBLEM

Non-performing assets of banks are one of the biggest hurdles in the way of socio-economic development of India. The level of NPAs of the banking system in India is still too high. It affects the financial standing of the banks so that it is a heavy burden to the banks. A vigorous effort has to be made by the banks to strengthen their internal control and risk management systems and to setup early warning signals for timely detection and action. The problem of NPAs is tied up with the issue of legal reforms. This is an area which requires urgent consideration as the present system that substantially delays in arriving at a legal solution of a dispute is simply not tenable. The absence of a quick and efficient system of legal redress constitutes an important 'moral hazard' in the financial sector, as it encourages imprudent borrowers. NPAs can create many challenges. Some of the important challenges are:

1. Owners do not receive a market return on their capital. In the worst case, if the bank fails, owners lose their assets. In modern times, this may affect a broad pool of shareholders.
2. Depositors do not receive a market return on savings. In the worst case if the bank fails, depositors lose their assets or uninsured balance. Banks also redistribute losses to other borrowers by charging higher interest rates. Lower deposit rates and higher lending rates repress savings and financial markets, which hampers economic growth.
3. Non Performing loans epitomize bad investment. They misallocate credit from good projects, which do not receive funding, to failed projects. Bad investment ends up in misallocation of capital, labour and natural resources. The economy performs below its production potential.
4. Non Performing loans may spill over the banking system and contract the money stock, which may lead to economic contraction. This spillover effect can channelize through illiquidity or bank insolvency;
  - (a) When many borrowers fail to pay interest, banks may experience liquidity shortages. These shortages can jam payments across the country,
  - (b) Illiquidity constraints bank in paying depositors e.g. cashing their paychecks. Banking panic follows as a run on banks by depositors as part of the national money stock become inoperative. The money stock contracts and economic contraction follows.
  - (c) Under capitalized banks exceed the bank's capital base.

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The problem of NPA is not limited to only Indian public sector banks, but it prevails in the entire banking industry. Major portion of bad debts in Indian Banks arose out of lending to the priority sector at the dictation of politicians and bureaucrats. If only banks had monitored their loans effectively, the bad debt problem could have been contained if not eliminated. The top management of the banks was forced by politicians and bureaucrats to throw good money after bad in the case of unscrupulous borrowers. Many big borrowers defaulted only due to the recession in the economy.

The absence of proper bankruptcy laws and the dilatory legal procedure in enforcing security rights are the root cause of bad debts in banks. Added to these, there are many other reasons why public sector banks have highest level of NPAs. The NPA problem of banking institutions in India is exaggerated by deriving NPA figures based on percentage against risk assets instead of total earning assets. To improve recovery and to minimize NPAs, banks are expected to do a continuous recovery exercise through various methods adopting newer strategies. Besides, the borrowers are to be educated again and again about the benefits they derive from bank loans comparing to the local money lenders. The defaulters with genuine reason must be taken care of by the banks. But this attitude becomes an act of mockery when blanket write-off is affected. The above are various issues faced by banks related to lending and recovery. Banks cannot stop lending. Lending will continue, recovery also must be continued.

#### **OBJECTIVES OF THE STUDY**

The present study has the following objectives:

1. To study the sources and deployment of funds of SBI
2. To examine the gross NPAs and net NPAs of SBI.
3. To suggest measures to manage NPAs in SBI effectively.

#### **REVIEW OF LITERATURE**

Toor, N.S. (1994) stated that recovery of non-performing assets through the process of compromise by direct talks rather than by the lengthy and costly procedure of litigation. He suggested that by constant monitoring, it is possible to detect, the sticky accounts, the incipient sickness of the early stages itself and an attempt could be made to review the unit and put it back on the road to recovery.

Sreedharan, (1996) analysed the performances of Indian banking industry for the year 1995 and 1996. The analytical exercise was carried out with reference to net worth, liabilities, assets, income, expenditure, profitability and efficiency of different groups in the banking system. It was revealed that by and large, the public sector banks lagged far behind the foreign and private sector banks in respect of all the variables analysed. The researcher suggested that the programmes and policies regarding commercial banks should be redefined in such a way that there exist a co-

ordination between the commercial viability and social responsibility of the public sector banks. Rangarajan, C. (1997) RBI at the Bankers Training Centre of the Nepal Rashtra Bank Katmandu on 18th May 1997 addressed in his speech in respect of direct lending, there is a prescription that 40% of the net bank credit should go to priority sector such as agriculture, small scale industries, small business man and programmes for poverty alleviation without affecting the viability and profitability of the bank. Speaker emphasized on operational efficiency and allocation efficiency. Operational efficiency relates to the transaction cost and allocation cost deals with the mobilized funds among competing demand. Governors speech covered aspects such as Global experience, reforms undertaken in India, Philosophy, strategy, policy framework, improvement in financial health, and institutional strengthening in India. Kohli, (1997) analysed the impact of directed credit under priority sector on the profitability of commercial banks in India. She brought into light the matters related to the directed credit which was not solely responsible for the deterioration in the profitability and the poor quality of the portfolio of the financial institutions. The researcher, however, has called for the re-appraisal of the credit policy of India on the lines of the policies implemented in East-Asian countries. Mishra, T.P. (2003) revealed the high rise in gross and Net NPA of the banking sector in the recent past as the exponential rate giving an indication, that the ongoing recession was taking a heavy toll on corporate audit discipline. This was further supported by recovery climate, legal system, approach of the lenders towards lending and many other factors. Despite myriad problems and existing set up, banks had to perform well and achieve the target for NPA reduction affixed as per international standard. Debarsh and Sukanya Goyal (2012) emphasized on management of non-performing assets in the perspective of the public sector banks in India under strict asset classification norms, use of latest technological platform based on Core Banking Solution, recovery procedures and other bank specific indicators in the context of stringent regulatory framework of the RBI. Non-performing Asset is an important parameter in the analysis of financial performance of a bank as it results in decreasing margin and higher provisioning requirements for doubtful debts. The reduction of non-performing asset is necessary to improve profitability of banks. Kavitha, N (2012), emphasized on the assessment of nonperforming assets on profitability its magnitude and impact. Credit of total advances was in the form of doubtful assets in the past and has an adverse impact on profitability of all Public Sector Banks affected at very large extent when non-performing assets work with other banking and also affect productivity and efficiency of the banking groups. The study observed that there is increase in advances over the period of the study. However, the decline in ratio of Non-performing Assets indicates improvement in the assets

quality of SBI groups, Nationalized Banks and Private Sector Banks. Siraj. K. K & prof. (Dr.) P. Sudarsanan Pillai says that NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. The study concluded that NPA still remains a major threat and the incremental component explained through additions to NPA poses a great question mark on efficiency of credit risk management of banks in India.

#### RESEARCH METHODOLOGY

Methodology is the systematic, theoretical analysis of the methods applied to a field of study, or the theoretical analysis of the body of methods and principles associated with a branch of knowledge. My research methodology requires gathering relevant data from the annual reports of SBI and compiling data in order to arrive at a more complete understanding about performance of SBI.

Secondary data are used in the present study. The secondary data on non-performing assets and the micro variable from 2002-03 to 2011-12 were collected from various issues of SBI Annual Reports and RBI Bulletins.

#### LIMITATIONS OF THE STUDY

1. A deep analysis is made on non-performing assets only. The performing assets do not pose any problems to credit management.
2. This study is only restricted to State Bank of India only.
3. The result of the study may not be applicable to any other banks.
4. Since the part of the study is based on their perceptions, the findings may change over the years in keeping with changes in environmental factor.
5. The present study does not ascertain the views from the borrowers who are not directly concerned with management of non-performing assets.

#### SOURCES OF WORKING FUNDS

The SBI derives its working fund from Share capitals and reserves, Deposits from the public and other institutions and Borrowings and refinance. The optimum size of working funds and bank's efficiency in strategically applying the funds has a long term impact on the volume of business. It is extremely desirable for the bank to manage the working funds prudently in such a way as to maintain the cost of total working funds at the optimum level. It is obvious that higher income earned at lower cost ensures profitability.

Table 1 : Sources of Working Funds

Year	Share Capital		Reserve and surplus		Deposits		Borrowings		Working Funds		Trend on Working Funds
	Rs. in crores	%	Rs. in crores	%	Rs. in crores	%	Rs. in crores	%	Rs. in crores	%	
2002-03	526.30	.16	16677	5.17	296123	91.78	9304	2.88	322630	100	100
2003-04	526.30	.15	19705	5.59	318619	90.44	13431	3.81	352281	100	109.19
2004-05	526.30	.13	23546	5.74	367048	89.46	19184	4.68	410304	100	127.17
2005-06	526.30	.12	27118	6.19	380046	86.70	30641	6.99	438331	100	135.86
2006-07	526.30	.10	30772	6.08	435521	85.98	39703	7.84	506523	100	157.00
2007-08	631.47	.10	48401	7.58	537404	84.21	51727	8.11	638164	100	197.80
2008-09	634.88	.07	57313	6.71	742073	86.92	53714	6.29	853735	100	264.62
2009-10	634.88	.07	65314	6.71	804116	82.64	103012	10.59	973077	100	301.61
2010-11	634.99	.06	64351	5.75	933933	83.50	119569	10.69	1118488	100	346.68
2011-12	671.04	.05	83280	6.64	1043647	83.19	127006	10.12	1254604	100	388.87

Source : Compiled from annual reports of the SBI

The sources of working funds of SBI are shown in Table 1 shows that the share of share capital to the working funds continues to be increasing. However the actual size of share capital in relation to total working funds declined from 0.16 per cent in 2002-2003 to 0.05 per cent in 2011-12. The reserves and surplus, has gone up from Rs. 16677 crores to Rs. 83280 crores. Though it has shown a remarkable five-fold increase, its percentage to total working funds shows fluctuations. Similarly deposits of SBI registered a phenomenal increase from Rs. 296123 crores in to Rs. 1043647 crores in 2008-09. However, the percentage share of deposits to working funds shows a small decline during the study period. This is because of high increase in the other components of its working funds. As for borrowings, the absolute figures do indicate any trend during the study period. Yet the percentage share of borrowings which was lower in the first two years of the study and it has been steadily increasing from 2.88 per cent to 10.12 per cent. On the whole the average show that deposits is the single major source of working fund

(86 per cent). Therefore careful measures to be taken off for the deployment of cheap sources of funds secured through deposits channels determines the successful functioning of SBI.

#### DEPLOYMENT OF WORKING FUNDS

Table 2 displays the deployment to working funds of SBI. A close observation of the table reveals that cash balance with RBI to total assets stands at 5.39 per cent on an average during the study period. The other assets work out to 4.52 per cent for the whole study period on an average basis. Fixed assets constitute only 0.63 per cent on an average. Since SBI.s major areas of deployment include loans and advances and investments, as they should be any banking concern. The loans and advances to total assets on an average stand at 55.60 percent while investments to total assets are 33.96 per cent on an average. It can be concluded from the analysis of this table that SBI has been managing its working funds very prudently.

**Table 2 : Deployment of Working Funds**

Particulars	Cash balance with RBI		Investments		Loans and Advances		Fixed Assets		Other Assets		Total Assets	Trend
	Rs. in Crores	%	Rs. in Crores	%	Rs. in Crores	%	Rs. in Crores	%	Rs. in Crores	%	Rs. in Crores	%
2002-03	12738	3.71	172348	50.18	137758	40.11	2389	0.70	343434	5.30	343434	100
2003-04	19041	4.97	185676	48.44	157934	41.20	2645	0.69	383290	4.69	383290	112
2004-05	16810	3.84	197098	45.06	202374	46.27	2698	0.62	437371	4.20	437371	127
2005-06	21653	4.60	162534	34.50	261801	55.57	2753	0.58	471122	4.75	471122	137
2006-07	29076	5.35	149149	27.43	337336	62.05	2819	0.52	543673	4.65	543673	158
2007-08	51535	7.30	189501	26.86	416768	59.07	3373	0.48	705595	6.29	705595	205
2008-09	55546	6.07	275954	30.14	542503	59.25	3838	0.42	915574	4.12	915574	267
2009-10	61291	6.02	285790	28.06	631914	62.04	4413	0.43	1018521	3.45	1018521	297
2010-11	94396	7.90	295601	24.73	756719	63.31	4764	0.40	1195258	3.66	1195258	348
2011-12	54076	4.18	312198	24.16	867579	67.13	5467	0.42	1292432	4.11	1292432	376
Average		5.39		33.96		55.60		0.53		4.52		

Source: Compiled from annual reports of the SBI

#### NPAS IN RELATION TO ADVANCES

The performance of SBI in gross NPAs and NPAs has been depicted in the Table 3

**Table 3: Gross NPAs and Net NPAs**

Year	Gross NPA		Net NPA	
	Rs. in crore	Percentage in Gross Advances	Rs. in crore	Percentage in Net Advances
2002-03	13506.07	9.34	6183.00	4.49
2003-04	12667.21	7.75	5441.73	3.45
2004-05	12455.73	5.96	5348.89	2.64
2005-06	9628.14	3.60	4911.41	1.88
2006-07	9998.22	2.92	5257.72	1.56
2007-08	12837.36	3.04	7424.33	1.78
2008-09	15588.66	2.84	9552.02	1.76
2009-10	19534.89	3.09	10870.17	1.72
2010-11	25326.29	3.34	12346.90	1.63
2011-12	39676.46	4.57	15818.85	1.82

Source: Compiled from SBI Annual Reports

A close scrutiny of the Table 3 uncovers the fact that SBI has been spectacularly managing the gross NPAs segments. An international standard of gross NPAs shows that it would be 2 to 3 per cent. The gross NPAs which stood at 9.34 per cent in the year 2002-03 gradually slipped down to 2.84 per cent in the year 2008-09 and afterwards it was increased as 4.57 per cent in 2011-12.

#### NPA IN RELATION TO TOTAL ASSETS AND TOTAL ADVANCES

NPAs as percentage to total assets and total advances have been investigated in Table 4.

**Table 4 : NPA as Percentage to Total Assets and Total Advances**

Year	NPA as a percentage of total assets	NPA as a percentage of total advances
2002-03	3.59	9.34
2003-04	3.11	7.75
2004-05	2.71	5.96
2005-06	1.95	3.60
2006-07	1.76	2.92
2007-08	1.78	3.04
2008-09	1.62	2.84
2009-10	1.85	3.09
2010-11	2.07	3.34
2011-12	2.97	4.57

Source: Compiled from SBI Annual Reports

It is noted that NPAs as a percentage to total assets declined from 3.59 during 2002-03 to 1.62 an all times low in the last year of the study viz., 2008-09. The downward trend implies that it has defreeze frozen funds in NPAs and has made available liquid resources into loans and investment portfolio of SBI. However after 2009 it was increased as 1.85 per cent 2.97 per cent in years 2009-10 and 2011-12 respectively. As for NPAs in relation to total advances, there has been a very significant and steady decline from the peak 9.34 per cent in 2000-03 to a low 2.84 percent in 2008-09 and 4.57 per cent in the year 2011-12.

#### Conclusion

Banking industry has undergone a major change after the first phase of economic liberalization; hence the importance credit management has emerged. Finally we can conclude that the bankers can avoid sanctioning loans to the non creditworthy borrowers by adopting certain measures. They are careful appraisal of the project which involves checking the economic viability of the project. A banker must consider the return on investment on a proposed project. If the calculated return is sufficiently higher than the credit amount he can sanction the loan. Secondly, he can constantly monitor the borrower in order to ensure that the amount sanctioned is utilized properly for the purpose to which it has been sanctioned. This involves the post sanction inspection by the banker.

Thirdly, the banker should get both the formal and informal reports about the goodwill of the customer. If he had already proven as a defaulter then there is no question of sanctioning loan to him. Fourthly, the banker should motivate the borrowers to pay the interest properly and in a timely manner. By considering all the above factors the banker can reduce the nonperforming assets in a bank.

In recent time banks are very cautious in extending loan, because of mounting NPA. This article highlights the reasons for an assets becoming NPA and remedial measures to be taken. Due to various steps taken by the Government of India NPA levels were reduced to considerable level.

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## Mobile Internet : Boon or Bane



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*Mobile internet refers to the provision of internet connections using mobile phone networks. As any new technology comes with its pros and cons, mobile internet also has its positives and negatives. It has led to many positive changes in the way people communicate and share information. It has also made our life simple by doing things like shopping, paying bills, banking, tourism, agriculture etc. at just a single click. But as a coin, it also has two sides. It has a dark side as well. It is affecting life of teenagers negatively. Also it is a very easy platform for online thefts, account phishing, identity thefts and crime against women. Moreover social media being a platform for bringing people together is also creeping in everybody's personal life. This paper throws some light on how mobile internet is changing life of a common man and analyses the present status of use and misuse of mobile internet. +*

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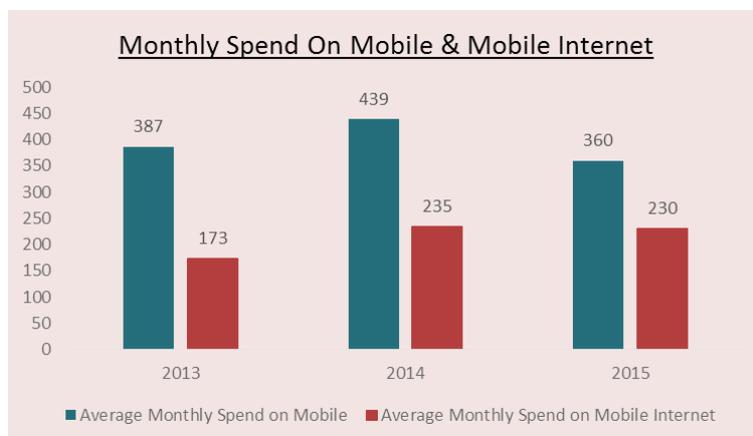
### Introduction

The internet access and usage in the world has been proliferating year by year indicating an upward trend in the number of people using digital communication technology. Information, communication and entertainment have been the main reasons behind the internet use. Internet has created an enormous opportunity for people of all ages including student community to contribute and accumulate information.

According to the Google Executive Chairman Eric Schmidt there are estimated 600 million mobile users and 130 million internet users in India along with 20 million broadband users in 2013 [1]. Use of cybercafés as an online access point has dropped dramatically, falling from 46 to 14% in 2013. In a 2013 report, Facebook stated that it has 71

million users in India and most of them are using mobile phones for accessing internet [2]. China is however still the largest Internet market globally with 629 million Internet users with India ranking third with 232 million Internet users, a 37% increase from previous year. Globally, there are 2.8 billion Internet users, which accounts for 39% of world's population by the end of 2014.

The increase in Internet users is led by a significant growth in smartphone subscription in India that grew by 55% to 140 million subscriptions for the year. Smartphones now account for around 15% of the total mobile subscriptions in India and 11% of Indian population are on smartphones as of now. Mobile contributed for 65% of India's Internet traffic as of May 2015. The amount spent on mobile internet in 2013, 2014 and 2015 is depicted in fig. 1.



Year	2013	2014	2015
Average Monthly Spend on Mobile	387	439	360
Average Monthly Spend on Mobile Internet	173	235	230
Proportion of Spend on Mobile Internet	45%	54%	64%

Fig. 1 Monthly spent on mobile vs mobile internet

Mobile internet usage in rural parts of India grew by almost 93% from 2014 to 2015 but still only 9% of them have access to internet shows a survey released in February 2016. Almost 53% of urban population had connectivity and it increased to 71% during the same period. India had 306 million mobile internet users in December 2015 which shows an increase of 77% from 2014 as stated by the report released by Internet and Mobile Association of India and Consultancy, IMRB [3]. It states that number of users will increase to 371 million by June, 2016. There are 65% males and 35% females amongst the total internet population. These reports make obvious that how much the Indian youth has made mobile internet a part and parcel of their everyday affairs. Similar to the urban population, rural population is also using mobile internet to get connected to the rest of the world. In rural communities, the mobile internet has broken the chain of rural isolation and dramatically improved the quality of life. Notably all the population from the rural areas may not come from economic and social backgrounds which can afford to have a home computer or laptop and an uninterrupted internet connection. But the reduced price of mobile phone devices and services available from different telecom operators has enabled them to get connected to the World Wide Web. Telecom players have also reduced GPRS rates which helped in penetration of mobile internet. Data packages at reasonable prices for mobile phones are also available.

But the question is; how do the common man, especially the youth use mobile internet in real life. Here comes the need to analyze the status of use and misuse of mobile internet in India, when many girls become victims of cyber social networking sites and boys become victims of abuse of internet. Also cyber theft is a major point of concern for those who operate their accounts online.

Although mobile internet is beneficial in many fields like education, banking, socializing, medical, e-commerce, agriculture, tourism etc., it also has negatives in every field. These pros and cons are discussed in detail in the sections ahead.

### Social Networking

The social networking systems are wonderful tools bringing people together and no longer just the domain of teenagers. It has emerged as a new sphere that is conducted digitally. It not only allows people to meet and communicate with strangers but also support users

working, thinking and acting together. This phenomenon of social networking continues to gain steam worldwide, and India represents one of the fastest growing markets at the moment. It provides interactive involvement with other people. Initially most children and teens were limited to joining community, neighborhood and school groups. They were not exposed to events and happenings outside their community. But with the emergence of social networking and the internet in general, virtual correspondence with anyone from anywhere is possible [4]. Mobile internet has made this easier. Social networking is not only limited to sites such as Facebook, Google+ etc , but also extends to blogs, Twitter, YouTube, LinkedIn etc [5]. People share their pictures, personal details, professional details and their personal views about any social topic on these sites. The younger generation which lacks interest in topics like politics, social problems, population, health, economy etc have to face the world's problems and share their opinions by commenting or tweeting on these social networking sites.

The beauty and danger of social media is that users are disinhibited about over-sharing. We know that every technology brings new kinds of crime. While many people use social networking for ethical and healthy reasons, there are also many who misuse it to abuse and exploit others particularly children, teens and women. Also it is much easier for youngsters to verbally abuse each other online than it is face to face. Also the impact of social media is very disturbing on children and teens. It is creating a uniquely shallow and trivial culture making kids unable to socialize face to face. It also prevents a kid from engaging into physical activities [6]. The impact of social networking on the life of youth is a major point of concern which is discussed in detail in following section.

### Impact of social media on youth

The younger section of society like children, pre-teens and teens accounts for a very large portion of the internet population. When this group stays online the most common thing they do is join social networking sites. It helps in improving their awareness about politics, economy and social problems like population and health. Due to social networking they are participating in discussions and sharing their opinions on different forums and social networking platforms. The good thing about this is their voices are given weight in issues where adults are traditionally the prominent protagonists. The ongoing popularity of mobile internet and social networking carries not only positive but also adverse effects.

The convenience brought by internet has made it very easy for the criminals to carry out their trade online by using fake identities and their most common targets are children, teens and females. Also people who are addicted to these social networking platforms for their daily communication are hooked to a point that they neglect

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their health which leads to eating and sleep disorders, obesity, heart problems and other major health issues. It is also making them socially and physically stagnant.

Some researchers have correlated heavy internet use with greater impulsivity, less patience and weaker critical thinking skills. It is degrading the capacity for concentration, reasoning and reflection in younger section of the society.

The lure of social media is strong. These networking systems also raise a set of issues that require us to think about confidentiality and professionalism in a new way. More threats of social networking includes account phishing and infecting computer from backdoor which leads to loss of your private data and money.

### **Medicine**

The development of mobile internet has become a useful educational resource in medicine. It has brought the canon of medical knowledge, previously accessible only in expensive textbooks, subscription journals and libraries-into the hands and homes of ordinary people. A large amount of information on patient care, education and support is available. Most health sites are the best way to find a self-help group for any disease. It's also a source of details on individual diseases and is increasingly being used by patients as a way of locating the best hospitals and doctors [7].

The truism "Two heads are better than one" applies well to the complex realm of modern medicine. As the nation moved online to the mobile internet, so did physicians. They use internet to gather health, medical or prescription drug information [8]. It also allows physicians to offer their opinion on medicines or other matters through blogs and to consult colleagues by e-mails, video conferencing and through social networking.

The physicians have also joined social media. There are medically oriented social network communities that are restricted to physicians. With the advent of medically oriented social media, doctors can take advantage of online expert consultation with communities of physician colleagues from across the country and abroad. These physician oriented sites invite physicians to post questions, to discuss and in some cases, to solicit opinions from colleagues. Patients can also consult the doctors online. This ability to obtain expert advice from a social media community can benefit patients greatly.

With all these benefits, come the ethical and legal concerns about preserving patient's confidentiality and protecting their privacy. Some social networking sites like Facebook are changing the nature of doctor patient relationship and the difficulties of balancing a personal and professional persona in social networking. For doctors are also the issues that apply to every professional with a public social networking profile, including a patient having access to pictures or other posts that could be detrimental to the

professional's image. This information might cause distress to patients or alter the professional boundary between patient and doctor, as well as the information could bring the profession into disrepute [9]. So it is always wise to police what you share on Facebook.

### **Education**

Mobile internet has introduced improvements in technology, communication and online entertainment but it is incredibly useful for education purposes as well. The role of mobile internet in education has been given a lot of prominence in the recent years. Students can learn from anywhere in the world through online education [10]. The major advantage of online education is the convenience. In today's busy lifestyle, most people have no time to have traditional learning. Online education provides access to learn at any time and allows the flexibility to schedule your learning. This is a great option for the working people who can't think of quitting their jobs in lieu of studying further.

Distance learning programs have come a long way as a medium of providing education to the professionals as well as the others who could not get a chance to avail regular education [11]. As the fees of these courses are lesser than that of regular ones, distance learning courses in India have also become popular in the rural areas. Online education is also a great choice for differentially abled people who are unable to travel to a college or university. People can learn different cultures and knowledge from different countries. On the contrary, the major disadvantages of online education are lack of oral communication and time discipline.

Mobile internet facilitates learning, teaching and communication. It is possible to find a great deal of information online at any time. The World Wide Web is a virtual library at one's fingertips by accessing it anytime anywhere, what u need is just mobile phone with data connection. It gives students access to libraries and a great deal of reading material and also the opportunity to familiarize themselves with many cultures and people. They can access newspapers, encyclopedias, e books, history sites, film guides, lyrics and broadcasting associations [12]. It is possible to locate information online that is not to be found in the course books or printed dictionaries and to get recent updates on the political developments in the countries and natural disasters. By publishing their work online students can reach an even wider audience, which can be a motivating factor.

Mobile internet has a few drawbacks too with its use in education. Its use poses certain risks to the younger generation, such as bullying, harmful adult sites, unsuitable contents such as violent and pornographic material and cheating such as copy paste online material. There is also information about drug use and bomb making on internet which can mislead today's youth. A great deal of information on the internet is questionable,

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inaccurate or misleading. There are also sites containing information about extreme groupings and criminal activities that children and young people are able to access. So to make the most out of internet it is important for one to be able to evaluate it properly for reliability as there is great deal of information on internet, if one only knows how and where to find it.

### **E-Commerce**

One more very important aspect that accounts for a major use of mobile internet is e-commerce. India seems to be the leader in the switch to mobile for e-commerce companies with mobile platforms accounting for 41% total e-commerce sales in 2014 [13]. The mobile accounts for around 75% of Snapdeal's orders and around 70% of Flipkart's orders. This has probably motivated e-portals like Myntra to chuck the desktop site and adopt an app-only [14].

E-commerce has many benefits for customers like convenience as every product is at your fingertip on the internet and you get a lot many options if compared to the traditional methods of shopping. Moreover it is also time saving as you don't have to run around in search of what you want rather products are easy to locate and you get it delivered at your doorstep in a few days. It is also very easy to compare the prices and specifications online and also there are a lot of reviews based on which you can easily select what you actually desire for. Also there are different deals and coupons available on the sites where you can get huge discounts which will save you a lot of bucks when compared to the traditional method of shopping [15].

But shopping online has a few drawbacks too which you can take care of with some precautions. It has an issue of privacy and security so before making any transaction online, be sure to check the site's certificate of security. Also you cannot physically check the quality of the product before it arrives so it is important to view the returns policy before buying and sometimes there are unusual delays in delivery of the products so you have to be ready for that too. So with few precautions one can make a good use of this facility of online shopping.

### **Online Mobile Banking**

Banking is the backbone of every industry and technology plays an important role in every industry. The role of technology is increasing day by day. The various sectors of India are growing at much faster rate with the help of technology. Online mobile banking is also a big mobile telecommunication platform of new technology, which promotes the banking functions in India. Mobile banking also helps the banks to increase their customers. The increasing frequency of mobile internet users gives the boost to the mobile internet banking [16].

Mobile banking provides easy accessibility to the customers. It means anytime and anywhere banking with

the help of mobile internet which saves lots of time [17]. Also it is very safe and secure with the help of mobile-pin that is each mobile banking user is secured by a pin number which is firstly issued by the bank and can be changed later by the customer. All the transactions through mobile banking can be easily operated by the customers and all records will be safe in the account details. It has many more benefits like speed. With the help of mobile internet, the customers can make their transactions in the fraction of seconds. Mobile banking is done by the mobile internet users in a very fast speed as compared to the other modes of banking [18]. Also mobile banking is universally accepted by each bank and if we need our account statement immediately, it is only possible with the help of online mobile banking. We also get immediate alerts of any transactions and mini statements on our mobiles. A person can do banking transactions like funds transfer to any account, book tickets and pay bill at any time of the day. It also helps the banks to increase their customers but as every technology has some drawbacks, it also has a few flaws.

All the banks charge highly to the customers for the services provided through internet banking. Poor technology infrastructure, ineffective risk measures, easy access of internet banking account by wrong people through email ids are a few more down points. Also as whole management of account is online so when the server is down the whole process is handicapped.

### **Tourism and Hospitality**

The tourism and hospitality industry is one of the earliest which went online to reach its potential customers. Initially travel has limited geographical boundaries and people have to stand in queues to get their flight and train tickets. Moreover accommodation also needed to be booked via phone or through some reference. With the onset of internet, planning a trip is just a few clicks away be it professional or personal and with the widespread adoption of e-tickets travelling has no boundaries.

Nowadays it has been quite simple to receive information about potential countries of travel and to book a tour. At present the internet carries out the function of providing information on each and every thing. Use of internet to plan and book trips is growing very fast. Smartphones have made this practice more common. From 1999 till now online booking showed a remarkable growth with 58% in 2001 followed by 25% in 2002 and so on [19]. Airlines and railways have their own websites from where you can book your tickets online with no need to stand in a queue. This saves you lots of time and minimizes the hassles. Also there are many travel portals like Expedia.com, Makemytrip.com, easemytrip.com, yatra.com etc from where you can book every facility you need while your trip. They give you both the options to plan your trip, either you select from a range of tour packages offered by them or customize those packages to suit your

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requirements. There are also a few portals like travelguru and tripadvisor where you can compare the different accommodations and can also compare the prices of facilities each travel portal is offering. Some hotels also have their own websites so you can book them directly. You can also select among various options by reading the reviews of different individuals posted on internet.

It seems to be very convenient to book everything online but it has a few drawbacks too. Online bookings eliminate the opportunity to speak to someone knowledgeable about the facility you are booking. Also in some cases you may find testimonials on a website but you are never sure if they are real or paid advertisements. The huge discount offered to you online mostly leaves you with no choice of date of travel, class of service and class of hotel. Also booking travel online frequently requires that you pay the cost of your service upfront. You put yourself at risk to have your credit card details stolen or even your whole identity by banking through an insecure site.

### Agriculture

Internet has long been viewed as having great potential for improving the farming methods. Initially the issues related to farming were addressed on national media like radio, T.V and newspapers but nowadays mobile internet is changing the face of agriculture as it plays a vital role in exchanging the information through e-mails, chat etc. Government is focusing on portals which provide information on agriculture. Farmers can get the information on almost everything related to farming on internet. They can know about latest techniques of farming, latest machines used for farming, details about pesticides, diseases, preventive and remedial measures, seeds and much more. Internet also goes an extra mile by providing all this information in local language too. There are some of the portals which provide information on commodity prices in various national and international markets. Farmers are also using weather forecast sites to know what the nature has in store for them. They are using web markets to search for and purchase agriculture equipment [20]. Also they are creating their own websites to sell their products online to eliminate the need of middlemen thereby yielding more profits on their produce. But use of internet is limited to a very few percentage of farmers due to illiteracy so more awareness is needed to fully optimize the benefits of mobile internet to yield more produce from agriculture.

### Conclusion

Given the unique proliferation of mobile phones in India, an increasingly large number of Indians are turning to mobile phones as their first daily touch point to the internet. In a lot of cases, the number of users of mobile devices is growing faster than the web traffic. As technology improvements lead to even cheaper mobile devices, this trend is set to move even faster. As every

technology has a lot of positive impact on the society it also binds a few negatives with it. Same is with the mobile internet. It has provided people with a lot of benefits in name of technology along with many harmful impacts. It is only us who will decide that whether we will take over the technology or it will take over us.

The recommendation here is to include policies and practice framework at national level, specifically for mobile internet, while simultaneously educating the masses on pros and cons of mobile internet.

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# Rural Empowerment Through Skill Development : A Case Study of Divyayan



Krittika Roy<sup>1</sup>

*Skills are important to improve employability and livelihood opportunities, reduce poverty, enhance employability and bring about holistic rural development that is sustainable. Coordinated efforts are needed to develop an integrated approach that improves access to relevant quality education and vocational skills for the rural youth. Access to education for the villagers is often denied in the name of financial and non financial barriers. In Jharkhand, skill development tends to operate in isolation from labour market and employer's demand and does not always match skill demands. It is imperative for the marginalized tribal population to develop innovative methods of confidence building, health management and social awareness. Divyayan of Ramakrishna Mission is committed to the cause of developing an integrated approach to skill development. For a state that indulges in low productivity subsistence farming, Divyayan makes an effort to impart non-farm training for supplementing income and value addition to farm products. A comparative analysis of several other government schemes suggests that the initiatives of Divyayan have enhanced the latent skills of rural youth and brought about socio economic changes in the area. Acceptability and effectiveness of Divyayan model needs to be studied to make it universal.*

*Keywords: skill development, employability, vocational skills, marginalized, integrated.*

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## INTRODUCTION

The Union Budget 2015 promised the launch of the much awaited National Skill Mission to complement Prime Minister Narendra Modi's "Skill India" and "Make in India" exhortations. The preamble of India's National Youth Policy emphasizes youth empowerment in different spheres of national life. The Rio +20 Conference too highlighted the need bring forward youth in developing agriculture to a sustainable mode. The special session on 'Youth in Agriculture' in the Farmers' Forum Global Meeting (2012) recommended creation of a 'new rural reality' based on a positive image of farming as a dynamic business by which youth can become entrepreneurs. It was also emphasized that the employment opportunities must be a blend of both on-farm and non-farm activities along the agricultural value chain. The idea was not only to make farming a dynamic and attractive business, enhance agricultural productivity and profitability but also to curb rural-urban migration. For a country that adds 12 million people to its workforce every year, less than 4 percent have ever received formal training. Our workforce readiness is one of the lowest in the world and a large chunk of existing training infrastructure is irrelevant to industry needs. The government already spends several thousand crores every year on skill development schemes through over 18

different Central Government Ministries and State Governments which removes the possibility of lack of investment. The problem however can be pointed out as grossly inefficient execution of programmes and poor resource utilization. Solutions that can address the systemic and institutional bottlenecks constraining the sector as well as improve the technological foundation are most essential at the present moment.

Skill development programmes are being run by about 20 different government bodies in India but they lack synergies and duplication is common in these programmes. Moreover, multiple stakeholders and uncoordinated policies have prevented any standardization of procedures or outcomes. But the government has not yet properly defined "skill". Skill development efforts encompass everything starting from personality development, 40-hour long "outreach and awareness programmes" conducted for farmers by the Ministry of Agriculture, 3-6 month courses encouraged by the NSDC (National Skill Development Agency) as well as two-year programmes in Industrial Training Institute (ITIs). Even the Ministry of Skill Development and Entrepreneurship (MSDE) created as an aggregator in the sector could not do away with the policy confusion and role duplication.

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Skill development is not a simple, straight-forward field for the government to directly add monetary resources to. The government, in order to justify every investment it makes, has to take decisions based on hard data. Existing skill gap studies fail to provide rigorous, usable data and are rarely used in scheme designing hence preventing incorporation of authentic market signals through scheme designs. At least five governments in the country have already developed a Labour Market Information System (LMIS) that can provide an accurate statistical base for formulating and monitoring vocational training policies and programmes. Technology is also an important requisite for ensuring high quality delivery and better management of business processes. Judicious utilization of resources can be guaranteed through scientific monitoring and use of evaluation methods.

Skill development cannot happen in isolation. In order for skill development to positively contribute towards economic and social development, it must be backed by training and technology. Training in the form of educational and awareness programmes which help rural ignorant people realize ways and means to achieve a better future and increase their livelihood to become self-sufficient supported by proper infrastructure can have everlasting impact on the economy as well as the society. Moreover, knowledge through formal and informal education empowers the rural people by making them realize their true capacity and competence level. According to FICCI's (Federation of Indian Chamber of Commerce and Industries) 2012 knowledge paper on skill development of India, it is emphasized that to ensure global competitiveness of the country empowering the working human capital, through educational and vocational training, is imperative. Thus, the idea of skill development embeds in it the concept of empowerment.

Rural development is an essential part of the overall development of the country. India has a considerable proportion of its people living in villages and rural areas which renders any socio-economic policy for the country neglecting the development and progress of rural areas ineffective. Rural development connotes an improvement in the quality of life of the rural people which implies making them self sufficient. Rural development is a multidimensional and comprehensive process involving development of agriculture and allied activities, village and cottage industries and crafts, socio-economic infrastructure, community services and facilities, and above all human resources in rural areas. Rural development is affected by a multitude of factors like natural resources, human resources (labour), capital technology, public policies, institutions and organizations. Human resources constitute the most critical inputs relying on the use of science and technology for development and the growth achieved in Indian agricultural sector has been attributed to the consorted

efforts of available skilled human resource. Growth in agricultural sector, however, can be boosted through empowerment of rural youth through scientific training on various methods of food production, training on allied activities which can generate income like fishing, bee keeping, lac and mushroom cultivation, handicrafts etc. Making the rural youth aware of new technologies in agriculture and thereby opening new avenues for them in agriculture and allied activities can also bring down migration to urban areas and subsequent unemployment. Skill development, therefore, becomes an essential prerequisite for rural development.

### **OBJECTIVE**

This paper aims to assert that sustainable and effective rural development is not possible without skill development which includes training the youth in new and better techniques of food production, alternative income generating traditional arts and cultural activities and making them aware of the importance of health, sanitation and education so that the posterity does not have to suffer. Using Divyayan as a case study, this paper tries to show that an institutional initiative with its focused programmes on agricultural production and allied activities can help rural tribal farmers achieve increased output of food as well as increased livelihood. Programmes on child development, health and training of women in agricultural activities can contribute positively towards empowering the rural youth and rural women.

### **METHODOLOGY**

This paper is based on secondary data from research papers on skill development, rural development, youth empowerment, newspaper reports and articles on the Prime Minister's National Skill Development Policy and published annual magazines of Divyayan brought out by the Ramakrishna Mission. A part of this paper has also used data from personal interviews and interactions with faculty, research personnel and students at Divyayan.

### **RURAL DEVELOPMENT THROUGH SKILL DEVELOPMENT:**

Rural Development Department implements several programmes that aim at alleviating rural poverty through creation of infrastructure and generating sustainable employment opportunities for the rural poor. It also aims at providing credit and subsidies for acquiring employment generating assets. Centrally sponsored programmes like Swarnajayanti Gram Rozgar Yojana (SGSY) aims to alleviate poverty by providing income generating assets through bank credit and government subsidy and help create self employment. The National Rural Employment Guarantee Act (NREGA) later named MGNREGA aimed at providing better livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year. Other programmes like the Indir Awas Yojana or Pradhan

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Mantri Gram Sadak Yojana (PMGSY) aimed at building houses or creating infrastructure largely ignoring the necessity of skill development. Skill development is not only extremely essential for a developing country like India abounding with employable labour, but a means to develop the labour resource, the agricultural sector of the country and give a new direction to the development of rural areas. But no skill development can be achieved without proper and effective institutions and adoption of innovative and sustainable technology.

Although the old school of institutionalists led by Veblen, Commons and Marx believed in the necessity for institutions to bring about economic development, neo classical economists chose not to attach much importance to the concept of institutions. However, the failure of neo-classical economists to explain international and intra-national differences in economic development forced economists to recognise institutions and organizations as imperative for economic development. Organisations affect rural development by providing production inputs and services, reducing transaction costs, enhancing the bargaining power of rural producers vis-a-vis those to whom they sell their produce and from whom they buy production inputs and services, facilitating investments and savings and bringing the two together and so on. The interpretation of education as a factor of production was well recognized by policy makers and human resource planners (Williams, 1996). The interventions in education at specific levels and of specific types (like soft skills) can boost the quality of the human resource, in turn output of the various sectors employing them. This means that the educational level and composition of the labour force is a determinant of the economic growth and hence it is important to understand the relation between the educational structure of the workforce and the economic targets.

Vaidyanathan (1996:2451-58) examines in detail the institutional imperatives of agricultural development in India highlighting the crucial importance of institutional reforms, particularly in the domain of public systems for sustained agricultural development. Horsch et al (2002) suggests that participatory research involving older youth have helped in ameliorating physical and psychological health of youth in the United States. This can be generalised for a developing country like India with a huge chunk of unskilled labour force because research and education can not only make the youth aware of possibilities but since they are more adept to learning and implementing new technology and innovation, research can imply faster progress as well as quicker empowerment. The Student 'Rural Entrepreneurship and Awareness Development Yojana' (READY) programme envisaged in the XII Five-Year Plan aimed at entrepreneurship development among the youth. It

aimed at combining grass-root level experience and entrepreneurship skills. The basic idea was to create a conducive atmosphere in rural areas so as to prevent migration of youth. It is expected that the youth educated in agriculture and allied enterprises would be able to earn a dignified livelihood from farming and other related pursuits. Likewise, educated youth in urban areas could also take up urban and peri-urban agriculture in which ample opportunities existed. These initiatives would empower the youth with knowledge, skills and enthusiasm to pursue agriculture with new vigour.

#### **DIVYAYAN: A CASE STUDY**

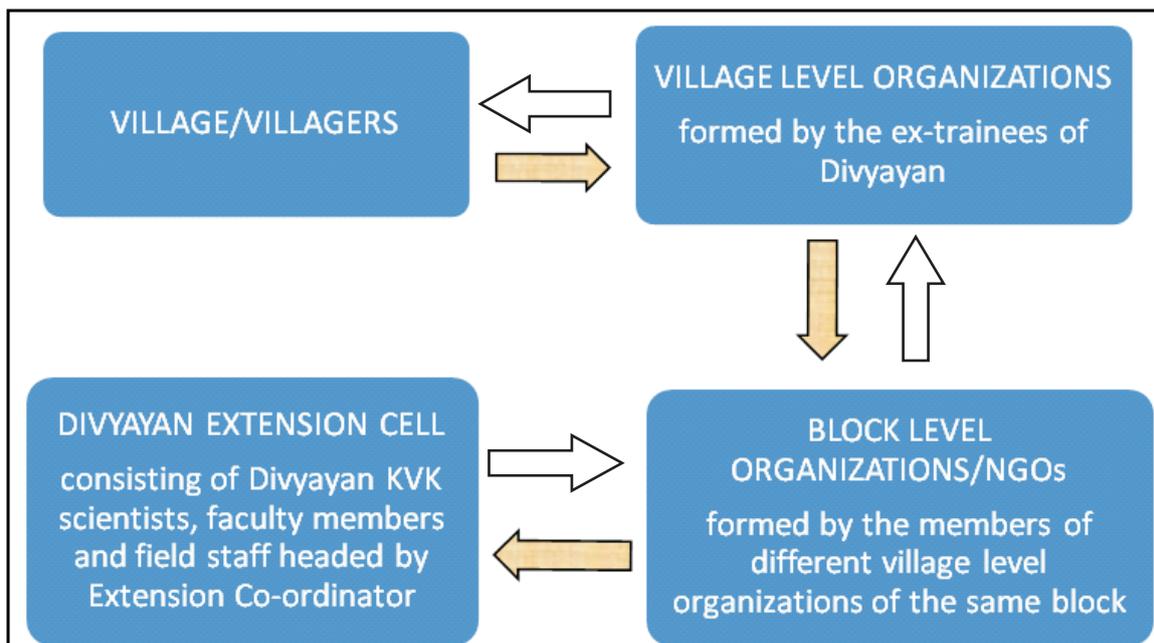
Rural employment and empowerment is possible only through development of skill through training, awareness and education and institutional support through proper infrastructure and focused programmes. It was Swami Vivekananda's vision to establish a technical school and gradually a centre in the tribal area of Chhotanagpur where new ways of food production would be discovered. In the early sixties, Ranchi and its adjoining districts were in the grip of severe drought, Rama Krishna Mission Ashrama organised relief works for the distressed poor. During that period, it was strongly realized that unless the poor and the illiterate farmers are trained in need-based agriculture and allied technologies supported by group action, they cannot be made self-reliant and also would never be able to counter similar adverse conditions. In 1969, a residential training centre for tribal and rural youth in agriculture and its related activities was started in 1969 under the name of Divyayan. In 1977, this centre was recognized by ICAR as a Krishi Vigyan Kendra and in 1996-97, it was awarded the best KVK in the country.

The economic objective of this organization is to train young farmers and school-level drop-outs belonging to the backward section of rural community, in modern technology applicable to the field of agriculture and allied areas with the objective of achieving increased output per unit land area per family. Other objectives included imbibing the spirit of community living, developing sense of co-operation, instilling group action and leadership qualities in the youth, encouraging the local culture. Apart from this, Divyayan organised weekly medical camps, health awareness camps, total sanitation and drinking water awareness programmes, health camps and vaccination programmes, enrolled the school drop-outs in the National Institute for Open Schooling and established primary schools and faculty centre for graduate and post graduate programmes. In short, Divyayan aimed at creating a classless healthy society. As far as technological infrastructure is concerned, Divyayan built laboratories for soil testing, mushroom production, honey testing, plant protection, microbiology and tissue culture. With passage of time, Divyayan could boast of green house, fishery pond and fish hatchery, library, weather station,

internet kiosk, progeny orchard, dairy unit, vermi compost unit, solar energy park, bio-fertilizer laboratory, computer centre etc.

During 2013-14 alone total farmers trained by Divyayan was 1565 with off-campus motivational training given to 716 farmers, on-campus motivational training given to 176 farmers, special training given to 54 farmers and sponsored training given to 625 farmers. Off campus

training programmes are conducted just before a crop is cultivated and at every critical stage of the crop. During 2013-14, 128 off-campus training programmes were conducted involving 4601 beneficiaries. The programmes included animal husbandry, horticulture, agricultural engineering and repair, rural craft and home science. The flow diagram below indicates the functioning as well as beneficiaries at Divyayaan.



Swami Vivekananda had said, "All the wealth of the world can not help one single village if people are not taught to help themselves."

- The ex-trainees are encouraged to form village level organizations which executes extension and village activities and work collectively for the development of their own village, harnessing the internal potentialities as well as available resources. Till date 115 such organizations have been formed and are successfully functioning in their respective localities.
- To keep the ex-trainees and the farmers informed about the latest developments in agriculture and other allied trades as well as to give vital information on the different aspects of life, a monthly bulletin in Hindi is published by Divyayan.
- There is also a mobile audio-visual vehicle which moves extensively in the village to conduct shows on various aspects of rural development and agricultural production.
- Annual Farmers' Fairs are organised to motivate farmers to adopt new technologies, disseminate the technological advances and boost confidence of farmers.

- Field days are conducted to train farmers to take proper action at important stages of crop growth.
- Front Line demonstration programmes are organised to test the sustainability of newly developed technologies or seeds like summer paddy, wheat, gram, lentil, groundnut, broccoli etc. in this agro-climatic condition.
- On Farm trial for assessment and refinement of technologies is carried out consistently throughout the year.

RKM Ashrama organised special training programmes for women in different fields related to skill upgradation, drudgery reduction, fruit and vegetable preservation, poultry and allied activities to empower women economically. Alternate employment opportunities are created for women through training programmes. Increased income of rural women implies better nutrition, better health care facilities and education for their children. The Ashrama has formed 10 new groups with the total number of Self help Groups (SHG) reaching 399 out of which 383 are Women SHGs and out of that 209 have been involved in income generation activities like incense stick making, fisheries, poultry, soap making, lac production,

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mushroom production, bee-keeping, weaving, papad and chips making, puffed rice making etc. Training programmes for SHGs in the areas of mushroom cultivation, off-season vegetable cultivation, skill development, accounting and book-keeping, poultry, duckery, goatery and vermicompost production have been conducted.

What makes the institution of Divyayan one of its kind is the way in which the work is done. But the question that needs to be addressed as per objective is whether Divyayan has achieved what it aimed and whether development has been holistic in the real sense. First of all, Divyayan has lived up to its mission by providing institutional as well as technological infrastructure to the farmers in these areas. Jharkhand does not have perennial rivers, the soil cover is rocky with stony outcrop, with high surface runoff. Hence geomorphologically or meteorologically Jharkhand does not have the ideal conditions to practice agriculture and achieve high yields naturally. Technological support in the form of good quality seeds, fertilizers becomes essential for agriculture to thrive in this state. Divyayan goes a step further by training the local tribal youth living in the rural areas, who otherwise depend completely on agriculture for their livelihood in methods of soil and seed testing and allied income generating activities like poultry, dairy, lac cultivation, mushroom production and bee-keeping. The motive is to provide holistic growth, develop skill and generate employment. This skill training of poor farmers in their programmes and the follow up by Divyayan ensures that ex-trainees not only improve their standard of living but also help in disseminating the knowledge gathered in the training among other people in the village to enhance their income and living conditions.

The institutional support, technical training, skill development and education of men, women and children and the health and awareness programmes by Divyayan has tremendously helped local tribals in the Ranchi-Khunti belt and made these farmers familiar with many improved, alternative and sustainable methods of food production and income generation. All these programmes also play an important role in making the rural tribals realise their self worth and how proper training can improve their way of life by increased income and welfare for good. The one downer in this setup is that Divyayan works mainly with tribal rural farmers of Ranchi and Khunti region, which is a very small portion of the entire state and also comparatively a more urbanised and accessible part of Jharkhand. As a consequence, spatially, this method of rural development followed by Divyayan provides inadequate support for the assertion that such a model can ensure rural development and empowerment effectively and consistently in all districts of Jharkhand.

## CONCLUSION

The rapid growth and diversification of development activities have resulted in much needed expansion of employment opportunities, but at the same time have triggered rural to urban migration. This trend has inadvertently resulted in shift of farm labour to nonfarm sectors. To sustain food security, it is imperative to encourage farmers to continue with agriculture, wherein the rural youth have a crucial role to play. Currently, there is a challenge of retaining youngsters in agriculture due to various socio-economic factors, including profitability in agricultural pursuits. It has become imminent to reorient agricultural practices to make them intellectually satisfying and economically rewarding for the youth. Nearly 70% of India's population is below the age of 35 years making India the youngest nation in the world and interestingly 70% of them live in rural areas. In order to utilize this demographic dividend for taking Indian agriculture to new heights, the need is to channelize the creative energies of the youth through development of skills, knowledge and attitudes. More importantly the tribal youth has to be trained and educated so that he remains connected to his cultural roots. As it is, tribals are genetically susceptible to certain diseases like anaemia, diarrhoea, acute respiratory infections etc. And rural-urban migration makes them even more vulnerable. Efforts like Divyayan not only take care of their income, livelihood and standard of living but also help them become more cautious about their health, sanitation and education thus carving a path for them to become self-sufficient and physically, mentally and culturally stronger. On a concluding note it is imperative for a country like India to consciously create a positive image of farming that will help lure the youth to become entrepreneurs and create a blend of on-farm and non farm activities.

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# Evaluation of Overall Equipment Effectiveness (OEE), its shortcomings & challenges in a Steel Service Centre Processing high end Steel involving Slitting Process



George Francis Osta<sup>1</sup>

*The study for optimizing efficiency, efficacy, effectiveness and thus productivity in the present universal competitive atmosphere has created a void for a well defined performance measurement system in industries with respect to manufacturing process. Overall Equipment Effectiveness (OEE) is one of the performance evaluation methods that are most familiar and accepted in industries practicing Total Productive Maintenance (TPM) and is also frequently used as a key performance Indicator (KPI) in combination with lean manufacturing efforts to provide an indicator of success in a steel service center processing steel products and also tries to focus on its shortcomings and challenges with respect to performance measurement and future recommendation also as opportunity for improvement (OFI)*

*Keywords: SSC, KPI, TSPDL, CRS, OFI*

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## 1. Introduction

Global competition and demand for higher productivity are some of key challenges before the present manufacturing and industrial units. This compels every organization to find innovative ways and focus on continuous improvement in their process, products and services. To pursue these objectives, manufacturing units adopted lean manufacturing process and their Total Productive Maintenance (TPM) methodology. Overall Equipment Effectiveness (OEE) is a key performance indicator (KPI) concept and vital component of lean manufacturing philosophy.

Tata Steel processing and distribution Ltd. (TSPDL) is a

100% subsidiary company of Tata Steel Group Company – provides both processing and distribution services of steel products viz., hot rolled, cold rolled sheets and coils.

This paper made an attempt to focus on major losses & finally to evaluate OEE index of slitting process in a steel service centre (SSC). Considering the practical shop floor scenarios also tried to focus on challenges and shortcomings with respect to OEE. Finally, recommendation & opportunity for improvement (OFI) for further research work also focused.

A basic slitting line i.e., cold rolled slitter (CRS) includes coil handling, material processing and scrap management equipment (figure 1).

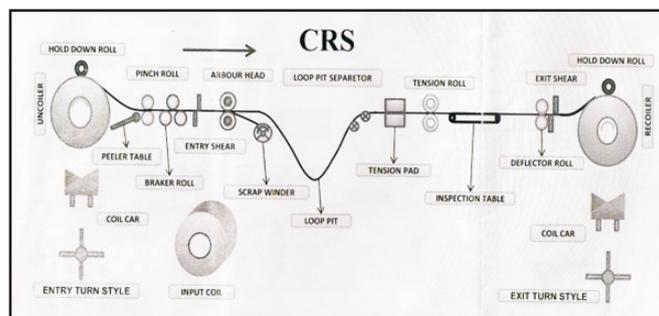


Figure 1: A basic slitting line.

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Coil Loading Equipment depending on coil size, loading can be performed by a forklift or an over head crane and uses a four-arm turnstile, coil loading car, and an uncoiler.

The uncoiler is a floor-mounted, traversing style that also acts as a loading car. It traverses to the coil storage location, picks up the coil, and moves back into position at the slitting line. At exit, removal of coil occurs with a coil-unloading car traversing to an exit turnstile. The exit turnstile can have one, two, three, or four arms, depending on the number of slitter cuts.

In Material Processing Equipment, the slitter, truly the heart of the system consists of a drive, slitter head.

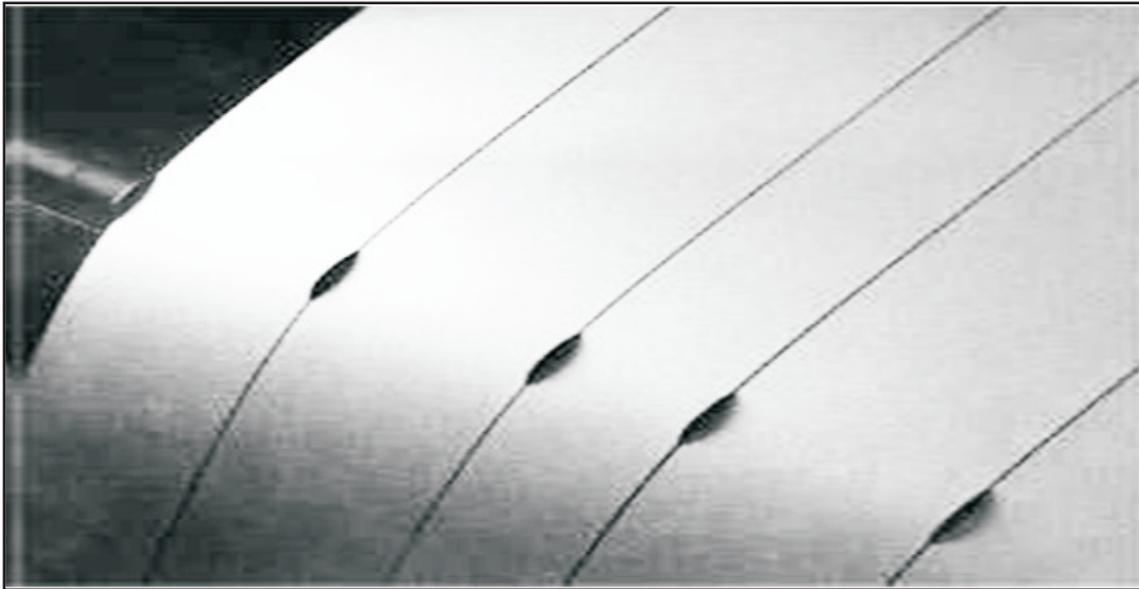
The most efficient style of slitter setup change is to use indexing slitter heads so one is online while the other head is offline being set up.

Some tensioning methods includes tension pad, tension PU rolls etc.

The last processing step in a slitting line is the recoiler. Recoiler drums consist of expanding segments with a gripper mechanism to hold the coil tails.

At a Scrap Management Equipment for disposing of edge trim scrap winders are used.

A typical view of a slitted coil is shown as per figure 2.



**Figure 2: A typical slitting coil**

### 1. Research Approach

This research is based on brainstorming session among the teams of cross functional department & deliberation on effectiveness of OEE implementation focusing on the problems and constrains related with soft issues resulting hidden losses.

### 2. OEE (Overall Equipment Effectiveness)

#### **Background**

Basically, OEE is measure of total equipment performance, that is, the degree to which the equipment is doing what it is supposed to do. The OEE metric that originally described by Nakajima [1], can measure level of equipment effectiveness, and also identifies production loss elements which are classified into seven major groups w.r.t. availability, performance and quality. Therefore OEE can be used as a key tool to improve equipments effectiveness and consequently increase productivity.

OEE can be considered to combine the operation, maintenance and management of manufacturing equipment and resources.

According to Hansen [2] performance evaluation is one of the key tools to determine world class companies. Also, OEE plays vital roles in system performance in manufacturing technology [3, 7], measure of operational environment [4, 8] and in assembly process and evaluation [5, 6]. The authors [9] discussed the overall throughput effectiveness metric for factory level performance

OEE (overall equipment effectiveness) is one of the key performance indicators for those Organizations, practicing Total Productive Maintenance (TPM) under lean manufacturing philosophy or umbrella. For sustainable manufacturing, OEE is gaining increasing interest as a key measure of considerable relevance.

OEE = Availability x Performance Rate x Quality Production Rate (as per figure 3)

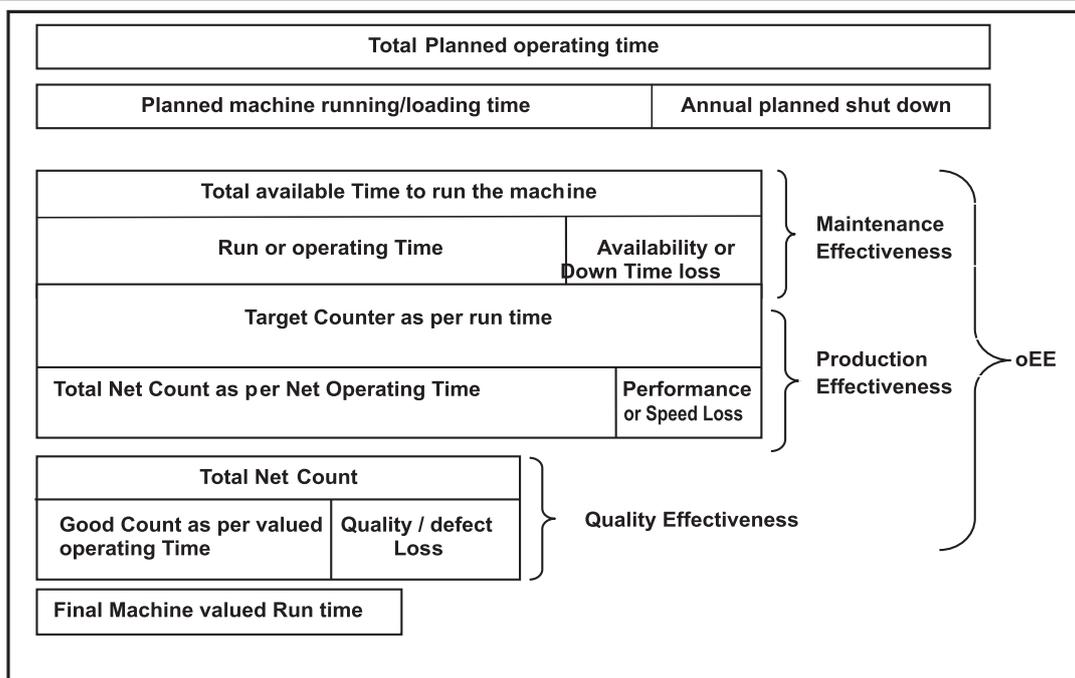


Figure 3: Block diagram of OEE components

- Availability (A): Ratio of hrs. in which machine is ready to run or able to run to total available hrs. (i.e. loading hours).
- Performance (P): Ratio of machine's actual production / productivity / speed to ideal or design or max. Production / productivity / speed.
- Quality (Q): Ratio of good production to total production excluding all rejection, rework or down gradation

Table 1: Seven Major Losses in a Steel Service Centre with respect to Slitting process

Seven Major Loss Category	OEE Loss Category	Event Examples w.r.t. Slitting Process	Remarks
Equipment assembly failure/Break down loss	Downtime loss	<ul style="list-style-type: none"> <li>• Equipment assembly/sub assembly or component failure</li> <li>• Unplanned/Emergency maintenance</li> </ul>	Availability (Maintenance Effectiveness)
Setup adjustment and start-up loss	Downtime loss	<ul style="list-style-type: none"> <li>• Recoiler/uncoiler mandrel segment adjustment/changing</li> <li>• Any rollers adjustment or changing</li> <li>• Unskilled operator</li> <li>• Serap winding / bobbin replacement</li> <li>• Any job change with same cutting</li> <li>• Equipment assembly</li> <li>• Trial run</li> </ul>	
Cutting Tool change loss	Downtime loss	<ul style="list-style-type: none"> <li>• Tool Setting</li> <li>• Cutter Changing</li> <li>• Reposition of the segment</li> </ul>	
Small or minor stoppages and idling	Performance or speed loss	<ul style="list-style-type: none"> <li>• Scrap winder</li> <li>• Coil build up</li> <li>• Loop pit</li> <li>• Synchronizing of speed</li> </ul>	Performance rate (Production Effectiveness)
Reduced speed	Performance or speed loss	<ul style="list-style-type: none"> <li>• Cutter</li> <li>• Arbor</li> <li>• PU Rubber</li> <li>• Dent or Scrap</li> </ul>	
Start up rejects	Quality or defect loss	<ul style="list-style-type: none"> <li>• Scrap</li> <li>• Baby coil</li> <li>• Fold Mark</li> </ul>	Quality Production Rate (Quality Effectiveness)
Production rejects	Quality or defect loss	<ul style="list-style-type: none"> <li>• Scrap</li> <li>• Rework</li> </ul>	

- Availability (A): Ratio of hrs. in which machine is ready to run or able to run to total available hrs. (i.e. loading hours).
- Performance (P): Ratio of machine's actual production / productivity / speed to ideal or design or max. Production / productivity / speed.
- Quality (Q): Ratio of good production to total production excluding all rejection, rework or down

gradation

1. Calculation of OEE:

- Working days in a month = 30 days (no holiday except national)
- Number of shift in a month = 30 x 3
- Shift length = 8 hrs.
- Available time per shift (loading time) = 480 mins
- Shift break = 0 min. (staggered off day and lunch time)
- Meal/ Lunch break = 0 min. (tea / snacks made

Now,

$$\text{Availability} = \frac{\text{Operating Time}}{\text{Loading Time}} = \frac{\text{Loading Time} - \text{Down Time}}{\text{Loading Time}} = \frac{480 - 85}{480} = 82.29 \%$$

$$\text{Performance Rate} = \frac{\text{Output X Standard Cycle Time}}{\text{Operating Time}} = \frac{128 \times 2.3}{395} = 74.53 \%$$

$$\text{Quality} = \frac{\text{Good Products}}{\text{Total Production}} = \frac{\text{Total Production} - \text{Rejected Products}}{\text{Total Production}} = \frac{128 - 2}{128} = 98.43 \%$$

$$\therefore \text{OEE} = \text{Availability} \times \text{Performance Rate} \times \text{Quality Production Rate}$$

$$= 0.8229 \times 0.7453 \times 0.9843$$

$$\text{OEE} = 60.36\%$$

available at m/c inside the factory)

- Total downtime (as per table 1 loss events) = 85 mins.

• Total marketing requirements of processing of steel products per month = 11,500 MT

• Load of steel processing per shift = 11,500/90  $\approx$  128 MT

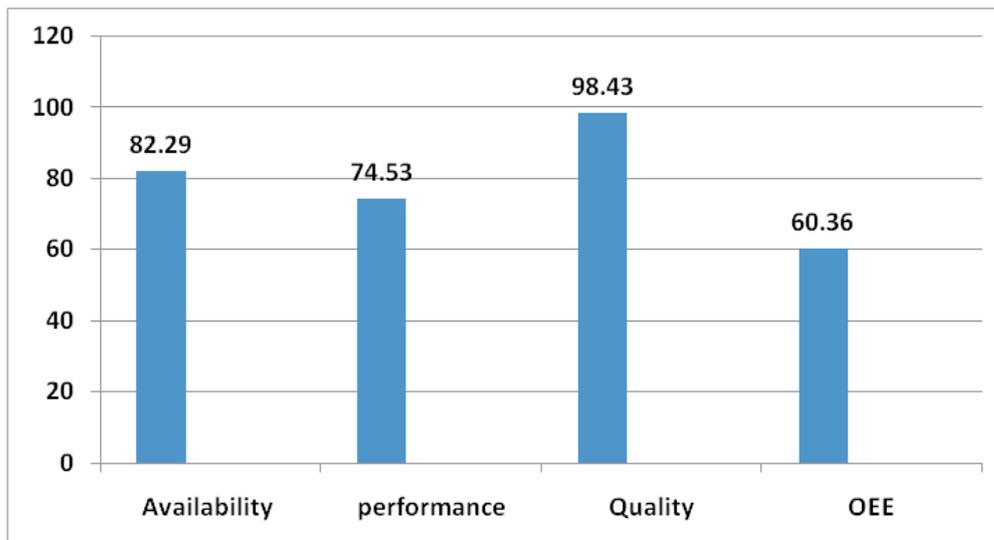


Figure 4. Graphical representation of OEE and its components of slitting process.

- Rejection as per table 1 (Efficiency of process 98.5%) = 2MT
- Standard cycle time = 2.3 min/ton

**1. Results and Discussion:**

Finally, the product of three measurable components viz. availability, performance and quality gives OEE of the process. Here, reference to the table 1 of major

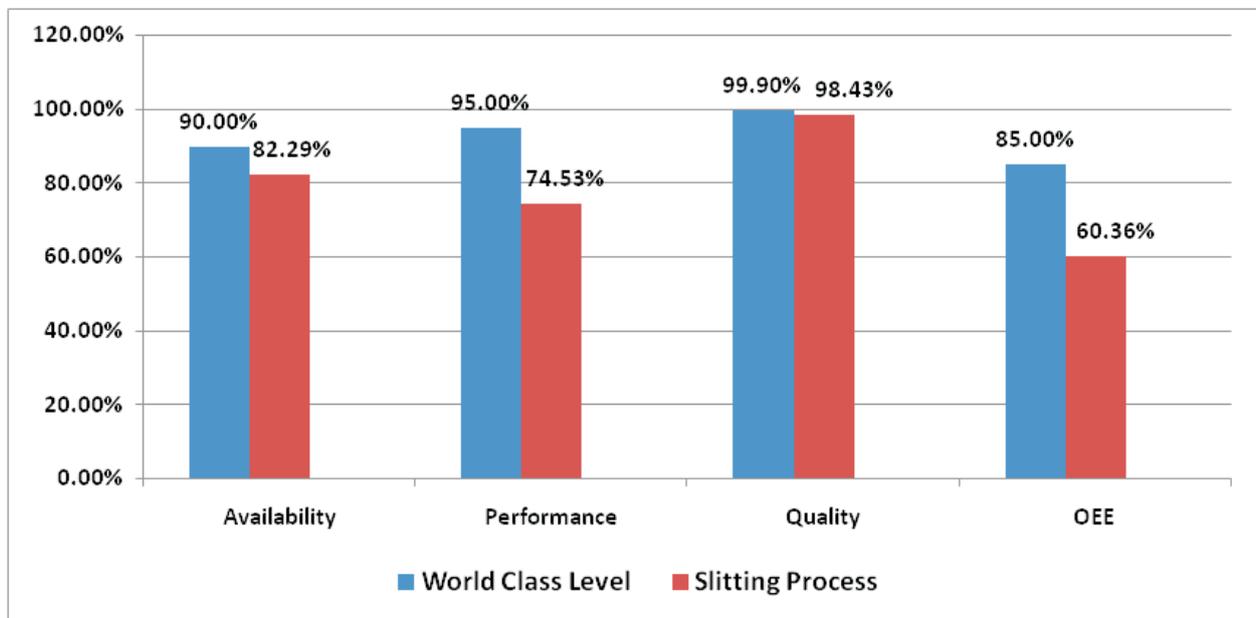
losses, OEE of the slitting process obtained as 60.63 % and shown in the graph (figure 4).

**1. Conclusion**

The gap between the world class level OEE and OEE of slitting process is evident as per table 2 and figure 5. The major contributing component for this gap lies in the performance and availability factors. These factors need to be enhanced through root cause analysis of

**Table 2: Comparison of OEE of slitting process with world class level**

OEE Components	World Class Level	Slitting Process
Availability	90.0 %	82.29 %
Performance	95.0 %	74.53 %
Quality	99.9 %	98.43 %
OEE	85.0 %	60.36 %



**Figure 5 : Graphical comparative representation**

different loss event examples as per table 1 and the desired countermeasures employing new techniques, skilled workforce and developmental maintenance.

Further, to get the efficiency and effectiveness - non value added activities generating hidden losses to be reduced. Motivation, morale and desired skill - training through mapping of skilled matrices and capturing need also has to play crucial role in this direction.

**1. Shortcomings & challenges:-**

As per the shop floor practical scenario the following

shortcomings and challenges emerged out:

- Lack of skilled and certified operators & their unavailability to run the machine
- How comfortably they could understand the concept of OEE for its implementation?
- How comfortably operators could record the data's to validate OEE correctly?
- How correctly performance to be measured w.r.t many hidden losses & physical size variations in raw materials and thus product output?
- How suitably the fluctuation in market demand could

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be addressed in OEE calculations?

vi) How suitably concept of OEE is balanced as a tool between a process efficiency measurement and asset utilization?

2. Future Recommendations:

The opportunities for improvement (OFI) as extracted from the brainstorming session among the cross functional teams are mainly to address challenges or shortcomings as stated above.

Suitable measurable steps to be taken and also future research work to be conducted on these issues to find out concrete ways to measure OEE preferably its performance component.

Focused Kaizens to be done to improve maintainability, operability and safety culture during slitting process.

Some quality improvement projects to be taken to address quality issues while machine is running during slitting process viz. implementation of high definition camera etc for online inspection.

Finally, these all will improve the slitting process efficiency, effectiveness through a sustainable OEE.

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# A Study on FLEXIBLE WORKING ARRANGEMENTS



Ritesh K Patel<sup>1</sup>

*Job flexibility is a critical resource for maintaining job satisfaction and quality of life among Employees. Because of many benefits to the community, organisation encourages and supports flexible work arrangements when they meet the needs of both the organisation and the individual.*

*Work arrangements define when, where, and how the work gets done. Flexible work arrangements are alternatives to the traditional "9-5" workday, the standard workweek, or the traditional workplace. Flexibility enables individuals to make adjustments to changing circumstances. These alternatives can assist employees in balancing work, personal commitments and retirement planning, while meeting business needs and objectives. Additionally, supervisors/managers can use flexible schedules as tool to promote productivity, enhance job satisfaction, and develop management and leadership skills. These same alternatives can enhance recruitment and retention of valuable employees.*

*The number of workplaces offering staff the opportunity to work flexibly has almost doubled in the last six years, according to the latest ACAS- and DTI-sponsored Workplace Employment Relations Survey (WERS). Recent CIPD research also demonstrates that flexible working policies are now becoming the norm in organisations. Four in five employees surveyed reported that their employer offers some form of flexible working. The research highlights the potential benefits of flexible working from an employer's perspective in such areas as improved retention, recruitment and a positive psychological contract.*

*Key Words: Job flexibility, flexible work arrangements.*

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## **Introduction**

If you are someone who is filled with dread at the idea of working nine-to-five in a single location then flexible working may provide an alternative. If you have multiple skills and interests and are struggling to find one job that suits you then flexible working may offer you the opportunity to balance multiple jobs or to balance work and hobbies. Flexible working can also be worth considering if you want to take time out to raise a family, or have caring responsibilities, but don't want to stop working entirely.

Flexible working tends to appeal to people who value autonomy and variety, and who are organised, focused and self-motivated. There are lots of different kinds of flexible working, and different approaches will appeal to different people. The downside of flexible working is that it can be stressful to balance different jobs or interests, you may experience more financial uncertainty and you may feel more isolated from colleagues than if you work full time in one location.

## **Advantages of flexible working**

- Greater autonomy

- More variety in work
- Better work / life balance
- Multiple income streams can spread financial risk
- More choice of working locations and styles
- Relative freedom from organisational politics

## **Disadvantages of flexible working**

- Stresses of time management
- Financial pressures or uncertainty
- Loneliness from lack of colleague contact
- Isolation in the workplace – feeling 'left out'
- Lack of regular routine

## **What are the options?**

Types of flexible working include flexibility in the number of hours worked or when they are worked and in terms of working location (for example home working). Options include:

- Reducing working hours
- Changing the pattern of working hours
- Managing several different job

- Temporary or agency work
- Working from home
- Freelance work

### GETTING A WORK-LIFE BALANCE

Flexibility in your working life can also impact on your personal life. While you may have more flexibility to take time off or adjust your working patterns, you may also find it difficult to turn down work and this can impact on your free time.

Flexible workers may find the concept of work-life blend more fitting than work-life balance. Flexible work allows you to 'blend' your personal interests and personal life with your working life, allowing you to get more out of your time.

### THE BUSINESS CONTEXT: ADDRESSING ADVANCED TECHNOLOGY AND RAPID GLOBALISATION

The results of our EWF Flexibility Survey suggest that addressing the changing business context of work is crucial. Though flexibility is often proposed as an employee-centric offer outlining the business-centric case is vital, as it addresses the forces of Advanced Technology and Rapid Globalisation. Six tangible benefits within the business context, suggesting that it is already clear to EWF members that flexibility presents an opportunity for companies to enable and manage complexity, and helps support a more agile organisational structure in the process.

#### Addressing Advanced Technology by Enabling Complexity

1. **Increased Employee Productivity:** Flexibility has a substantial impact on the capacity for companies to be agile. The notion that flexible workers are less productive than traditional office-based ones is heavily disputed by the EWF. Flexibility enables employees to operate in an environment that best suits their personal working styles and allows companies to respond to fluctuations in workload.
2. **Effective Virtual Teams:** As work becomes more sophisticated, more geographically distributed, and more technology-dependent, the importance of virtual teams will increase rapidly. Flexible working supports a more significant shift towards untethered work, in which employees collaborate in large expert groups, and coordinate their own workflow. By connecting specialists in self-managed team environments, the role of leaders and managers becomes less an act of command-and-control and more an act of orchestration.
3. **Meeting Customer Needs:** Flexibility creates opportunities to confront an increasingly global environment by enhancing business continuity and customer coverage. Flexibility around when and

where to work creates greater opportunity to operate across locations and time zones, and improves access to new markets. In an increasingly complex external environment, in which customers and clients demand 24/7 coverage, it is essential that companies are able to leverage the flexibility of their employees to fill in gaps and provide a more distributed and dynamic service.

4. **Matching Customer Expectations:** Evolving customer expectations are producing a demand for 24/7 access to goods and services. Even for companies based in a UK market and operating for UK customers, there is no longer an assumption that business activity and consumption should fall within the brackets established by 9-to-5 business. Customers increasingly want to be able to shop and access goods and services at a time that suits them, and are more frequently exhibiting a desire for 24-hour service.
5. **Reduced Business Travel:** Flexible working has a significant effect on business travel, with associated reductions in operational costs and carbon emissions. There was a unanimous agreement among EWF companies that flexible working reduced the pressure on employees to travel. By creating a culture that reduces the dependence on face-to-face meetings, flexible working enforces a more agile operational model that brings people together more quickly and at lower cost.
6. **Agile Infrastructure:** Flexible working can create tangible infrastructural savings by reducing office occupancy. For one EWF company, each London-based desk reduction represents a £10,000 p.a. saving, while another claimed that a move to flexible working has created a 20% reduction in real-estate costs. Flexibility also encourages a shift to cloud-based software, which one company predicted would create a 38% reduction in data centre energy expenditure by 2020.

### FLEXIBLE WORKING HOURS

**Part-time work:** Part-time work involves working fewer hours than would be considered full time. There is no particular number of hours that make someone part time or full time, but a part-time worker will usually work less than 35 hours a week. Part-time work is the most common kind of flexible work, with about a quarter of all workers in the UK working part time (ACAS, 2010).

**Flexi-time:** Flexi-time offers employees some flexibility over the times that they work. Provided employees work core hours (often in the middle of the day, or at the busiest times) they can make up their remaining hours as they choose. Some organisations allow employees to take excess hours as additional leave (sometimes called 'flexi-leave'). Although normally employees are not allowed to accrue too many hours and commonly there is a limit of one to one and a half days per month.

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**Compressed working hours:** Compressed working hours involves working different patterns of hours on different days. Commonly an employee will work longer hours over four days of the week and take a day off or half a day off one day of the week. Unlike flexi-time the pattern of hours is fixed and agreed in advance with the employer.

**Term-time working:** With term-time working an employee works regular hours during school terms but takes time off over school holidays. This kind of work is common in the educational environments and is often popular with parents of school-age children.

**TOIL (time off in lieu):** Time off in lieu is where an employee takes time off to compensate for extra hours they have worked. It is often offered by employers instead of paid overtime. TOIL normally needs to be agreed with managers in advance.

**Zero-hours contracts:** Zero-hours contracts are where a worker is not guaranteed any work at all. Instead an employee agrees to work as and when they are needed by their employer. Zero-hours contracts are common for supply teachers and bank staff in health and social care settings. This kind of work tends to appeal to people who are looking for an occasional income.

**V-time working:** V-time working involves a voluntary reduction in hours for a fixed period with the guarantee of a return to normal hours once the period ends. V-time working may be initiated by the employee or the employer, and is normally agreed for specific purposes, e.g. undertaking a course of study or caring for a family member.

#### **Holiday purchase scheme**

A holiday purchase scheme allows employees the opportunity to purchase an additional number of days' holiday on top of their annual entitlement. The cost of a day's holiday varies depending on a worker's salary and there is usually a limit to the number of days that can be bought.

#### **LOCATIONS WHERE FLEXIBLE WORKING CAN BE APPLIED**

**Hot-desking:** Hot-desking is a system where employees don't have a permanent designated desk space but share desk space, working wherever there is free space at any given time. In practice it is often combined with other forms of flexible working, for example home working or mobile working which mean that employees only need a desk in the office for some of the time.

**Home working:** Working from home is an option for many self-employed people, particularly in the creative industries but also for any other types of work where modern communication technology enables remote contact. Home working can also be associated with very low paid manual work conducted at home on a commission basis. Home based business opportunities are advertised by a number of companies however caution is

needed when looking at these as bogus job adverts are common.

**Mobile working:** Mobile working refers to work, which through the use of technology, can happen anywhere and at any time. Some employers will offer employees laptops or palm tops in order to allow them to work from different locations. With the growing availability of wireless internet access employees may also be able to access emails, and company systems remotely from the office. The advances in hand-held technologies means that email and digital information is increasingly available through phones and allows access to work wherever and whenever an employee wants.

**Teleworking:** Teleworking involves working part of the working week away from the workplace. It could mean working from home or from another remote location, and normally involves the use of telecommunications. Many home workers are also teleworkers. Teleworking can be done on a permanent or a temporary basis.

**Virtual teamwork:** A virtual team consists of a group of people who are brought together to work on the same task but who work in different locations, possibly for different organisations and often at different times. A common kind of virtual team is one that is convened to work on a specific project - for example copywriters, editors and illustrators may all work on the same book but may never meet face to face.

#### **WORKING PATTERNS FOR FLEXIBLE WORKING**

**Job-share:** Job-sharing is a type of part time work where one job is split between two (or occasionally more) part-time workers. The responsibilities, pay and hours are divided up, although the exact way that they are split depends on everyone's circumstances - common ways of splitting are to work split days, split weeks or alternate weeks.

The success of a job-sharing arrangement relies on job-share partners having compatible personalities and a high degree of trust. Arrangements also need to be in place to cover the hand-over of work and communication.

**Portfolio workers:** The term portfolio worker traditionally refers to someone who works on a freelance basis on a number of different projects for a number of different clients. This kind of work may be common for art and design graduates in the early part of their careers as they build up a portfolio of experience, and it is also a common pattern for freelance consultants.

The original concept of portfolio working has recently expanded to cover the phenomenon of 'portfolio careers'. This includes individuals who may be employed either part time or full time but alongside this, balance other paid jobs, freelance work or self-employment.

**Fixed-term contracts:** Unlike permanent contracts fixed-term contracts specify an end date to the employment.

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Fixed-term contracts are more common in public sector employment and in specialist settings where an employee may be taken on only for the duration of a project. Fixed-term contracts may be used by an employer to assess an individual's suitability for employment before offering a permanent contract. They can also be an opportunity for an employee to try out different kinds of work and some people progress through a number of temporary contracts as a way of building up experience.

**Freelancing:** Freelancing is a particular kind of self-employment which involves providing professional services to a company but without being employed by them. Freelance work is most common in creative industries and is particularly associated with areas such as journalism, publishing, graphic design and event management.

Freelance work is often accompanied by a specific brief for the project. Pay may be on an hourly rate or per-project and may be paid up front, on delivery, or may be split across the duration of a project.

#### **YOUR LEGAL RIGHTS**

**If you have children:** If you have a child under the age of 17 (or under the age of 18) you have a statutory right to request flexible working as long as you:

- If you have children: If you have a child under the age of 17 (or under the age of 18) you have a statutory right to request flexible working as long as you :
- are an employee of your company (i.e. you are not an agency worker);
- have worked continuously for your employer for at least 26 weeks;
- Have not made another statutory request within the last 12 months.

This right applies if you are the mother or the father of the child, and to foster carers, guardians and step parents.

Employees who care for a disabled child under the age of 18 who is in receipt of disability living allowance, and employees who look after certain adults who need care, also have a statutory right to request flexible working.

You can request to change the hours you work, change the times you work, or request to work from another location or from home for part of all of your hours.

#### **Pregnant women**

With a very few exceptions most pregnant women have statutory maternity rights including:

- paid time off for ante-natal care;
- the right to work in a safe environment - which may include making adjustments to the working environment, location, or hours to accommodate pregnancy;
- the right to take up to 52 weeks maternity leave;

- the right to claim Statutory Maternity Pay (SMP) for up to 39 weeks for most women who have worked for the same employer for 26 weeks continuously and who have average weekly earnings of at least the national insurance lower earnings limit.

Women also have the right to claim unfair dismissal and discrimination if they are not allowed to return to work after having the baby or are dismissed because of pregnancy.

#### **Paternity leave**

Most working fathers are currently entitled to one to two weeks paternity leave. Most fathers will also be entitled to Statutory Paternity Pay. Paternity leave can start either on the day the baby is born, or at a future date (within 56 days of the birth).

#### **Emergencies**

Employees are entitled to reasonable time off for unexpected problems or emergencies involving family members or other people who depend on them. This includes illness or injury, death, or unexpected breakdown in care arrangements. The employer will decide what counts as 'reasonable' time off and leave is normally unpaid, unless the contract of employment states otherwise.

#### **CONVINCING EMPLOYERS FOR FLEXIBLE WORKING**

**Selling the benefits of flexible working**

Evidence suggests that the vast majority of employers would be happy to consider an application for flexible working. However, in many cases employers will have concerns over the business impact of flexible working patterns. If you are going to approach your employer to ask about flexible working it is important that you are prepared to address their concerns and sell the benefits of flexible working.

You should start by considering the situation from your employer's perspective. Are there good business reasons on which they could refuse your request? Is it possible to find solutions to their concerns or can you compromise on the kind of flexible work you are proposing?

You may find it helpful to emphasise the benefits of flexible working from an employer's perspective. These include:

- greater loyalty of the workforce;
- falling absenteeism and increased retention of staff;
- increased productivity from motivated staff;
- ability to increase skills in the organisation by recruiting more staff with a wider range of talents;
- lower stress levels;
- Increased recruitment of staff and better brand image for the organisation.

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You may also like to consider identifying sources of information or support for your employer. Organisations like ACAS provide advice to employers on flexible working. Case studies of employers who have instigated flexible working practices successfully are available from a number of sources; details are given in types of flexible employer below.

#### **TYPES OF FLEXIBLE EMPLOYER**

Flexible working options are widely available in all sectors. Historically the public sector has championed flexible working with a wide range of part-time and term-time only options. However increasingly flexible working options are being provided by private sector companies as part of additional benefits packages designed to attract the best candidates. Some companies emphasise their flexible working policies in order to demonstrate their corporate and social responsibility and to develop a reputation for being an ethical business.

Although flexible working is widely available it is worth checking the record of individual employers as the kind of options available may vary. You will also want to check that employers are delivering on their flexible working promises rather than just using them to attract candidates.

Some employers have a particularly strong record with offering flexible working practices. Every year the charity Working Families publishes its list of the top employers for flexible working practices. You may also like to check Work Foundation and the Equality and Human Rights website for case studies of employers who have instigated flexible working procedures successfully.

#### **HOW TO APPLY FOR FLEXIBLE WORKING**

If you are interested in applying for flexible working you should check if you have a statutory right to apply as this will involve following a set procedure. You should also check whether your employer has a flexible working policy as this may offer additional guidance.

##### **In general you should:**

- apply well in advance as the process can take several months;
- consider your preferred option(s) and be prepared to negotiate if necessary;
- anticipate any concerns your employer may have and prepare to answer these;
- identify examples of similar organisations or roles where flexible working has been introduced successfully;
- consider talking to colleagues who may be able to provide advice and support, particularly if they have previously applied for flexible working;
- consider an informal conversation with your line-manager or with HR before you make a formal application;

- make an application in writing (either on paper or electronically) giving details of the kind of flexible pattern you would like to adopt, any reasons you have for the request and your preferred start date;
- explain how you believe changing your pattern of work would affect your employer and how this could be dealt with;
- Be prepared to appeal if your request is turned down.

#### **CONCLUSION**

The context of work is changing rapidly. The forces of technology, society, demography and globalisation are creating new challenges and opportunities for companies in the UK and beyond. Yet meeting the challenges and leveraging the opportunities of the future requires agility. Flexible working arrangements allow companies to begin to create more agile working environments.

This research has identified potential benefits of flexible working arrangements for both the employees and employer. This research has also identified various flexible working hours which includes Part-time work, Flexi-time, Compressed working hours, Term-time working etc. Various locations where the flexible working arrangements can be implemented, working patterns for flexible working, legal rights for availing flexible working etc. And in the end the researcher has analysed the procedure for applying for flexible working arrangements.

More research needs to be undertaken in order to address the business context more explicitly, with a particular need to gather more measurable economic benefits. But even when established, a strong case for flexible working is only half of the challenge. Even if the benefits of flexibility are widely known, an understanding of how to best implement flexible working arrangements is crucial in avoiding difficulties.

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- <http://hrcouncil.ca/hr-toolkit/workplaces-flexible.cfm>
- <https://www.gov.uk/flexible-working/overview>

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# Integration of Project and Change Management – Is it imperative for project success?



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*When an organization undertakes any project to improve its operation or to move into a desired future stage, it needs to simultaneously prepare itself for the change that the project brings in. Hence there is a need to think about that change in advance and embed the consideration of managing that change within the project management process. Such integration may help in project management success but whether such integration ensures project success? As different studies have suggested that Project success and Project Management success are two different concepts. Large infrastructural projects go beyond the organizational boundary and produces change in the large public domain. The present paper tries to find out the answer to the question- whether successful integration of Change Management consideration in Project Management necessarily results in Project Success? The paper tries to look for the answer through four large infrastructural projects in different countries and how they served one of the main beneficiaries to such project – the people.*

*Keywords: Change Management, Project Management, Change Process, Integration, Deliverable, Stakeholders, Communication*

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## Introduction

Project Management and Change Management are the two contemporary disciplines in today's business environment. Project Management is defined as "the application of knowledge, skills, tools and techniques to project activities to meet the project requirements" (PMBOK® Guide, 2013). The knowledge, tools and techniques are meant to identify the requirements of the project, address the needs, concerns and expectations of various stakeholders while planning and executing the projects. Project Management also involves communications with the stakeholders, managing these stakeholders needs and expectations and create project deliverable while balancing the project constraints of time, cost and scope.

Change management, on the other hand relates to process, tools and techniques to manage the people or human side of change to achieve the desired business results for the organization (Creasey, 2007). Any change process in the organization affects the organizational processes, systems, organisational behaviour and role and responsibilities of a job.

Entire aspect of change requires a process to drive it in the organization. Projects can be seen as that driver for change. The project deliverable creates value for the

organization and utilizing it properly and deriving benefits out of that renders success to the project as well as the change process. However, in case of large infrastructural projects, the deliverable transcends the boundary of the organization and moves to the public domain. In such cases, successful utilization of the deliverable by the public or the society ensures success of the project.

The concept of project management success and project success has subtle distinction (Cooke-Davis, 2002). While Project management success is measured against the yardsticks of performance in terms of time, cost and quality, project success is measured against the overall objectives of the project. In their study, Jugdev & Müller (2005) suggested that the outlook on project success has evolved from the 1960s to the present century to include critical success factors like vision, strategy and sponsorship which are also instrumental in successful change. Therefore, considerations of change processes need to be embedded in the project management processes so that it can lead to project management success and eventually to project success.

However, questions arise as to whether embedding the consideration of change processes in the project management ensure its success? or absence of such

integration leads to project management failure? or lack of it affects project success? The present paper tries to investigate the aspects of integration of these two disciplines from the perspective of project success on the basis of some large infrastructure project cases.

**Project Management Processes**

Managing a project through its life cycle requires number of processes or set of activities to be performed to produce a specified product or service or results. These processes are categorized as per Project Management Body of Knowledge, PMBOK© Guide, 2013 (Project Management Institute) into several process groups, which are

- a) Initiating Process Group - This process group starts with the definition of the new project or a new part of an existing project. The definition of the project includes defining the scope and initial commitment of the financial resources that will be required to complete the project. Another critical activity that is completed in this process is the identification of the different stakeholders. The identification of these stakeholders, both external and internal, is important not only to gather information about their requirements but also to know how they are going to be affected by the project outcome. Project managers, if not already identified earlier has to be selected at this stage.
- b) Planning Process Groups - This process group involves defining the scope of the project and the objective of the project. If this planning process group is managed well, the project will have much easier acceptability among the stakeholders. Identification and evaluation of risks and planning for their mitigation is another important activity performed at this stage.
- c) Execution Process Groups - This group of activities are directed towards the completion of the work envisaged in the Project Management Plan. Coordinating with people and for various other

resources, managing the stakeholders and performing and integrating the project activities in accordance with the Project Management Plan are the activities performed under this group.

- d) Monitoring and Controlling Process Group - this is the review phase and the activities are concerned with the tracking, reviewing and regulating. Tracking and reviewing provides inputs with regard to how the project is doing and the areas that need special attention.
- e) Closing Process Group - this group of activities are related to the conclusion of the project activities. This process group is more concerned with the the project deliverable and through that the delivery of project value. Lessons learned in the project are documented at this stage which is a key element that can be utilized to enhance the organisation’s performance in future projects.

**Change Management Process**

In order to reach the desired performance or the desired state this change process need to be managed. This management of change has a technical and a human side. While project management takes care of the technical side, change management takes care of the human side. According to Prosci’s 3-Phase Change Management Methodology, the process involves three stages - preparing for change, managing change and reinforcing change (Prosci, 2012). The activities under each of these management processes work towards successful change in the organization. Studies have suggested different models of change process in an organization (Lewin 1947, Kotter 1996). Lewin (1947) proposed a 3-step change process involving unfreezing- movement- refreezing, while Kotter (1996) dwelt upon the change process with his eight-step process. We take a comparative look at these two models and correlate them to the change management process suggested by Prosci in the table below:

Change Management Processes (According to Prosci’s Change Management Methodology, Prosci, 2012)	Change Processes and activities in an organisation (According to Kotter, 1996)	Change Process and Activities in an organization (According to Lewin, 1947)
<b>Preparing for Change</b> <ul style="list-style-type: none"> <li>• Define change management strategy</li> <li>• Prepare change management team</li> <li>• Develop sponsorship model</li> </ul>	Establishing a sense of urgency based on information about the market and competitors as well as crises and opportunities.	Unfreezing – Human behavior is in equilibrium under the action of complex set of forces. Unfreezing involves creating positive mindset to accept the new behavior discarding the old one. It involves <ul style="list-style-type: none"> <li>• To know what is to be changed</li> <li>• Garner support for the change</li> <li>• Create the need for change</li> <li>• Identify the resistance and manage the concern behind.</li> </ul>
	Creating a guiding coalition i.e a powerful team to lead change.	
	Developing a vision and strategy to give a direction to the change efforts and achieve them.	

<b>Managing Change</b> <ul style="list-style-type: none"> <li>Developing Change management plans</li> <li>Take actions and implement plans</li> </ul>	Communicating the change vision to the employees and getting the desired behaviour	Movement- Unfreezing sets the stage for carrying out the Change process. It involves: <ul style="list-style-type: none"> <li>Communication throughout the process</li> <li>Deal with impedances and problems as they arise</li> <li>Empower people for action</li> <li>Ensure involvement of people through encouragement and reward.</li> </ul>
	Empowering broad-based action in terms of removing obstacles, changing systems and structures, encouraging innovative ideas and activities.	
	Generating short term wins by achieving specific improvements and rewarding those who are responsible for it.	
<b>Reinforcing Change</b> <ul style="list-style-type: none"> <li>Collect and analyse feedback</li> <li>Diagnose Gaps and manage resistance</li> <li>Implement corrective actions and celebrate successes</li> </ul>	Consolidating gains and producing more change by taking up new projects leading to more change.	Refreeze – There is always a probability in any change effort to revert back to the old pre-change position unless it is reinforced time and again. Hence for the sustenance of change -it is to be embedded into the culture. This requires support, may be change in the organization structure, work procedure and training to those exposed to the change in order to handle the new condition.
	Anchoring new approaches in the culture through explanation of the connection between the change and organizational success so that the resistance is also minimised.	

**Table 1: Correlation between Change management, Change processes and Activities (Source: Compiled by the author)**

The processes and activities for successful change given by Kotter and Lewin can be seen from the above table as conforming to the management process of change. However, these concepts were proposed in the context of organization, which has got a limited boundary and a higher level of control. On the other hand, when change is occurring in the large public domain through projects the boundary gets extended and the control becomes lower. In such cases, whether the integration of change management consideration in managing these projects leads to success in project management and consequently success of the project? The present paper tries to find the answer.

#### **Integrating Change Management consideration in Project Management**

The disciplines of change management and project management provide focus, processes and tools for reaching the desired future stage for the organisation in their own characteristic ways. While project management provides a solution to the technical side, change management takes care of the people side.

In the Project initiation stage identification of the stakeholders, their needs, readiness and the impact of the project on them is an important consideration. Addressing these issues will create a sense of urgency and subsequently getting a sponsor will be possible. A change management team is to be selected at this stage. All these will help in forming a guiding coalition among the stakeholders.

From the change management perspective the planning process has a great significance. A project is undertaken to create certain value for the organization which is dependent upon the deliverable of the project. This value creation is always a part of the organizational vision and projects are part of the strategies to realize that vision. Communication of vision to the concerned and getting their support is an important activity at this stage.

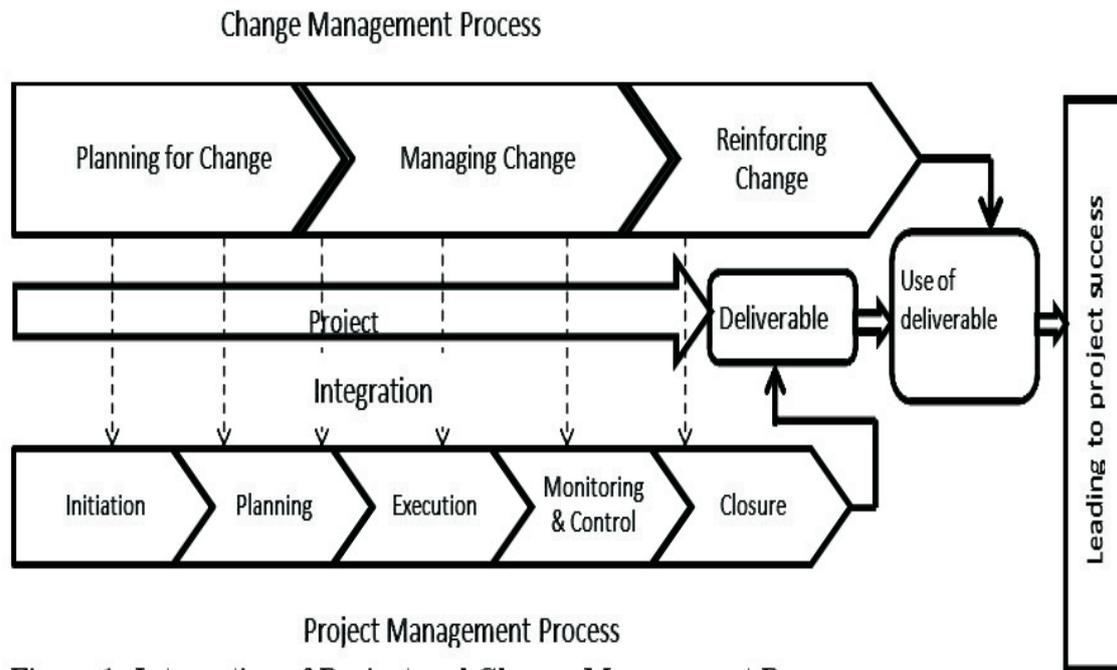
At the execution stage, change management considerations of removing the obstacles, changing systems and structures, generating innovative ideas may require a change agent apart from the stakeholders and experts, who has the understanding of the factors that will support new behaviours. These behaviours are required for successful operation of the deliverable and lead to successful outcomes. Project champion and to some extent project sponsors fulfill the responsibility of change agents.

The monitoring and control phase, from the change management consideration, involves the major activity of managing the ever-evolving needs of the stakeholders that can vary widely from a minor one to major one. Project managers and their project team members take care of the activities at this stage.

From the change management point of view the closure process cannot be construed as closed unless the organization adopts the deliverable successfully and other indicators of project success also indicating the successful completion.

Therefore, embedding change management considerations in the different stages of project management process are as much a requirement for project management success as their absence leading to

the failure of project management. The figure below shows change management and project management integration in a project.



**Figure 1- Integration of Project and Change Management Processes**

The present paper focuses on four large infrastructural project cases where the integration of change management and project management processes has been studied. Further it has been investigated that whether the integration resulted in project management success and consequently in project success. As the impact of these mega-projects has moved into the public domain the success of the projects is determined from the larger public utility perspective.

**Project Case I - Delhi Metro Rail Project**

Brief Details of the project :

The Delhi Metro Project was started in the year 1998 to provide the residents of Delhi and its adjoining satellite cities of the National Capital Region (NCR) in India a modern rapid mass transit system. Delhi Metro Rail Corporation was set up by Government of India and Government of National Capital Territory of Delhi in the year 1995 under the Companies Act to construct Delhi Metro. The construction project of Delhi Metro was

scheduled to be completed in three phases with the construction work of Phase I starting on October 1998. This phase of the project, which consisted of 65.1 km of route length and 58 stations was completed in 2006 on budget and almost three years ahead of schedule (Sreedharan, 2008). Phase II of the network comprised 124.6 km of route length and 85 stations was fully completed with first section opened on June 2008 and the last line opened on August 2011. The phase III (103 km with 69 stations) and IV (113.2 km route length) are planned to be completed by 2016 and 2021 respectively. As on today the metro has an average daily ridership of 2.70 million with the highest figure reaching 3, 175,000 on August 28, 2015.

DMRC was able to successfully embed the change process considerations in their project management processes. This has led to the completion of phase I & II in time. More than that keeping the people on board with project has also contributed the success of project in terms of increasing ridership with time.

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### **Project Case II – Scottish Parliament Building**

Brief about the Project:

The project was conceived as the home of the Scottish Parliament at Holyrood, Edinburgh. Construction of the building started in June 1999 and was inaugurated in October, 2004. The project cost was estimated to be between £ 40 million to £50 million but rose to the tune of £431 million by September 2004. Even after such debacle in terms of its cost and time overruns, the building won the Stirling Prize in 2005 and within a month of its inauguration registered a visitor count of more than 100,000. The project achieved its landmark status though it failed from the project management point of view. Moreover, the Spanish architect, Enric Miralles, died before the project was completed.

The project had failed to consider the change process requirements within the initial stages of the project management process. That had made the subsequent change process more difficult to integrate with the project management. The project, in spite of achieving an iconic status was a failure from view point of project management.

### **Project Case III – Golden Quadrilateral Project**

Brief about the project:

The Golden Quadrilateral Project was part of the ambitious National Highway Development Project (NHDP) of the Government of India. The planning for this project was completed and the foundation stone was laid by former Prime Minister Shri Atal Behari Bajpayee in January 1999. The actual work started in 2001 and was estimated to be completed by 2006. The initial estimate of cost on the basis of 1999 prices was Rs 60,000 crores. The project envisaged construction of highways connecting the four major cities of India- Delhi, Kolkata, Mumbai and Chennai covering a distance of about 5846 Kilometer. The project was completed with an approximate cost of Rs. 30,800 crores, much below its original estimate but with respect to time it overshot by six more years than its initial estimate. This time overrun was primarily due to problems of land acquisition, poor performance of the contractors followed by disputes with them.

The project at the later stages failed to visualize the problem of land acquisition and as a result the strategy formulation was also not proper. The disputes with the contractor also added to the woes.

### **Project Case IV – Denver International Airport – Automated Baggage Handling System**

Brief about the Project:

The city and county of Denver in the US had built their new International airport covering about 53 square miles (about 140 square kilometres) and consisting of 12 major

runways. The cost estimated was about US \$ 5 Billion with part of it coming from the Federal Government. The new airport was designed to handle about 50 million passengers in a year. One of the critical part of the new facility was the automated Baggage Handling System. The system was thought of to reduce the turnaround time of the aircraft to a mere 30 minutes. However, due to massive problems in this “Integrated Automated Baggage Handling System” the opening of the airport had to be postponed from its scheduled opening on October, 1993. After a series of postponements of its later opening dates the airport was finally opened to public on February 28, 1995 with a delay of about 16 months. The delay had been expensive for both the owner as well as the airlines. Moreover the automated baggage system could not deliver the productivity and the efficiency in handling the baggage that these airlines thought of. (Neufville, 1994). As on August 2005, the system was scrapped in favour of a fully manual system.

From the change management consideration the lack of visualization of the project as a whole including the automated baggage handling system along with the main airport building and very late action to discard this automated system signifies lack of clear vision, insufficient knowledge about the complexity, ineffective communication and inadequate involvement of stakeholders at proper time.

The following table tries to bring out the failure in integrating change management consideration in the project management of these large infrastructural projects.

Prosci's CM Theory Change (as per Lewin) Change (as per Kotter) Project	Preparing for Change				Managing Change				Reinforcing Change	
	Unfreezing		Movement		Movement		Reinforcing		Reinforcing	
	Sense of Urgency	Guiding Coalition	Vision & Strategy	Communication	Empowerment for Action	Generating Short-term Wins	Consolidating Gains	Anchoring	Use of deliverable	Use of deliverable
Delhi Metro Project, Delhi	Delhi's rapidly growing population and rising pollution created a sense of urgency	Govt of India, Delhi Govt. & Govt. of Japan became the major stakeholders. Mr Sreedharan completed the formidable coalition.	Had a robust system in place to take care of selection of bidders, speeding up the tendering process. DMRC was given sufficient autonomy to come of any situations which they used. In spite of 100 accidents the Phase I could come before time. (Sharma, 2015)	Executing	Monitoring & Control	Closure & Deliverable	Use of deliverable	Use of deliverable	Use of deliverable	Use of deliverable
Scottish Parliament Building, Edinburgh, Scotland	The project sponsors failed to visualize the iconic status of the project. In absence such visualization the project at trouble from the beginning.	• Time and cost estimate miserably overshoot • Spanish Architect Miralles & British Project manager was not a good combination because of their divergent views about the project. • Communication as a result, between them was not proper leave alone the vision. (Scottish Parliament, 2009)	• Spanish architect became sole source of power. Project manager was having virtually no control on the Spanish architect • Lot of design changes which were not envisaged earlier.	Strict Project monitoring could not be applied to the Architect firm. Bill Armstrong, the project manager, with his conventional project management knowledge was inadequately equipped to handle such an iconic project. (Alderman & Ivory, 2011)	Enquiry was ordered even before the closure of the project. (Fraser, 2004, p 8).	The project was completed in different phases and opened to public in phases. The Phases I & II are presently operational. Work is presently under progress for Phase III and IV.	• The project won no. of awards • More than 1million visitors in one year. • Today the Scottish Parliament is having its session in the building.	• The project won no. of awards • More than 1million visitors in one year. • Today the Scottish Parliament is having its session in the building.	• The project won no. of awards • More than 1million visitors in one year. • Today the Scottish Parliament is having its session in the building.	• The project won no. of awards • More than 1million visitors in one year. • Today the Scottish Parliament is having its session in the building.

Golden Quadrilateral (GQ) Project, Delhi, Mumbai, Chennai & Kolkata	The boom in economy, overdependence on railway transport and appalling road condition created the sense of urgency for the project.	Through PPP model the project was executed. This has created a formidable coalition among two major stakeholders- NHAI and the private party. However, formation of coalition suffered due to the problem of land acquisition and contractors didn't perform as expected.	Exceeded time schedule but cost was much less than estimate PPP Methodology was a success in terms of cost but suffered major setback in time.	Failed in anticipating land acquisition problem and taking action. The project was 95% complete at the end of its time schedule. But balance 5% took six more years	The Government of India declared the project completed in 2012.	<ul style="list-style-type: none"> <li>• Today it carries 40% of the national road traffic while being only 2% of the total road transport network.</li> <li>• Affected the industries in non-nodal districts along the GQ (Datta, 2011) positively particularly the industries in between 0-10km distance (Ghani, Goswami and Kerr, 2013).</li> </ul>
Denver Intl. Airport-Automated Baggage Handling System, Denver, USA	The idea of having an international airport with automated baggage handling system might have generated the sense of urgency but there was failure in complexity and risk assessment for the project. The lack of knowledge of the Chief Engineer, Walter Slinger and lack of due diligence on his part and on part of Denver Authority had contributed to poor vision and strategy formulation.	Instead of planning the building with Baggage Handling System, the building project was taken up by the Denver Authority while the baggage handling system was left to the individual airlines. Later studies also failed to establish whether the provision of such a system was there in the design of building or even communicated. (Calleam, 2008)	Decision by the Project management team to take over the baggage handling part into the scope at a very late stage. Autocratic decision making by the chief engineer Mr. Slinger.	Very late intervention by Denver authority and that too after the public demonstration in 1994 and pressure from other quarters, to quash of the automated part and ordering for a manual substitute at an addl. Cost itself shows lack of empowerment for action and failure in communication.	The opening of the project with a delay of 16 months in 1995 with a manual system of baggage handling system at an additional cost \$50 Million indicates that the project was far from its original scope.	The manual system is still working in the airport. The lone automated system was finally abandoned in 2005 by United Airlines because of high maintenance cost.

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## Discussion

From the above project cases it is evident that integrating change management consideration in project management process has certainly affected project management success. In case of Delhi Metro Project it has been observed that the change processes are effectively embedded in project management process group. Hence in respect of the project management success criteria it was a success. Further, embedding change in the culture of working and involving people in every stage of the project is the reason for the success as a project. The success of the project is also due to public need of a mass transport system and also in Sreedharan's words "it has given Indians the confidence to believe in themselves and trust that they can efficiently build the most challenging and technically complex projects". Where the DMRC has adopted well, the Scottish Parliament project failed there. This iconic project failed in incorporating most of the change considerations in the management of the project. However, as a project this claims to be a success case due to the architect's vision of making this structure in line with the Scottish land and people. In Miralles' own words "We don't want to forget that the Scottish Parliament will be in Edinburgh, but will belong to Scotland, to the Scottish land. The Parliament should be able to reflect the land it represents." The success in achieving its objective had probably found more patronage from the Scottish people – an important stakeholder for such iconic project in the public domain.

In case of the Golden Quadrilateral project, towards the end a lack of visualization and failure to maintain a guiding coalition with the contractors and landowners was clearly absent. That the project was 95% complete at the end of its scheduled time period and it took six more years to complete the balance 5% of job is an indicator that empowering for broad based action to remove obstacles or having innovative ideas to do so was absent. However, in contrast the total project cost projected a different picture. It was way below the estimate - almost half of the estimate even after such a huge delay. Even after such failure in terms of time schedule the project got tremendous response from the commuters and there was a distinct positive impact on the manufacturing industries in the vicinity of this massive highway network. The success of this project is thus attributed to the fulfillment of the need of a major stakeholder group i.e the people.

The automated baggage handling system project in the newly built Denver International Airport was a glaring example of failure of integration of change management consideration in project management and the failure of the project as well. United Airlines which was the lone user of the automated baggage handling facility finally decided to abandon the facility in view of the huge maintenance cost despite the fact that their contract was supposed to run till 2025.

## Conclusion

The projects discussed above are basically large infrastructure projects and are catering to public need. Some of these projects even succeeded in fulfilling the need of the public inspite of failing to integrate change management considerations in project management. In fact, barring the lone case of Delhi Metro Project all others failed somewhere in the integration part. Thus we can conclude that the integration is necessary from the project management success consideration and success in project management contributes to project success. However, the above cases also indicate that if there is a need for change and the project is undertaken to fulfill that change, then the project ends with success even though if it may fail in some of the project management success criteria.

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# Does Spike in GDP Growth Rate Signal Inclusive Growth?



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*Indian economy registered GDP growth rate of 7.4 %, in the second quarter of 2015-16, a marginal increase over first quarter growth of 7%, indicating expansion in Indian economy. Expansion of any economy needs to allow all members of a society to participate in, and contribute to the growth process on an equal basis regardless of their individual circumstances, in order to get reflected in inclusive growth. It would be worth examining whether it indicates inclusive growth.*

*Key Words: GDP, Inclusive Growth, Unemployment, Economic Value Added Activities*

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## **Introduction :**

The term GDP officially coined in forty's has been lapped up by governments across the globe to show case their performance. With lack of uniform method of measurement, the term has remained a piece of statistic open to manipulation. There is a wide range of variance in the way we measure it which includes selection of components, their relative weight age, base data etc. Add to it the confusion created by putting Real GDP in public domain without mentioning Nominal GDP figures. Many Governments across the globe have time to time exploited this variance to present decorated figures. Historical facts reinforce this argument.

India's GDP rose 7.4 % in the second quarter of 2015-16, in line with expectations but faster than the 7% growth recorded in the preceding three-months. China's GDP rose 6.9% in the same quarter. The high growth was driven by a robust 9.3% rise in gross value added (GVA) in the manufacturing sector. Despite a poor monsoon, agricultural sector did better than expected with a 2.2% rise in GVA versus 2.1% YoY. The GDP growth had declined to 7% in April-June quarter from 7.5% in the previous quarter raising concerns that the recovery was not shaping well. GDP at constant (2011-12) prices in Q2 of 2015-16 is estimated at Rs 27.57 lakh crore, as against Rs 25.66 lakh crore in Q2 of 2014-15 showing a growth rate of 7.4%, according to data released by the Central Statistics Office, Ministry of Statistics and Programme Implementation. Quarterly GVA for quarter was estimated at Rs 25.80 lakh crore, as against Rs 24.02 lakh crore in Q2 of 2014-15, showing a growth rate of 7.4 % over

the corresponding quarter of previous year. As per the official data, the economic activities which registered growth of over 7.0 % in the second quarter were trade, hotels and transport and communication and services related to broadcasting, financial, insurance, real estate and professional services and manufacturing. The growth in the 'agriculture, forestry and fishing', 'mining and quarrying', 'electricity, gas, water supply & other utility services, 'construction' and 'public administration, defence and other services' was 2.2 %, 3.2 %, 6.7 %, 2.6 % and 4.7 %, respectively, during this period.

## **Importance of Inclusive growth in India**

Although India attains relatively high growth rates of GDP, many citizens do not seem to benefit from it. To remedy this problem, multilateral development institutions have developed the concept of inclusive growth, defined as growth that allows all members of a society to participate in and contribute to the growth process on an equal basis, regardless of their individual circumstances. The most direct way to achieve inclusive growth in India is to bring the objective of full employment of the labor force (i.e., zero involuntary unemployment) to the top of the policy agenda. Specific policies to achieve it are: (i) Redress the neglect of agriculture; (ii) Undertake public investment in basic infrastructure; (iii) Use of industrial policy to accelerate industrialization and structural transformation in general; (iv) Direct fiscal and monetary policies to the achievement of full employment; and (v) Devise Job Guarantee Programs (JGP) to ensure full employment with price stability.

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### **Toll of unemployment**

- Unemployment not only reduces potential national output but also imposes a fiscal burden insofar as resources from those working have to be transferred in the form of unemployment subsidy.
- Unemployed do not exercise much freedom of decision and are deprived of opportunities.
- Skill loss and long-run damage: Unemployed “unlearn by not doing”.
- Unemployment causes intense suffering and mental agony.
- Unemployment can lead to dejection, lack of selfrespect, collapse of motivation, and even suicide.
- Long-term unemployment leads to a loss of motivation.
- Unemployment is disruptive of social relations and weakens the harmony and coherence within the family.
- Racial and gender inequality: Both are exacerbated by unemployment.
- Unemployed develop cynicism about the fairness of social arrangements.
- Organizational inflexibility and technical conservatism: Unemployment may restrict the use of better technologies and resistance to any economic reorganization involving job loss.

### **Unemployment Rate in India**

Unemployment Rate in India decreased to 4.90 percent in 2013 from 5.20 percent in 2012. Unemployment Rate in India averaged 7.32 percent from 1983 until 2013, reaching an all time high of 9.40 percent in 2009 and a record low of 4.90 percent in 2013. Unemployment Rate in India is reported by the Ministry of Labour and Employment, India.

In India, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

The labour force participation rates is the number of persons who are employed and unemployed but looking for a job divided by the total working-age population. This page provides - India Labor Force Participation Rate - actual values, historical data, forecast, chart, statistics, economic calendar and news. India Labor Force Participation Rate - actual data, historical chart and calendar of releases - was last updated on June of 2016. Labor Force Participation Rate in India increased to 52.50 percent in 2013 from 50.90 percent in 2012. Labor Force Participation Rate in India averaged 52.10 percent from 2011 until 2013, reaching an all time high of 52.90 percent in 2011 and a record low of 50.90 percent in 2012. Labor Force Participation Rate in India is reported by the Labour Bureau of Government of India.

### **Some Historical Facts**

The case of Greece in recent history is well known. Allegedly helped by some big accounting house, the Government of the day continued to inflate figures that indicate size of economy, with a view to continue borrowing. Even Governments of US and UK have manipulated GDP figures sometime or the other for different reasons. Governments within same geography have also adopted different yardsticks from time to time; credibility of GDP figures diminishes as a consequence.

Process of measurement of GDP should therefore be insulated from manipulation. This alone would give reasonable level of credibility to GDP figures.

Given the divergence of opinion among economists world over on virtually all issues, adoption of a uniform method is a challenge though.

The bigger question however is why the Governments do it? The reason is simple. In recent memory no jargon has been used and accepted more widely to indicate health of an economy than GDP, considered to be the biggest innovation of twentieth century in the financial world. Pleasant GDP figures can make a government gain or lose political capital.

### **Nominal GDP Vs Real GDP**

Whereas nominal GDP growth rate is calculated on current price level without factoring in inflation, real GDP generally referred to as GDP takes into account inflection and is calculated by deducting inflation from nominal GDP. Therefore if inflation comes down, GDP goes up even if nominal GDP stays at the same level or in some cases goes down marginally.

As corporate profits are calculated on current price levels, they are aligned to nominal GDP and not real GDP. They may go down even if financial expansion is indicated by increase in GDP growth rate.

This is what explains overall downward trend in profits of India Inc in Q2 FY16, though GDP growth rate has moved up a notch to 7.4%.

### **What GDP figures don't indicate?**

In order to assess the impact of spike in GDP numbers on inclusive growth, it would therefore be prudent to examine what constitutes GDP and what doesn't.

GDP captures all Economic Value Added (EVA) activities, be manufacturing of goods, agriculture produce or services that result in revenue generation. Substantial increase in growth rate of GDP therefore indicates financial expansion and increased levels of economic activity. It should ideally bring satisfaction to those who benefit due to employment generation, increased purchasing power etc. A reality check in remote places in India however doesn't support this hypothesis.

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For a country like India, inclusive growth includes lot many activities that marginally add economic value or don't add at all.

For example construction of a pathway in a remote village may not bring EVA activities after it is done, yet it brings welfare and happiness to people living around. Similarly happiness derived out of welfare activities like provision of free education, health care, sanitation, etc are intangible benefits that are not accounted for in calculating GDP. Provision of forest cover doesn't add economic value but has substantial impact on environment and consequent happiness of people. However, in absence of a credible alternative to measure size of an economy, GDP continues to be important and widely accepted even though it doesn't capture intangible activities.

Diane Coyle in her book "A Brief and Affectionate History of GDP", calls GDP "an abstract and complex statistics". It is not a true reflection of happiness and welfare of people. She however remains affectionate about GDP despite its weaknesses.

It can therefore be safely argued that spike in GDP growth rate doesn't truly reflect inclusive growth. We may derive satisfaction at increasing GDP growth rate, but focusing too much on GDP would impair our ability to see weaknesses in our economy.

#### **Conclusion**

Large mass of deprived people in India are not even aware of GDP, let alone be concerned with financial expansion it brings. It is therefore important for a country like ours to have equal focus on those non EVA activities which bring inclusive growth. We need to focus on improving standard of education and health care, provision of water, sanitation and other civic amenities to unprivileged citizens living in remote places.

Skill development and employment generation will go a long way in bringing inclusive growth. Agriculture sector

needs efficient delivery of inputs and an assured market for agri produce, a system that doesn't exploit desperate people.

Those in authority need to treat poor citizens with respect. This calls for a change in mindset. Satisfaction and happiness of unprivileged people would make significant contribution towards inclusive growth.

This is not to undermine growth rate. After all substantial expansion of economy of a state results in higher levels of standard of living of its people. Expansion of China's economy is the latest example.

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# A Study on Managing Conflict in Work Relationship between Manufacturer and Distributor



Ameer Hussain A<sup>1</sup>

*In General, Channel members of different organizations have different goals/objectives which are relevant to their respective organization. In the context of Channel conflict that exist between manufacturer and Distributor. In spite of both manufacturer and distributor having common goal of selling the same product that they agreed upon, conflict is unavoidable due to their differing approach for sales. Manufacturing is volume based business and the manufacturer can take any step to increase the volume by way of adding new distributor, sell at lower Margin or opt for direct sales. Meanwhile, Distribution sales are based on Margin based sales and they do not afford to sell at loss. Hence there exist a gap between the Manufacturer and distributor Goals although they are selling the same product.*

*Key Words: Conflict, Work Relation, Manufacturer & Distributor*

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## Introduction

The term Work relationship is generally discussed the most in reference only to the relationship that exist between Boss and Subordinates or among Co-workers. However, It gains its equal importance in Intra Channel Management between Manufacturer and Distributor. Though there are lot of reasons for the sale of a Product/Service to go up or down, Work relationship that exist between the manufacturer and distributor plays a pivotal role in a Channel driven sales environment. According to a survey conducted by Industrial Performance Group, Inc., 82% of manufacturers and 92% of distributors reported sales performance and profitability were hampered by problems in their working relationships.

According to James C. Anderson (1990), Manufacturer and distributor relationship or Partnership is defined as the extent to which there is mutual recognition and understanding that the success of each firm depends in the part of the other firm, with each firm consequently taking actions so as to provide a coordinated effort focused on jointly satisfying the requirements of the customer market place.

### Conflict in Work Relationship:

Channel Conflict between Manufacturer and Distributor in the Channel sales is unavoidable as both the parties has different goals and different perception towards the reality.

Previous marketing research has identified three primary causes of conflict among channel members: goal incompatibility, domain dissensus, and differing perceptions of reality. (Luk 1997).

### (i) Incompatible Goals:

In General, Channel members of different organisation have different goals/ objectives which are relevant to their respective organisation. In the context of Channel conflict that exist between manufacturer and Distributor, In spite of both manufacturer and distributor having common goal of selling the same product that they agreed upon, conflict is unavoidable due to their differing approach for sales.

In General, Manufacturing is volume based business and the manufacturer can take any step to increase the volume by way of adding new distributor, sell at lower Margin or opt for direct sales. Meanwhile, Distribution sales is based on Margin based sales and they do not afford to sell at loss. Hence there exist a gap between the Manufacturer and distributor Goals although they are selling the same product.

### (ii) Domain Dissensus:

There would be instances where it could be possible that the distributor's definition of Domain might differ from one distributor to another distributor. The differences in the domain definition among the channel members includes critical elements like Clients to be served, Territory/Segment to be covered, Functions to be

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performed and the technology adopted. Distributors fight among themselves due to lack of clarity of the domain definition and not having any common consensus among them.

**(iii) Differing perception of Reality:**

It is a threat perceived by the Channel member about the other Channel member where the reality might be different. It is basically the gap between Perception and reality. It is not necessary that every time the perception is same as the reality. It arises due to poor communication among the channel members, due to which there won't be enough cooperation and coordination among the members.

**Functional and Dysfunctional Conflict:**

It is evident that Channel conflict among the channel members or between the Manufacturer and Distributor is totally unavoidable. The aim of any Channel conflict Management is not to avoid them completely but to stop at the point which becomes Dysfunctional to give productive output. Channel Conflict which is healthy and desirable is referred to as "Functional Conflict".

Conflict can be classified into 3 different Types depending on the Purpose

**(i) Cognitive Conflict:**

It is a task related conflict where the members debate and conflict regarding the task that they have to achieve. Research shows that under normal circumstance, Cognitive conflict is usually positive and result in positive outcome. (Barry). Presence of Cognitive conflict in the channel relationship shows that there is two way communication/participation happening between the channel partners. It also result in better quality decision as the members of the channel discuss freely without any hesitation (Amason, 1996). Researchers have identified that voice and/or level of participation plays a significant role in achieving relationship satisfaction (Easterbrook et al, 1993). Hence there is a close correlation between Cognitive conflict and Relationship satisfaction because of the high level of participation between two channel partners. This improved relation, result in better performance.

**(ii) Affective Conflict:**

Affective conflict is a result of tensions from emotional responses and is generally focused on personal incompatibilities or disputes (Amason, 1996). The channel members drift their focus from accomplishing the task to personal attack. They go an extent that due to the inefficiency of the Manufacturer or Distributor they are unable to achieve the task. In general affective conflict is dysfunctional. It not only affect the satisfaction level among the Channel members but it also takes the positive effect of cognitive conflict.

**(iii) Process Conflict:**

Unlike Cognitive and Affective Conflict which focus on task and relationship, Process conflict highlight about the tension that arises because of distribution of work among the members to accomplish the task. Typically in this type of conflict situation friction happens because of who has to do what task and the level of responsibility that the channel member has to undertake. In general it can be defined as "an awareness of controversies about aspects of how task accomplishment will proceed (Jehn and Mannix, 2001)". Previous researches shows that process conflict is negatively correlated with satisfaction, intent to remain, perceived (Jehn, Northcraft and Neale 1999).

**Conclusion:**

The paper has discussed about Work relationship in the context of Channel Sales environment between Manufacturer and Distribution. It has also detailed the actual reasons for Conflict which hampers their work relationship. As it is a general notion that Conflict is always negative, it has been brought forward that not all types of conflict are always dysfunctional which gives negative effect on the relationship and Performance in Work relationship. Finally three major types of conflicts has been discussed highlighting whether they give positive outcome(Functional Conflict) /Negative Outcome(Negative Conflict).

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# Rural India-an Untapped Gold Mine for Pharmaceutical Industry



Aniruddha Bhowmick<sup>1</sup>

*In this study I am going to explain the opportunities of pharmaceutical companies in rural India. Current pharmaceutical market has huge growth rate but it has to face major transformation challenges in order to cope up with global pharmaceutical market growth rate. This growth is impossible without focusing on rural market which has huge supply demand gap. In India more than 60% of the population lives in villages & their demand is also increasing. In this study there is glance of international market along with some ideas about the potentiality & future scope of growth for pharmaceutical companies in rural India.*

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## **Introduction:**

In India about 60% of the population still lives in the villages & their demand is also increasing post 1990 in compare to its urban counterpart. But 65% of the rural populations have no access to medicines. This tempting picture is now attracting the pharmaceutical companies to think beyond larger cities and plunging into rural segment, purely to ramp up the volume. Estimate says small towns are contributing 20% of the country pharmaceutical market while rural areas are contributing more than 21%. In 2006- 2007 rural pharmaceutical market contribute around 1.4 billion dollar in total pharmaceutical sales of the country. Data has shown rural market evolved from 18% in 2005 to 21% in 2007. Indian pharmaceutical market comprises predominantly of urban areas, the rural market is lagging behind. Recent steps taken by the Govt. for economic reforms, health care reforms has emphasized the growth of rural market. Henceforth demand pull has been created which will bring huge opportunity for the pharmaceutical companies to reach double digit growth in the future. More over rural market is more or less dominated by acute ailments, of late they have also started suffering from lifestyle related diseases as well. This life style related diseases will fuel the drug companies to target chronic therapies of the rural India.

## **Literature review:**

Previously by rural market people used to understand where agricultural product can only be sold. Prior to 1990s, marketing of agriculture & agricultural related

product was considered as rural marketing. But the scenario has taken a huge turn with globalization & liberalization of Indian economy which led in rising income & mushrooming of middle class across the nation. MC Kinsey & company 2005 reviewed the growth opportunity of the pharmaceutical companies over the next decades. The report clearly state that from 2000- 2005 consumer spending on rural products & services grew at a compound annual rate of 14%. If this momentum continues the Indian pharmaceutical market will triple to USD 20 billion dollar by 2015 & move into world top 10 pharmaceutical market. Even the OPPI (2013- 2014) report state that by value Indian pharmaceutical market occupy 14th position accounting for 1.4% of the total global market. The share of the emerging market in global industry is expected to increase from 18% to 28% by 2015. Even the CII business report ( 2015) state that India domestic pharmaceutical market was estimated to be USD 10.76 billion in 2008 and is expected to grow CAGR ( compound annual growth rate ) of 9.9% till 2010 there after a CAGR of 9.5% till 2015. The report concluded that this growth rate can only be achieved in future if the focus can be shifted from saturated metro & urban market to untapped rural market.

## **Indian pharmaceutical industry on global perspective:**

Pharmaceutical industry can be considered as the world biggest industry due to its worldwide turnover of USD 2.8 trillion dollars. In the recent years industry saw many major changes from different angels like payers, providers & manufacturers. For India journey for the pharmaceutical industry has started from 1901 when

Bengal Chemical & Pharmaceutical Company started its maiden operation in Kolkata. In the next few decades industry saw revolutionary change which has made it a net foreign exchange earner. India is able to show its presence in global arena as one of the top 35 drug producer worldwide. By 2020 India is likely to be among top 3 pharmaceutical markets by incremental growth & 6th largest market globally in absolute size. With lower cost of production compare to US & almost half cost of product than Europe give India competitive edge over others. Even the export of pharmaceutical products of India has risen from US 6.37 billion dollars 2006-2007 to US 8.7 billion in 2008- 2009 with a combining growth rate of 21.25%. As per the prediction of Price Waterhouse Coopers by 2020 the export value of Indian pharmaceutical product will reach 50 billion dollars. World Bank report on global economy prospect reveals "India will see growth rise to 7.2% and 7.4% in financial year 2013-2014 & 2014-2015. By seeing this tremendous opportunity domestic & multinational companies are coming up with innovative marketing strategies to capture the market share as high as possible. IMS Health Market Prognosis (2015) reveals Asia , Africa and Australia are growing at a higher growth rate than that of

North America , Japan and Europe. This robust growth rate can only be possible if the industry will adopt new business models and think innovative ideas to serve the evolving customers in a better & faster ways.

**Growth rate of the emerging market is faster than developed market :**

According to IMS data the amount of pharmaceutical spending by top 5 European markets which include Germany, France, Italy , Spain & U.K will decline from 20% to 13 % . While spending of U.S will slip down from 41% to 31% from 2005 to 2015. While the growth rate of global pharmaceutical industry will be pulled up emerging markets mainly by China, Brazil, India & Russia. This growth rate of the emerging nations are mainly back up by strong economic growth and government commitment to expand health care access. As per the IMS data these emerging nations spending on healthcare is nearly double than developed nations by 150 billion dollars by 2015. Moreover it has also been revealed that most of these emerging nations have strong domestic companies which market low cost generics, branded generics. This has helped them to reach common mass of population.

**Govt. healthcare spending & Growth**

Country	China	Brazil	India	Russia
<b>Year 2010</b>	<b>Total Spend- 41.1</b>	<b>Total Spend- 22.9</b>	<b>Total Spend- 12.3</b>	<b>Total Spend- 13.6</b>
<b>Year 2015</b>	<b>Total Spend- 62.6</b>	<b>Total Spend- 16.8</b>	<b>Total Spend- 13.4</b>	<b>Total Spend- 11.0</b>

*Source : IMS market prognosis April 2011. All in terms of billion dollars.*

**Indians present disease pattern:**

Although India has made significant development in nutrition and health care infrastructure, but in case of eradication of many killer diseases we are lagging behind in compare to develop nations when come into universal health care for all citizens. 60% of our total population lives in villages, out of which 65% of the population have no accesses to medicines. The burden of the diseases are still high due to large scale poverty, development disparities between states, gender discrimination, growing age population and some failure of Govt. policies. The diseases pattern of the Indians has changed drastically over the period of years. Still few years back urban population mainly suffered from chronic diseases like diabetics, cardio vascular disorder, tuberculosis, nephron & neuro problems. While the rural population mainly suffered from acute diseases like dihearia , cholera, fever, cough & cold etc. But the recent trends shows like urban population the rural counterparts are

also suffering from chronic diseases or life style disorder related diseases. In present scenario the most remarkable increase in the cause of death is exhibited by heart attack. Heart attack was among the top 10 fatal diseases in 1971 but moves to 2nd position by 1991surplussing tuberculosis. While the infectious diseases has decline from 56% to 25% by 2020, on the other hand non communicable diseases projected to increase from 29% to 57% by 2020. The most remarkable increase among the non-communicable diseases is observed in heart attacks, cancer and paralysis.

**India present pharmaceutical market scenario and challenges :**

With a present population of 1.28 billion people, India is 2nd most populous country in the world with a growth rate of 1.58%. By considering all the diseases suffered by the Indian population there is a tremendous increase in patient growth rate in the last 10 years.

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At present there are 24000 registered pharmaceutical companies. Out of 465 bulk drugs used in the country 425 are manufactured within India. The pharmaceutical industry poised for high consistent growth rate for the next 5 years. Top Indian companies like Sun, Lupin, Torrent, IPCA, INTAS, Cipla already showing their global presence. Even the industry is also witnessing some large acquisitions by MNCs and rise in investment by domestic & global players in India. While the metro markets, tier 1 and tier 2 markets are already overburden with the presence of the most of the pharmaceutical companies the only corridor that left open for the future development is the rural market where still the majority of population doesn't get the opportunity of medicines and other health care facilities.

One thing the pharmaceutical company has to understand that the way of selling a product in urban market is different from its rural counterpart, which has forced the marketers to brainstorm new strategies to occupy huge share of rural business. But there lies the challenges which the companies used to face for doing business. They are as follows:

- Agrarian society.
- High penetration of spurious drugs.
- Low population density.
- Poor storage & low level of customer knowledge.
- Superstitious believe & varying customer perception.

Apart from these, distribution is a biggest issue, where stockiest cannot supply in the interior areas. Difficulties to reach many parts of the country either due to inadequate transport facility or proper storage problems. Moreover most of the products that are being advertise & marketed aggressively are low risk involvement product like pain bum, lotion, cough syrup or vitamin tonics. The high risk involvement product cannot be advertise or marketed through media as regulatory guidelines prevent them. Hence the challenges for the pharmaceutical companies will be focused not just entering product accesses and developing robust sale but also creating new markets and crafting diff business strategy to serve the market.

#### **Reasons for the growth of pharmaceutical market in rural India:**

There is huge gap between population residing the villages and the quality treatment and medicines reaching those villages. Although the acute care disease mainly dominate the rural market, of late they have stated showing interest in lifestyle related treatment. This raised the fuel penetration of drug for chronic diseases along with the acute care diseases. If we considered the affordability & accessibility, rural market have more disposable income than its urban counterpart. As per Mr. S.P.Chakroborty, President, India region Lupin, "According to the estimate of Planning Commission,

village dwellers have started spending 12% of their household income on health care spending. The opportunity for the pharmaceutical company is so huge that in an interview ROCHE Global CEO Mr. Severing Schwan said that "India is so big, we always keep it on our radar". Even the Govt. has placed health care sector its topmost priority in budget allocation. RSBY is a good initiative by the Govt. to insure health care for the common people. Similarly the "National Health Insurance policy" which enable inpatient medical care up to Rs.30,000 per family is a another major steps by central Govt. These provide added advantage to the pharmaceutical sector to spread it wings beyond limited boundaries of urban region.

#### **Conclusion:**

India rural pharmaceutical market experiencing strong growth driven by the factor like rise in rural incomes, increase in patient base, improve health care infrastructure and strong penetration of health care insurance in rural sectors. Even the companies are diverging their strategies to reach out to uncovered medical practitioners which enable the doctors to prescribe latest evolved medicines for better treatment of the patient. Even several programmes implemented by state & central Govt. to facilitate basic health care amenities in villages will also increase penetration of the pharmaceutical company focusing on the rural market for the long term. Undoubtedly the road is not at all smooth but by going forward rural market will be a major share for the pharmaceutical companies.

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# The Changing Role of the Reserve Bank of India in Bank Supervision and Corporate Governance with the Introduction of Risk Based Parameters



Sujoy Kumar Dhar<sup>1</sup>

*The role of the Reserve Bank of India (RBI) has undergone rigorous change over a period of time. Earlier, it was a common perception that the role of the RBI was confined to credit control by changing different key policy rates depending on the economic environment of the national as well as the international level. In the recent past the global banking practices faced a number of jugglery and malpractices such as window dressing, over and undervaluation of mortgages and collateral, over-pricing the default risk and underpricing the credit risk. The objective of this paper is to critically analyze the corporate governance framework of the banks, interpret the changes which have taken place with the implementation of Basel norms and discuss the changing role of the RBI in bank supervision. The research paper is taking into consideration the secondary data available in several research articles prevalent in the different reputed national and international journals downloaded from EBSCOhost and Emerald. It has been found that a gradual slow but steady and silent shift took place from CAMEL (Capital, Asset quality, Management quality, Earning quality, Liquidity position) based supervision to risk based supervision. Banks are facing different types of risk such as credit risk, market risk, external risk, fund management risk, infrastructure risk, liquidity risk, operational risk, proposition risk and position risk etc. Majority of Indian Banks have successfully implemented Basel Guidelines specially Basel-II norms to a significant extent.*

*Keywords : Risk Management, Corporate Governance, Basel Norm, Capital adequacy ratio, Reserve Bank of India*

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## Introduction

The central bank is the apex body of the money market of every nation. In India, central bank is known as the Reserve Bank of India (RBI); in Bangladesh, it is referred to as the Bangladesh Bank; in the USA it is called as the Federal Bank; while in Europe it is known as the European Central Bank. The RBI started its operations on 1st April 1935 during the British Rule in accordance with the provisions of the Reserve Bank of India Act, 1934. Section 5(b) of the Banking Regulation Act, 1949 defines 'banking' as "accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdraw- able by cheque, draft and order or otherwise." Irrespective of the name and the nation, previously the roles and responsibilities of the central banks were confined to certain stereotypical activities such as the controller of credit in the economy, lending funds to the commercial banks as the lender of the last resort, providing loans and advances to the Government of the nation in the form of deficit financing and the controller of foreign exchange by devaluing and

revaluing the home currency to ensure that the value of the currency remains within a particular predefined range as a policy resolution. In this respect, the RBI's role in banking supervision has changed significantly from 1992 which should be considered as a milestone year in the history of the Indian banking sector.

## Survey of Existing Literature

The major emphasis of the RBI is placed on financial governance, financial soundness, financial discipline and corporate governance.

According to Al-Tamimi, Hussein A. Hassan, 2008, Basel II addressed capital adequacy ratio and capital base which was almost similar in Basel I, but capital adequacy ratio has become more risk sensitive and responsive under Basel II norms (174).

Commercial banking is a combination of related activities such as providing products and services to the customers, engaging in financial intermediation and management of risk' (Sensarma, 2009: 7).

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Literature available on financial governance, financial soundness, financial discipline and corporate governance	
Thirlwell, 2002	Regulators should encourage the banks to improve the risk management.
Ataulla and Le, 2006	A negative relationship was found between fiscal deficits and the efficiency in Indian banks during the time period 1992-1998.
Muranda, 2006	Failure by board of financially distressed banks to adapt to the demands of a changing competitive environment.
Handley-Schachler, Juleff and Paton, 2007	In case of banking sectors, external auditors have additional responsibilities in connection with financial services to the clients, including reporting of breaches of laws and regulations as well as monitoring the balance sheets.
Al-Tamimi, Hassan Al-Tamimi.,2008	There is no difference between (United Arab Emirates) UAE national banks and foreign banks in their readiness for the implementation of Basel II.
Arif and Ahmed, 2012	It is imperative for the bank's management to be aware of its liquidity position in different buckets.

### Gaps in Research

Several research papers have been authored on corporate governance in banking. (Perera et al, 2006; Sharma, 2008; Alexander, 2009; Lo and Ng ,2009). Numerous articles are also available in the field of risk management in banking ( Tschernjak, 2004; Doff, 2008; Williams and Prather, 2010 ; Jarrow, 2011). Multiple research precedences are evident in the sphere of banking supervision and monitoring (Isik, 2007; Wu, 2008; Gersbach and Pachil, 2009; Hussain and Al-Ajmi, 2012). Hardly any work has been done on the changing role of the RBI taking into account the perspective of the risk management and risk based supervision.

### Objectives of the Research

Objectives of the proposed research paper can be mentioned as follows:

- To assess the changing dynamics of corporate governance framework of the Indian banking sector.
- To demonstrate how the Basel Accords have changed the supervisory role of the RBI.
- To focus on the changing role of the Reserve Bank of India in bank supervision.

### Methodology of the Research

The research paper takes into consideration the secondary data available in several research articles published in the different reputed national and international journals downloaded from EBSCO host and Emerald. The research work incorporates the necessary information inputs from the statutory and non-statutory disclosure provided by the Reserve Bank of India in the public domain.

### Evaluation of Corporate Governance of Banks in India

An advisory on corporate governance was formed under the chairmanship of Dr R H Patil in March 2001 which examined the issues relating to corporate governance in banks in India including the public sectors banks and made recommendations to bring the governance standards in India at par with the best international standards. In the midterm review of the Monetary and Credit Policy of October 21, 2001, the formal policy announcement of corporate governance was made by Dr. Bimal Jalan.

*1 According to Gangly Committee recommendations, composition of the Boards of banks is more regulation-based rather than need-based. The Board of Directors of a bank is required to have representation from specific sectors like agriculture and rural economy, co-operation, SSI, law, etc. Group is of the view that in the context of banking becoming more complex and competitive, the composition of the Board should be left to the business needs of banks. Composition of the Board (by way of representation of various sectors) should be so as to reflect the business strategy and its vision for the future. The Group is of the view that in the present context when banking is becoming more complex and knowledge-based, there is an urgent need for making the Boards of banks more contemporarily professional, by inducting technical and specially qualified personnel. The earlier requirement of ensuring representation on the Boards of banks for areas like agricultural sector, law, co-operation, small-scale industry, etc. which were relevant in the immediate post-nationalization era, in the Group's view, have now to be supplemented by other emerging priorities. The Group feels that instead of attempting to wholly change sectoral representation, efforts should be aimed at bringing about a blend of 'historical skills' set (that is, regulation-based representation of sectors like agriculture, SSI, co-operation, etc.) and the 'new skills' set (that is, need-based representation of skills such as, marketing, technology and systems, risk management, strategic planning, treasury operations, credit recovery, etc.) (Mishra, 2013)*

A consultative group was constituted in November 2001 under the chairmanship of Dr. A.S Ganguly<sup>1</sup> to strengthen the internal supervision role of the boards. Some other recommendations were made by Shri M S Verma Group which submitted its report in January 2003 and in 2014 the P J Nayak Committee has given its recommendations on this issue. The RBI set up Verma Committee to identify and examine the problems of weak banks on the basis of certain criteria and to suggest a plan of restructuring. The panel identified Indian Bank, UCO Bank and United Bank of India as weak banks, according to a range of criteria, and outlined a scheme by which they could be bailed out through appropriate restructuring and government aid. The report also identified eight banks in which the accumulated losses and net non-performing assets exceeded the net worth of the bank. The eight banks are Allahabad Bank, Indian Bank, Indian Overseas Bank, Punjab and Sind Bank, State Banks of Indore, State Bank of Mysore, State Bank of Travancore, and United Bank of India. It has identified three banks where operating profits less the income on re-capitalisation bonds has been negative for the three years ending 1998-99 (Indian Bank, UCO Bank, United Bank of India)<sup>2</sup>.

The Nayak committee had recommended a holding company or an investment trust, to which will be vested government's holding in public sector banks. This could facilitate fund raising but it is debatable whether such a move would nullify the deleterious consequences of government ownership. The real solution might be to let

government's majority shareholding fall below 50 per cent. Apart from appointing non-executive chairmen, the action plan of the committee envisages the creation of a Bank Board Bureau, which will become operational by April 2016. The board will have the onerous responsibility of scouting heads of PSBs, recommending recapitalization options, and facilitating the burden of non-performing assets (NPAs). The Government is already looking out for competent people to man the board, the setting up of which is one of the principal recommendations of the P. J. Nayak Committee.<sup>3</sup>

#### Emergence of Basel frameworks and its importance

Internationally agreed minimum standards for capital requirements have existed since the first Basel Accord of 1988, which is known as so called 'Basel I'. According to Basel I, it was decided that banks have to maintain at least 8% capital adequacy ratio to hedge against the credit risk. The capital adequacy ratio is the sum total of Tier 1 capital<sup>4</sup> and Tier II capital<sup>5</sup> divided by risk weighted assets of the bank. Though Basel I sets the criteria of maintaining 8% capital adequacy ratio, the RBI instructed all Indian banks to maintain at least 9% capital adequacy ratio. The objective was to create uniform risk management policy across the globe. Basel II norms came afterwards and in Basel II, there were three main pillars. The three pillars include minimum capital requirement, mandatory disclosure and close - supervision. The criterion of the 'minimum capital requirement' means if the bank's credit rating is extraordinarily good, it can maintain lesser

2. <http://www.thehindubusinessline.com/2000/01/01/stories/040120ju.htm2>

<http://www.thehindubusinessline.com/2000/01/01/stories/040120ju.htm>

3. [http://www.thehindu.com/opinion/columns/C\\_R\\_L\\_Narasimhan/crl-narasimhan-column-on-pj-nayak-committee-bigbang-hardly/article7572158.ece](http://www.thehindu.com/opinion/columns/C_R_L_Narasimhan/crl-narasimhan-column-on-pj-nayak-committee-bigbang-hardly/article7572158.ece)

4. Tier I capital includes paid up equity capital, statutory reserves kept in Indian books, remittable surplus retained in Indian books which is not repatriable so long as the banks are functioning in India. Apart from these, disclosed free reserves, capital reserves representing surplus arising out of sale proceed of assets in India held in a separate account which is not eligible for repatriation so long bank functions in India, amount of investment fluctuation reserve, innovative perpetual debt instrument, perpetual non-cumulative preference share are taken into account in order to compute the Tier I capital. But equity investment in subsidiaries, intangible assets, losses in the current period and those brought forward from previous periods are to be subtracted.

5. Tier II capital includes hidden/undisclosed reserve, cumulative perpetual preference share revaluation reserve, general provision, subordinated debt (long term unsecured loan), hybrid debt equity instruments such as convertible bond, redeemable cumulative preference share etc. Hidden reserves are known by the supervisory authorities but banks are not willing to disclose their reserves fully in the published balance sheet. It is a common practice that valuation of assets is done by historical cost method where historical cost refers cost at the time of acquisition or price at the time of purchase. Revaluation reserve arises from the revaluation of assets that are undervalued on the bank's books. The extent on which revaluation reserves can be relied upon as a cushion for unexpected losses depends mainly upon the level of certainty that can be placed on the estimates of the market values of the relevant assets, the subsequent deterioration in values under difficult market conditions or in a forced sale, potential for actual liquidation at those values, tax consequences of revaluations etc. Some countries allow their banks to revalue their premises or their security holdings at current price. Revaluation reserves are considered at a discount of 55% while determining their value for inclusion in tier II capital. Such reserves will be reflected in the face of balance sheet as revaluation reserves. As a safety cushion, banks usually set aside a certain portion of their assets in the form of provisioning. Provisioning is of two types such as general provisioning and specific provisioning. General provisioning is required to cover unforeseen losses and specific provisioning are done against the specific assets which are losing value such as depreciation on premises, machineries, securities of the companies those have gone for bankruptcy, non-performing loans etc. General provisioning is included in tier 2 capital. Adequate care must be taken to see that sufficient provisions have been made to meet all known losses and foreseeable potential losses before considering general provisions and loss reserves to be part of tier II capital. General provisions will be admitted up to maximum of 1.25% of total risk weighted assets. Subordinated debt is a second charge item on the bank that is in the event of bank liquidation, it will have to be paid after other liabilities have been paid off. Subordinated debt of maturity greater than 5 years is included in tier II capital. Subordinated debt instruments eligible to be reckoned as tier 2 capitals will be limited to 50% of tier I capital.

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amount of capital than the stipulated benchmark. The banks are instructed to disclose mandatorily their risk management strategies in depth on a continuous basis to all of its stakeholders in their quarterly, half yearly and annual reports which are available in the public domain. The central banks of each nation will have to perform the role of watchdog and closely supervise whether all the banks are properly conforming to the norms of Basel II. The another significant difference between the Basel I and Basel II is that Basel I was focusing only on credit risk where Basel II emphasized on market risk and operations risk apart from the credit risk. Market risk incorporates all the risks which are beyond the control of any individual company or sector such as commodity and equity pricing risk, credit spreads, inflation risk, interest rate risk, foreign exchange rate risk, risk from unforeseen contingencies such as war, instability of the Government, external aggression and internal invasion as well the natural calamities such as famine, flood, earthquake, tsunami etc. Operations risk includes underperformance of the banks due to inefficiencies of the employees, inability to capture and store the data, infrastructural inadequacy of the bank offices, money laundering, inadequate business continuity planning, improper succession planning /talent shortage, and also faulty software used by the banks as well as server problems which create a major area of concern as an impediment to the successful operation of the net banking as well as the Core Banking Solution (CBS).

### **Emergence of Basel III**

Basel III is a recent development in the area of the banking sector where major impetus has been provided towards the liquidity risk. The Macro Economic Assessment Group was established in February, 2010 by the chairs of the Financial Stability Board and the Basel Committee on Banking Supervision to coordinate an assessment of Macroeconomic implications. Basel III emphasized on tier I capital. The important element of BASEL III is an increase of the minimum common equity requirement from the current 2% level to 4.5%. According to the BASEL III norms, banks are required to hold an additional tier 1 capital of 1.5% and capital conversion buffer comprising 2.5% of common equity. The countercyclical buffer would be as large as 0- 2.5% position of risk weighted assets. Tier II capital should not be more than of 2%. Therefore for successful implementation of the BASEL III, banks have to maintain at least 10.5% capital adequacy ratio. The successful implementation of Basel III will provide a common platform or a common level playing field for all banking players both in the national as well as international level in future. Hence all Indian banks are required to maintain a minimum capital adequacy ratio of 11.5% to conform to the statutory guidelines of RBI with respect to Basel III accords.

### **The Changing Role of RBI**

Trust in policymaking institutions is an essential aspect of good governance in democracy. Institutional trust, which implies one's prediction that everybody can rely on benevolent and competent policies of a given institution is important to a policy making body because its legitimacy and policy efficacy depend on it. If the common perception of the citizens of the nation is that an institution is not trustworthy enough, they may not adhere to its policy decisions or they may act with the purpose of undermining the authority of the institution. The credibility of the policy making body comes under a question mark which is not at all a good signal to the all stakeholders of the society (Kaltenthaler et al, 2010). The risk based supervision provides major emphasis on risk where risk arises from the asset liability mismatch in the banking sector. A vital issue in the strategic bank planning is Asset and Liability Management (ALM). It is the assessment and management of financial, operational, business functions which are endogenous by nature. Simultaneously the ALM incorporates management as well as mitigation of different types of risks which are exogenous by nature. The objective of ALM is to maximize returns through efficient fund allocation given an acceptable risk structure. ALM is a multidimensional process, requiring simultaneous interactions among different perspectives. If the simultaneous nature of ALM is discarded, decreasing risk in one dimension may result in unexpected increases in other risks (Tektaş et al, 2009). The excessive off balance sheet exposure is another area of risk faced by the banks. Over the past decade many countries have witnessed the changes in the architecture of banking supervision. Earlier the RBI used to follow CAMEL (Capital, Asset quality, Management quality, Earning quality, Liquidity position) model for supervising the banks. Apart from CAMEL, offsite monitoring and surveillance systems, consolidated financial statements and consolidated prudential reports, revised long form audit reports were used as the tools of supervision by the RBI. A gradual slow but steady and silent shift took place from CAMEL based supervision to risk based supervision. The basic purpose of risk based supervision is to develop a risk profiling for each bank. A typical risk profile document as mentioned by RBI incorporates CAMEL's rating with trends, detail description of key risk features captured under each CAMEL component, summary of key business risks, SWOT (Strength, Weakness, Opportunity and Threat) analysis as well as sensitivity analysis

### **Conclusions**

The majority of the Indian banks have more or less successfully implemented Basel II norms. One of the pillars of Basel II is emphasizing on minimum capital requirement which implies if the credit rating of a bank is outstanding, they can maintain lesser capital than the

stipulated norms. Earlier credit ratings of the banks are being done by the external credit rating agencies such as Credit Rating Information Services of India Limited (CRISIL), Indian Credit Rating Agency (ICRA) etc. According to the modern Internal Rating Based (IRB) approach, banks are asked to develop their own internal credit rating system. A few Indian banks have already developed their own internal credit rating framework such as SBI, ICICI bank and HDFC bank but the majority of Indian banks are striving to implement this IRB approach. More over Indian banks are passing through a critical phase as this is the conversion phase from Basel II to Basel III. The implementation of Basel III requires a huge amount of capital. Maintaining an extraordinarily higher capital adequacy ratio is also not the proper solution. Nobody can deny the fact that maintenance of a certain amount of capital adequacy ratio is required as it hedges the risk against liquidity crisis. But an extremely high capital adequacy ratio reduces the credit creating capacity of the bank which creates an adverse impact on the profit margin. Another tendency has been observed that in order to clean their balance sheets, banks are transferring their non-performing assets to their Corporate Debt Restructuring (CDR) cell and CDRs are restructuring the loan by lowering the interest rate and enhancing the loan repayment schedule without addressing the fundamental problems. The Union budget for the financial year 2015-16 presented by the Honorable Finance Minister Mr. Arun Jaitley introduced a new dimension with respect to the roles and responsibilities of the RBI. According to this, it was proposed that the Ministry of Finance, Government of India enter into a 'Monetary Policy Framework Agreement' with the RBI where the apex body of the money market would be responsible for ensuring that inflation could not go above 6%. Therefore the RBI is expected to simultaneously discharge various roles such as the role of supervisor, monitor, liquidity controller as well as policy maker in such a way so that maximum benefit can be provided to all stakeholders of the nation.

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## Co-operative Entrepreneurship Development : A Case Study



Annasaheb M Gurav<sup>1</sup>

*Entrepreneurship Development has pivotal role in facing international changes. The India has plenty natural resources with “youth force” which is the real wealth of nation. The former President of India Hon'ble Dr. A.P.J. Abdul Kalam shown the dream that India become the 'super power' by 2020 and to achieve this dream we cannot ignore the role of entrepreneurship. So, if we want to increase the contribution of entrepreneurs in national development, it is necessary to develop entrepreneurship and implement effective project which has based on sustainable development. Thus, considering role of entrepreneurship in the changing global scenario, researchers have studied one case for which they visited to “Warananagar” at Panala taluka, Kolhapur district of Maharashtra state, where the researchers have realised that what is role of entrepreneurship and what can be done through the effective management of various innovative projects. The researchers have observed a unique model of entrepreneurship development. “Warana Complex” become 'role model' not only Kolhapur district but also India too. It has observed that there is effectively management of various projects, such as dairy, paper mill, hydro project, sugar factory, educational complex, warana bazaar, world famous children's' orchestra and warana wired village. All these ideas creatively and innovatively implemented at Warananagar on the basis of cooperative principles. This credit goes to visionary Entrepreneur late Shri “Tatyasaheb Kore” who made a role model in Maharashtra with his loyal people too.*

*Key words: Resources Management, Local knowledge and skill, Rural Development, Project Management, Entrepreneurship Development etc.*

### 1. Introduction:

Entrepreneurship Development has pivotal role in adopt internationally changes. In India have plentiful natural resources as well as it's become “youth force” in the world and it is real wealth of nation. The former President of India Dr. A.P.J. Abdul Kalam saw the dream of India as a 'super power' by 2020. And for the achievement of this dream we cannot ignore the role of entrepreneurship. So, if we want to increase the contribution of entrepreneurs in national development, it is necessary to develop entrepreneurship and implement effective project which based on sustainable development. Thus, considering role of entrepreneurship in the changing global scenario, researchers have curiosity to know the role of entrepreneurship and it effective management, for this purpose researchers visited to “Warananagar” at Panala taluka, Kolhapur district, there were researcher realised what is role of entrepreneurship and what can be done through the effective management of various innovative project. Therefore, this is different experience toward entrepreneurship development. “Warana Complex”

become 'role model' not only Kolhapur district but also India too. Because of there is effectively management of various project such as dairy project, paper project, hydro surface project, sugar factories, colleges and hostel facilities, time office, historical place, warana bazaar, world famous children's' orchestra and warana wired village. All these ideas creatively and innovatively implement at Warananagar on the basis of cooperative principle. This credit goes to late visionary entrepreneurs “Tatyasaheb Kore” and entrepreneurship of them same as their loyal people too. Thus, in this paper researchers focused on successful story of entrepreneurship development with special reference of 'Warana Udhog Samuh' Warananagar (Warana Industrial Group) and its contribution in sustainable rural Development.

### 2. Objective:

1. To know the role of co-operative entrepreneurship toward sustainable rural development.
2. To know the innovative project management through the co-operative entrepreneurship.

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### 3. Hypotheses:

“Effective entrepreneurship plays an important role in use of available resources through the innovative project management”.

### 4. Scope of the study:

This study helps to understand and consider various aspect of entrepreneurship. This is a case study research and for the case study purpose intestinally visited to Warana Udhyog Samuh and tries to understand that history of Warananagar and their project. Beside this, role of entrepreneurship development in innovative and creative project management which helps to use local knowledge and skill as well as available local resource and produce need based products through the different project like dairy project, paper project, hydro surface project, sugar factories, colleges and hostel facilities, time office, memories place, Warana bazaar, world famous children's' orchestra and Warana wired village. Thus, efficient entrepreneurship significantly contributes in sustainable rural development. Thus, this researcher paper tries to understand key word of entrepreneurship development.

### 5. Methodology:

This is a case study of research. Considering role of entrepreneurship in the changing global scenario, researchers have curiosity to know the role of entrepreneurship and it effective management, for this purpose researchers visited to “Warananagar” at Panala taluka, Kolhapur district, there were researcher realised what is role of entrepreneurship and what can be done through the effective management of various project. Therefore, this is different experience toward entrepreneurship development. “Warananagar” industrial development comes head as 'role model' not only Kolhapur district but also India too. This tour managed by Dr. A. M. Gurav Sir with the pre permission of Mr. V. S. Chavan (M.D. Warana Complex). For this study purpose researchers visited to different project of 'Warana Udhyog Samuh' (Warana Industrial Group) and shared great experience with managers, executive and people. These experience help to understand entrepreneurship and its role in project management as well as sustainable rural development. For this study purpose collect primary data through the interview, observation, discussion and personal interaction etc., instead of this, secondary data collected through website of Warananagar, articles and visit report of Warana Udhyog Samuh prepared by Dr. A. M. Gurav sir. The available data presented with help of photo as well as with support of MS-Office product.

### 6. Entrepreneurship Development: A Case Study- History of Warananagar:

Photo 1.1 Tatayasaheb Kore



In year of 17th October 1914 Tatayasaheb Kore was born in well known family at Warananagar. They are completed his primary education up to 7th standard but also his vision and it entrepreneurship significantly contribute in Warana innovative project and its sustainable rural development. Thus, Tatyasaheb Kore known as “Bhagyavidhata” of Warananagar tal - Panala Dist - Kolhapur. This entrepreneurship comes ahead as role model not only Kolhapur but also India too. Therefore, during the visit of 'Warana Complex' and researchers it is understand various dimensions of entrepreneurship like vision, planning, risk taking ability, creativity, sensitive leadership, innovation and effective implementation of various projects such as dairy project, sugar factories, paper project etc.

### Dairy Project:

Photo 1.2 Dairy Projects



Photo 1.2 shows the milk project of Warananagar. Warana milk Project starts on the co-operative basis. The Warana milk projects are start in the year of 1968. This project setup around 35 acres and this project has five departments as collection, testing, production, packing and distribution. In this project collect daily 2,50,000 liters milk from 85 village. Thereafter, tested collected milk and for quality purpose use 6.5 fats milk, their also produce by products like warana shrikhand, lassi, amrakhand, basundi, milk powder, ice-cream etc. this project significantly contribute

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in their farmers household income as well their local people.

### 1. Sugar Factories:

Sugar manufacturing in Maharashtra is one of the most notable sectors in the country. The pace of growth of this industry has been massive over the past few years. "Shree Tatyasaheb Kore Warana Sahakari Sakhar Karkhana Ltd. (STKWSSKL)", (Unit No.: I Sugar Division) Warananagar, Tal.:Panhala, Dist.: Kolhapur was registered under the Maharashtra Co-Operative Societies Act, Vide Registration No.: G-271 in 1955. It is one of the progressive sugar factories in the Western Maharashtra. The first crushing season was conducted in year 1959 with installing crushing capacity 1000 TCD. After successful establishment of the sugar factory and its efficient operations since year 1959, the management of STKWSSKL planned and implemented allied projects in the campus which include 30 KLPD Distillery in 1989 followed by expansion by 60 KLPD in 2007 as well as Paper & Pulp manufacturing unit in 1983-84. Moreover, recently it has been decided to undertake certain new and additional activities that include a 44 MW Co-generation Plant, 500 TPD Sugar Refinery Plant as well as expansion of the existing distillery by 30 KLPD. Beside in this sugar factories provide insurance, medicinal, and school facilities to the employee. This sugar factory efficiently working Maharashtra as well as India This Sugar industry has been honored with number of prestigious awards at state, national as well International level.

### 2. College and Hostel Facilities:

Swami Vivekand quoted that, "Education is the manifestation of perfection already in man". In this way the dreams of education come true by the efforts of late Tatyasaheb Kore. The main establishment aim of school and college is provide education to the rural farmer's child. For this established Warana education Society's in the year 1964 and there is available 'KG to PG' as well as engineering and medical education facilities to the rural area's students. Due to time constrain researcher's visited to Warana college within short of time span. However, there is researcher seem that, Warana college campus, their hostel facilities, greenery of both side of road and engineering college. Thus, Warana education campus we get different massage toward entrepreneurship development.

### 3. Warana Shetkari:

Photo 1.3 : "Warana Shetkari"



Photo 1.6 indicates the Warana Shetkari central building which is first Agro - Parliament in Warananagar. For the construction of this building appointed well known engineer but they are unable to design expected building structure. So, personally Tatyasaheb Kore designs this types building structure. This building construction is photo copy of our Parliament, which aim is rural farmer familiar to the Parliament Building. In this building set up time office for the all admin work. In the building left side have tomb of late Shri Tatyasaheb Kore, and in front of building have statue of 'St. Tukaram Maharaj' which inspiration of devotees of 'Vittal' the deity of Maharashtra. In this building has different admin department. The farmers can able to accesses information whichever require. Their also implement concept of 'WWV' (Warana Wired Village) based on World Wide Web and computerized all admin work in Marathi language. Beside this in this building at the third floor have cabin of Mr. V. S. Chavan (MD. Warana Udhhyog Samuh) and there have meeting and conference hall for managerial decision. This building well constructed with AC (Air Conditioner). There have different offices as Accounting, Costing, Labour office, Marketing etc.

### 1. Warana Bazar:

Photo 1.4: Warana Bazar Main Branch, Warananagar.



Photo 1.4 shows the "Warana Bazar Main Branch, Warananagar" this is different features of Warananagar. This "Mall" concept adopted, which main intention is villagers as well farmers can easily get qualitative products as internationally standard. In Warana Bazar available all products or goods from food grain to cloths in affordable price. The Warana Bazar purchase all

product and goods from Pune and Mumbai city. The '34 branches' of Warana Bazar located in different villeges of Panala taluka. The annual turnover of bazar approximately '30 corer' and there is working near about '500 employees' and salary of employee start from Rs. 400, beside this packing department is their were female employee has working and tries to understand problem of them. This information said by Sou. Shobhatai Kore (Chairman of Warana Bazar) and Shri Mahajan (Manager, Warana Bazar).

### 1. World Famous Children's' Orchestra:

For the overall development of children there were start 'children's' orchestra' in the year 1970 and this 'children's' orchestra' famous at international level. There age group of 3 to 16 performing in their instrument as well as singing art, recently they went to Mortises and they are ready to go London for performing arts. During the industrial visit researchers saw the performance of child which great pleasure to us. After that we come back to Kolhapur. This industrial visit is one different entrepreneurship experience to us.

### 1. Conclusion:

From the above discussions, analysis and interpretations it is concluded that entrepreneurship development has pivotal role in adopt internationally changes. In India

have plentiful natural resources as well as it's become "youth force" in the world and it is real wealth of nation. Therefore, in present age it is necessary to use local knowledge and skill and use of local resources through the innovative project management and 'Warana Complex' comes ahead as Role Model due to their efficient entrepreneurship and effective innovative project management on the basis of cooperative which significantly contribute in sustainable rural development. Thus, "Effective entrepreneurship plays an important role in use of available resources through the innovative project management", this hypothesis has been proved. However, these types of innovative project management should be implement at local level which can be fulfil dream of the former President of India Dr. A. P.J. Abdul Kalam as India become 'Super Power' by 2020 with support of dynamic entrepreneurship development.

### 2. References:

#### A. Reports:

1. "Field Work Report", prepared by Dr. A.M. Gurav.

#### B. Websites:

2. [www.waranasugar.com](http://www.waranasugar.com) (Accessed dated on 20/06/2013).

C. Field work : Industrial visit to Warananagar, Taluka - Panala, District - Kolhapur.





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# The ICFAI University, Jharkhand

## About Us

The ICFAI University, Jharkhand (IUJ) was established under the provisions of the Institute of Chartered Financial Analysts of India University Act, 2006 (Jharkhand Act No. 08 of 2007), vide Notification dated June 17, 2008 of the Government of Jharkhand. The University is sponsored by the Institute of Chartered Financial Analysts of India (Icfai), a not-for-profit educational society established in 1984 under the Andhra Pradesh (Telangana Area) Public Societies Registration Act, 1350 F (Act No.1 of 1350F) with the objective of imparting training in finance and management to students, working executives and professionals in India

The IUJ is included in the list of universities maintained by University Grants Commission (UGC) under section 2(f) of the UGC Act, 1956 vide their letter no F.8-17/2009(CPP-I) dated 01 Dec 2009.

The University believes in creating and disseminating knowledge and skills in core and frontier areas through innovative educational programs, research, consulting and publishing, and developing a new cadre of professionals with a high level of competence and deep sense of ethics and commitment to the code of professional conduct.

## Faculties of the IUJ

The IUJ has two faculties; i) Faculty of Management Studies (FMS) and ii) Faculty of Science & Technology (FST). While FMS is committed to provide quality education and training along with research in the field of management by helping the students to develop business and personal competence through their exposure to real business problems, case-based analysis and industrial interaction, FST is devoted to offer advanced industry-oriented education in the field of technology.

### FMS offers;

- **MBA** (Masters of Business Administration), a two year campus based program for graduate students,
- **M. Com.**, a two year campus based program for graduate students,
- **MBA-WP** (Masters of Business Administration for Working Professionals), a two year campus based program for working graduates,
- **M. Com-WP**, a two year campus based program for working graduates,
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