



# **ANWESHAN**

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## ***EDITORIAL***

Anweshan: Astha's Management Journal is a blind peer-reviewed journal that encourages researchers, scholars, academicians and management practitioners to contribute their knowhow to the world of management. The editorial team works dedicatedly to procure, review and publish some of the best articles being written across the globe. The topics chosen for publication are from various fields of management, making Anweshan a Kaleidoscope of contemporary research.

Issue I, Volume III of Anweshan, brings you articles on Green Financing and Islamic Finance; A Comparative Study on the Financial Performance of Public Sector and Private Sector banks; A Study on Rural Development in India; Effectiveness of Mid Day Meal Programme in Odisha; Role of Microfinance Institutions in Financial Inclusion; Digital Education; Sustainable Green Energy Resources; Transformation of leadership, and Predicting distress in Indian Aviation Industry.

In the Book Review Section, there is an Article Review on the article written by Gurcharan Das in Times of India titled, *Ten Steps of \$5 trillion: Lesson from RCEP fiasco is that India must execute bold reforms to become competitive*. Overall, this volume focusses on reforms, development and sustainability. There is enough for all of us to satiate our intellectual appetite.

Investopedia defines Islamic finance as "how businesses and individuals raise capital in accordance with Sharia, or Islamic law. It also refers to the types of investments that are permissible under this form of law. Islamic finance can be seen as a unique form of socially responsible investment." The first article is a study that focuses on linking Islamic finance with Green financing.

Rural development has always been a matter of concern in India. Many schemes and programmes have been launched to develop the rural areas nevertheless many more milestones need to be covered. The article on Rural Development in India provides us a picture of Rural Development in India.

An empirical study on Mid Day Meal programme of Odisha tries to connect the scheme with academic performance of the students. Article on Indian Aviation Industry is all about predicting distress. Transformation of leadership is an insight into the role of effective leaders in the sustenance and survival of business.

The Government has taken many initiatives to bring about reforms in the finance sector to stabilize the Indian economy. This includes banking reforms and financial inclusion programmes. This Volume of Anweshan also has articles on banking performance and role of microfinance institutions in financial inclusion.

There are innovative articles from the field of Marketing and Education. The paper on marketing explores strategies to market Green Energy Resources; the paper on Digital Education emphasizes importance of digital classroom. Overall, we expect a refreshing read as this edition brings you articles from areas that have been less explored.

ASTHA School of Management  
Bhubaneswar

**Prof. (Dr.) Sharmila Subramanian**  
**Editor**

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# SEIZING OPPORTUNITIES IN GREEN FINANCING AND ISLAMIC FINANCE

\* Dr. Zakir Hossen Shaikh

## ABSTRACT

*Islamic Finance can play a major role in financing sustainable development and energy projects in core markets where it operates. The development of green Islamic finance in Asia and the Middle East, for example, would arguably create an opportunity for both governments and corporate their investment capital and provide a new asset class featuring a balanced risk-sharing element for issuers, and fixed-income returns for investors. Islamic financial structures will broaden equity capital and provide new risk return profiles for project funding and investors .With the emergence of the market for Sukuk, it seems that it is possible that renewable energy projects could be financed by Islamic financing, with the participation of both the Islamic banks and conventional banks. There is a need for broadening equity capital in energy and renewable energy investment through Islamic finance. Therefore, Islamic project financing will become an essential part of financing such projects in recent years.*

*Islamic Finance is no doubt a key contributor to economic growth in almost all the countries of the Middle East, and the industry, supported by international Multilateral Development Banks (MDBs), has for several decades helped in raising capital for numerous infrastructure projects around the world. This study presents an analysis of the main drivers and factors for building the business case of a new thinking to finance sustainable development in the energy and renewable energy sectors.*

**Keywords:** *Renewable energy, Islamic finance and Sukuk*

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## **Introduction**

Green finance is a broad term that can refer to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy.

Islamic banking or Islamic finance or Sharia-compliant finance is something that complies with Sharia (Islamic law) and Islamic financial model works on the basis of risk sharing. The customer and the bank share the risk of any investment on agreed terms, and divide any profits between them.

The global energy landscape will experience a major transformation in the coming decades; with renewable and natural gas the big winners in the race to meet energy demand growth until 2040, according to the latest edition of the World Energy Outlook, the International Energy Agency's (IEA) flagship publication. An increasing emphasis on energy efficiency has given rise to a new way of thinking in relation to alternative energy sources. Both regulatory regimes and financial institutions have taken steps to address opportunities and challenges to finance the renewable energy industries.

In many parts of the world, corporate and governments have made a commitment to renewable energy and set clear targets and strategies to support sustainability goals. Financing alternatives have been supported by Multilateral Development Banks (MDBs) and energy-specialized agencies and industry groups, and have helped make the sector more attractive to the private sector.

In Green Growth Strategy, that the sustainable energy of the future will require new thinking and new systems – essentially a transformation in the way we produce, deliver and consume energy. As such, a new way of thinking should comprise a new financing mechanism to fund energy projects



## **Rationale**

- The rationales for diversification in the Bahrain energy sources are mainly due to, growing population, rising demand for energy and resource constraints. The government of Bahrain has set an official target for 5% of electricity generation from renewable energy by 2020, with more focus on capacity addition of solar power and the fundamental causes of a debt-based financial system, which led to the global financial crises.
- With the emergence of the market for Sukuk it seems that it is possible that renewable energy projects could be financed by Islamic financing. Therefore, Islamic project financing will become an essential part of financing these projects in recent years with immense potential and opportunity.

## **Objectives**

- To explore the new opportunities to invest in the development of power generation capacity and renewable energy technologies.
- To study the need for innovative financing solutions through risk sharing as an alternative to traditional debt-based approach.

## **Research Methodology**

The data used has been collected from various secondary sources like books, journal, newspaper, & internet. The accuracy of the study is limited to the accuracy of these sources.

The study examined energy regulatory frameworks of KSA and UAE with special focus in Kingdom of Bahrain and looked at the renewable energy initiatives and government support on these countries and assessed the size and patterns of investment projects based on discussions with energy practitioners, policy-makers, Islamic finance professionals and thought leaders have produced interesting consensus over the debate on whether Islamic

finance can play a major role in financing sustainable development and energy projects in core markets where it operates. And, if so, how can Islamic finance leaders capture opportunities in the renewable energy industry and take a lead as a responsible investment platform in the development and economic growth of societies.

## **Literature Review**


Adelekan, S.; Wamuziri, S.; Binsardi, B 2014, Evaluation of Islamic financing products for housing and infrastructure development. The instruments proposed by Islamic finance could represent valuable tools for financing the renewable energy sector. Among the main Islamic financial instruments, there are Murabaha, Mudaraba, Ijara, and Sukuk. Murabaha is a contract of sale in which the lender buys an asset at the specific request of the debtor and then sells it for an amount equal to the purchase cost plus a mark-up and a deferred price over time. Mudaraba is a partnership contract between a party that provides risk capital and another party that manages the agreed and approved project.

Marszałek, Daszyńska-Żygadło, 2016, Green investments are burdened with significant financial risk connected with the uncertainty of the expected results and difficulties in raising the capital. In this regard, green bonds are often offered in a secured (repayment is guaranteed by the issuer) or guaranteed form (redemption is guaranteed by another entity, not the issuer, usually via securitisation). Other ways to minimise the risk embedded in the construction of a green bond is by issuing a hybrid bond (an instrument combining the features of equity and a loan, offering the issuers high flexibility of financing conditions) and a revenue bond (the repayment is from the whole or a part of the profit from the investment financed through the issue).

Armeanu, D.; Vintila, G.; Gherghina, S. 2017, The widespread development of Renewable Energy Sources (RESs) is mainly driven by the goals of preventing climate change and reducing greenhouse gas (GHG) emissions, in addition to the reduction of energy dependency that characterizes most European countries

## Overview of the Energy Industry in Bahrain

- Oil and gas sector has been used as primary energy source.
- Bahrain largely relies on gas for power generation.
- The rationale for diversification in energy sources is due to growing population and rising demand.
- Future domestic energy demand is a challenge.
- The energy sector still represents the biggest contributor to the Kingdom's GDP.
- The country is looking to renewable energy to increase the production of electricity and reduce pollution.
- Bahrain encourages investment and cooperation in renewable energy as part of its developmental plans.
- The government of Bahrain has set an official target for 5% of electricity generation from renewable energy by 2020.

<b>Bahrain economic indicators</b> 	<b>GDP</b>	<ul style="list-style-type: none"> <li>• GDP – US\$32.22 billion (World Bank, 2015)</li> <li>• GDP growth – 2.9% (World Bank, 2015)</li> <li>• Oil GDP (share of total nominal GDP) 24.0% (IMF, 2014)</li> </ul>
	<b>Population</b>	<ul style="list-style-type: none"> <li>• Total population – 1.38 million (World bank, 2015)</li> </ul>
	<b>Major industries</b>	<ul style="list-style-type: none"> <li>• Petroleum processing and refining, aluminum smelting, Islamic and offshore banking, insurance, ship repairing and tourism (IMF)</li> </ul>
	<b>Energy investment &amp; financing institutions</b>	<ul style="list-style-type: none"> <li>• First Energy Bank</li> <li>• APICORP</li> </ul>

*Source: Thomson Reuters*

## **The regulatory and industry framework, Key initiatives**

- The energy industry in Bahrain is overseen by two governmental authorities, the Electricity and Water Authority (EWA) and the National Oil and Gas Authority (NOGA).
- The unit is responsible for establishing strategies and policies and legislations, and stimulating initiatives and investment projects that promote energy efficiency and widening the share of the production of energy from renewable sources.

## **Challenges and opportunities in renewable energy investment**

- Bahrain will require a dedicated institution to lead the development of renewable energy projects.
- In term of financial incentives, there is no dedicated governmental body for renewable energy fund within the country.

## **Finance and investment**

- Bahrain encourages investment and cooperation in renewable energy especially solar energy as part of its developmental plans and programs.
- The energy sector still represents the biggest contributor to the Kingdom's GDP.

## **Potential for Islamic Finance**

- The fundamental causes of a debt-based financial system, which led to the global financial crises, have yet to be addressed and resolved.
- Islamic financial structures increase equity capital and provide new risk return profiles for project funding and investors.

- The development of green Islamic finance creates an opportunity to diversify investment capital and provide a balanced risk-sharing element for issuers and investors.
- A significant share of Sukuk issuance has been structured to reduce risks through guarantees and credit enhancement measures.
- During 2009, First Energy Bank Successfully completed approximately 9% stake acquisition in the Al Dur independent Water and Power Project (IWPP).
- First Energy Bank B.S.C.(c) (“FEB” or the “Bank”) is an Islamic investment bank licensed by the Central Bank of Bahrain (CBB) and headquartered in Manama, Kingdom of Bahrain.

### **The emerging popularity of Sukuk**

Current market conditions may well present a unique opportunity. There is undoubtedly a need for innovative financing solutions that feature a new and revised business model to replace the traditional debt-based financing approach that arguably led to the global financial crisis of 2008. With these kinds of challenges in mind, multinational energy corporate are arguably now seeking alternative sources of capital. Clearly, the diversification of funding renewable energy projects will add more benefits to economic growth, sustainable development and greener economies. A number of countries in the Middle East is currently considering green bond and green Sukuk.

### **Shariah-compliant Investment structures**

A significant share of Sukuk issuance has been structured to reduce risks through guarantees and credit enhancement measures developed by Multilateral Development Banks (MDBs), such as the highly-rated Islamic Development Bank (IDB) and its

affiliated organizations. This has taken place primarily to attract private sector participation in the economic growth of the Organization of Islamic Cooperation (OIC). Other structures include Wakala investment, Ijarah lease, Mudarabah and Musharakah. The use of these instruments depends largely on the type of assets and services required in a particular project.

Policy development and regulation				
Renewable energy strategies/initiatives	Regulation and government guidance level	Factors that impact the growth of renewable energy	Regulatory initiatives that support the use of Islamic Finance structures	
<b>MENA - GCC</b>				
<b>Saudi Arabia</b>	<ul style="list-style-type: none"> <li>Plans to build 16 nuclear power plants by 2032</li> <li>Aims to achieve 3.45 GW of renewables installed by 2020</li> </ul>	<ul style="list-style-type: none"> <li>Has a Ministry of Energy, Electricity, Congregation Regulatory Authority and K.A.CARE</li> </ul>	<ul style="list-style-type: none"> <li>Budgetary, strategic direction and renewable policies</li> </ul>	<ul style="list-style-type: none"> <li>By default, all financing arrangements are made under Islamic principles</li> <li>Commercial banks willing to give loans in presence of enabling polices</li> </ul>
<b>UAE</b>	<ul style="list-style-type: none"> <li>Clean Energy Strategy 2050</li> <li>REmap 2030</li> </ul>	<ul style="list-style-type: none"> <li>Plans to include more policy planning in its renewable energy strategy</li> <li>Dubai Supreme Council of Energy (DSCE) has several responsibilities to improve renewable energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>Costs of oil and gas, costs of renewable energy, size of the country's export revenue and its role in the energy industry</li> </ul>	<ul style="list-style-type: none"> <li>Aims to amplify the role of Sukuk in renewable energy developments through green Sukuk</li> <li>DSCE and World Bank agree to develop a green investment strategy incorporating Sukuk</li> </ul>
<b>Bahrain</b>	<ul style="list-style-type: none"> <li>Sustainable Energy Unit in conjunction with United Nations Development Program</li> <li>Bahrain Energy Vision aims for 5% of its installed capacity to be generated from renewables by 2020</li> </ul>	<ul style="list-style-type: none"> <li>EWA and NOGA oversee the energy industry. There is no designated authority to promote renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Will require a dedicated institution or industry body to lead renewable energy projects</li> <li>Unknown technology-specific targets</li> </ul>	<ul style="list-style-type: none"> <li>The Central Bank of Bahrain (CBB) and in particular the Bahrain Bourse have in place sound regulations for issuing green Sukuk and other Sharia'-compliant investment structures.</li> </ul>

Source: Thomson Reuters

## Findings and recommendations

- Linkages between sustainable and renewable energy sources being funded by Islamic finance ensure a sustainable eco-system and financial eco-system.

- Investors and practitioners largely see Sukuk as a socially responsible investment asset class as it offers a different risk-and-return profile for investors and issuers alike.
- With the emergence of the Green Sukuk the renewable energy projects could be financed by Islamic financing.

## **Conclusion**

- The investors are keen to diversify their debt financing methods and evidently searching for cost effective financing as per Sharia principles.
- A number of countries in the Middle East are currently considering green Sukuk issuance at sovereign level.
- A recent increase in the usage of Sukuk as a capital market tool to finance infrastructure projects.
- Islamic financing solutions for sustainability have largely focused on Sukuk issuance. Green Sukuk is a good model to finance sustainable infrastructure as well as help bridge the gap between conventional and Islamic financial worlds.

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# A STUDY OF RURAL DEVELOPMENT IN INDIA

\* Santa Sundar Acharya

## ABSTRACT

*Rural development is the process of improving the quality of life and economic well-being of people living in rural areas. More and more countries have started realizing that managing the rural environment is a strong way to help them to grow their economy in a better way. The rural sector is important for the society because it is the heart of the growth and development of the civilization that sustains and achieves human goals for better existence. Report of the All India Rural Credit Committee, New Delhi, 2003 has rightly pointed out that a purely agricultural country remains backward even in respect of agriculture. Most of the labour force in India depends on agriculture, not because it is remunerative but because there are no alternative employment opportunities. This is a major cause for the backwardness of Indian agriculture. Today, inclusive Rural Development is more specific concept than the concept of rural development of earlier, in broader terms, inclusive rural development is about improving the quality of life of all rural people. More specifically, inclusive rural development covers three different but interrelated dimensions: Economic dimension, Social dimension and Political dimension. Economic dimension encompasses providing both capacity and opportunities for the poor and low-income households in particular, thus benefit from the economic growth. Social dimension supports social development of poor and low- income households, promotes gender equality and women's empowerment and provides social safety nets for vulnerable groups. Political dimension improves the opportunities for the poor and low income people in rural areas to effectively and equally participate to the political processes at the village level.*

**Keywords:** Rural, Development, Population, Production, Opportunity.

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## **Introduction**

India lives in its village. But the Rural Society of India is very much underdeveloped. Its backwardness is much due to the several problems that haunt the rural Society. The process of change is very slow and so the problems are more or less age old is recent years, the process of change has been accelerated and so new problems are also cropping up.

The major problem of the the rural society may be studied under the following heads:-

The problems concerning agriculture, the problems of cottage industries, the problems of population. The problems of rural health and education, the problem of the status of women, the problem of child marriage, the problem of traditionalism and conservatism the problem of unemployment, problem of nutrition in villages.

Rural areas are still plagued by problems of malnourishment, illiteracy, unemployment and lack of the basic infrastructure facilities like schools, colleges, hospitals, sanitation etc. This has led to youth moving out of the villages to work in cities. This could be compared to the brain drain from India to US. Our villages need to grow in tandem with cities and standard of life has to be improved for inclusive growth to happen. If rural India is poor, India is poor.

## **Facets of Rural Development**

- Improving the living standards of the rural people by providing food, shelter, clothing, employment and education.
- Increasing the productivity in rural areas and to reduce poverty.
- Involving the rural people in planning and development through their participation in decision making and through decentralization of administration.
- Ensuring the distribution of justice and equalization of opportunities in the rural society.

- Providing CC roads, uninterrupted electricity supply, good drainage system, and safe drinking water to every house and Primary Health Center to every village is essential.

### **Literature Review**

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- Finance (Karla Hoff and Joseph E.Stieglitz 1993)
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### **Objectives of Rural Development**

1. To improve the productivity of the rural people.
2. To improve the income of the rural poor.
3. To ensure enlarged employment opportunity.
4. To achieve the removal of unemployment.
5. To ensure an appreciable rise in the standard of living.
6. To provide some of the basic needs- Clean drinking water, elementary education, health care etc.

### **Rural problems in India**

1. **Poverty**:- Poverty in India is still a major issue in this day and age. The population of people living below the poverty line in India is the highest in the world and still the problem is growing day by day. A number of factors are responsible for poverty in rural areas of India. These are:-
  - a) Firstly, rural populations primarily depend on agriculture as their livelihoods. Inadequate rain and improper irrigation facilities can obviously cause low.

- b) Secondly, the caste system which is still found a lot in India becomes a major reason for poverty in India.
- c) Thirdly, the govt. has planned and implemented poverty eradication programs, but the benefits of all these programs are yet to reach the core of the country's people.
2. **Electricity:** - It is a matter of shame for all of us that even 73 years after independence, 53 percent of all rural household in India do not have electricity and use kerosene for lighting. Even for those rural areas which are electrified, there is a tremendous shortage of power supply. This is a major problem for rural areas in India.
3. **Water:-** Everybody needs pure water, But in rural areas of India the pure Water facilities is not provided properly. So rural peoples are facing so much problems.
4. **Education:-** In India there is a big gap between urban areas and rural areas. Almost 85% of the schools are located in rural areas. But today's some remote areas still do need a serious checkup with failing to receive basic quality education. The most common problems that hinders the growth of education in rural India are,
- Lack of proper transportation.
  - People belonging to remote rural areas have meagre incomes.
  - Lack of proper infrastructure at these schools.
5. **Female foeticide:** - Another problem in rural areas in India is female Foeticide. It is a major social problem. In India a strong preference for sons over daughter exists. India ranks as the world's fourth most dangerous place for woman.
6. **Transport:-** A major constraint lies with developing and maintaining rural roads in India. The areas where they are needed are often difficult to access, login ties become complicated local contracting capacity is limited, engineers are few and not keen to leave the urban environment.
7. **Agriculture:-** Agriculture, the back bone of Indian Economy, contributes to the overall economic growth of the country and determines the standard of life for more than 50% of the Indian population.

## **Problems faced by the Agriculture Sector**

1. Fragmented land holding
2. Irrigation problem
3. Seed problem
4. Sustainability problem
5. Over dependence on traditional crops like rice and wheat.

## **Innovative Ideas for Rural Development in India**

1. **Utilization of Local Resources:** For example: If there are water resources like rivers and tanks near by the villages, in summer itself, arrangements must be made to tap this resource by removing slit in the tanks, constructing new reservoirs, bunds, canals and simultaneously strengthening the existing ones, so that the water cannot go waste. Similarly, if there are any mines like iron, coal and granites, they should be excavated so that local population can be provided employment.
2. **Establishment of Rural Industries:** All the village industries come under the following broad categories:
  - a). **Agro Based Industries:** Sugar industries, Jaggery, Oil processing from oil seeds, Pickles, Fruit juice, Spices, Dairy products etc.
  - b). **Forest Based Industries:** Wood products, Bamboo products, Honey, Coir industry, making eating plates from leaves.
  - c). **Mineral based industry:** Stone crushing, Cement industries, Red oxide making, wall coating powders etc.
  - d). **Textile Industry:** Spinning, Weaving, Colouring and Bleaching.
  - e). **Engineering and Services:** Tractors and Pump set repairs etc. Small and medium. sized industries to produce agricultural machinery, equipment for usage in rural areas etc.

- f). **Handicrafts:** These include making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typical to the region.
3. **Services:** There is a wide range of services including mobile repair, agriculture. machinery servicing, etc which are being undertaken under this category.
4. **Startups:** These are the entrepreneurial ventures, which are newly emerged businesses aims to meet marketplace need, want or problem by developing a viable business model around products, services, processes or platforms. For example: Agriculture, Supply Chain, Trading in Agricultural produce, Processing Agricultural produces, Fisheries -Both Culture and Trading, Rural Micro Finance, Rural Health - Rural Primary Health Cared and Rural Education etc.
5. **Computer & Internet Services:** Providing Computer Training and Repairing Services, Internet based business like E-Commerce, Rail & Bus Ticket booking, Digital Marketing Agency – Examples: Social Media Marketing, Email Marketing etc.
6. **Encourage Rural Entrepreneurship:** They may be of the following types:
- a) Individual Entrepreneurship - It is basically single ownership of the enterprise.
  - b) Group Entrepreneurship - It mainly covers partnership, private limited company and public limited company.
  - c) Cluster Formation Entrepreneurship - It covers NGOs, VOs, CBOs, SHGs and even networking of these groups. These also cover formal and non-formal
  - d) Association of a group of individuals on the basis of caste, occupation, income, etc. Cooperative Entrepreneurship - It is an autonomous association of persons united voluntarily for a common objective.

## **Government Schemes for Rural Entrepreneurship in India**

- Bharat Lamp Yojana (2<sup>nd</sup>) For Electrification
- Central Govt. Health Scheme (1954) for Health.
- Deen Dayal upalhaya Gram Yjoti Yojana (2015) for prural power supply.
- Deen Dayal upadhaya Grammeen kaushalya Yojana (2015) for rural development
- Gramin Bhandaran Yojana(Mar,31,2007)for Agriculture
- KGBV(Jul2004) for education
- Pradhan Mantri Gram Sadak Yojana(PMGSY)Dec25,2005 for rural Transport
- Rashtriya Krishi Vikas Yojana,(Aug1,2007) for Agriculture
- Pradhan Mantri Ujjwala Yojana(may1,2016) for poverty
- Swarnajayanti Gram Swarozgar Yojana (SGSY)
- Sampoorna Grameen Rozgar Yojana(SGRY)
- Sarva Sikshya Aviyan(SSA)
- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implemented through NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi Karigar Janashree Bima Yojana for Khadi Artisans.
- Marketing Assistance Scheme.
- Provision of Urban Amenities to Rural Areas (PURA)

## **Suggestions**

- Awards should be given to those entrepreneurs who demonstrate extraordinary success.
- Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the

use of modern technology. Separate financial fund for rural entrepreneurs should be provided by the Government. At the same time they should be provided with adequate and timely financial assistance from all the financial institutions and banks.

- Special training programmes for rural entrepreneurs in particular and in general for rural population should be arranged by the Government to improve their knowledge and vocational skills.
- Rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.
- Finance for Modernization: Sufficient finance must be given to modernize their outdated technology, tools and implements in order to enable them to compete with the large scale industries.
- Rural entrepreneur should be more competitive and efficient in the local & international market. Successful rural entrepreneurs should show path for other rural entrepreneurs.
- Several schemes and plans of government should be strongly executed at different levels for the encouragement of rural entrepreneurs.
- Interest free consumption credit should be provided by the Government, Banks and other financial institutions to encourage buying the products produced by rural entrepreneurs.
- Agriculture diversification, by exploring the opportunities by farming would provide a new range of grains, fruits or vegetables.
- Establishing agro food processing units or related units like wine production, juice production and many others.



## **Conclusion**

Apart from strengthening the agricultural sector, rural entrepreneurship plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, underemployment, unemployment, poverty, migration and economic disparity. Government should go for appraisal of various rural development schemes and programmes in order to uplift rural areas. Rural entrepreneurship finds it difficult to take off largely due to lack of capital accumulation, risk taking and innovation. The rural development programs should combine infrastructure development, education, health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural population can engage themselves. Rural development and rural entrepreneurship is the way of converting developing country into developed nation. Promotion of rural entrepreneurship is extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban. Monitoring rural development programmes, by supplying right information at the right time, providing timely and adequate credit and continuous motivation of bankers, Panchayat union leaders and voluntary service organizations will lead to the development of rural entrepreneurship and in turn will lead to rural development.

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# FINANCIAL PERFORMANCE OF PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS: A COMPARATIVE STUDY

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## ABSTRACT

*In today's financial world, financial performance is compulsory with perspective to stakeholders, and investors. Financial performance is crucial for taking financial decisions related to planning and control. Banking sector perform an important role in economic development of a country. The feature of Indian banking system is large network of bank branches, providing many kinds of financial services for the people. This paper is aimed at examining the performance and productivity of public and private sector banks in India. The objective is to examine the performance of public and private banks with special reference to selected banks during the period of five years i.e.2015 to 2019.The data is collected from secondary sources and the sample are selected through random selection technique. To study every aspect of performance various ratios have been used which help to analysis the variable in better way.*

**Keywords:** *Public sector bank, Private sector bank, Ratio analysis, Financial performance.*

## Introduction

Banking sector in India is classified into three namely nationalized banks and (SBI), private sector banks and foreign banks. All these banks are doing banking operation for achieving their objectives. The operations of all the banks in India are regulated by the Reserve bank of India (RBI). RBI took over the reasonability of formally controlling the

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banks in India in year 1935. RBI was announced as the official central authority of India for the smooth supervision of the banking sector in India. Bank's competition has double benefit to the economy and to these banks themselves. We have seen in the era of nationalized banks dominated banking industry where all the banking operating are done by the nationalized banks only with the sole objective of social banking where people's welfare occupies the major place. Various aspects of the Indian banking sector have been highlighted in recent studies. Many of these refer to convergence and soundness of the sector. There has been a lot of literature covering both of these aspect and, to a great extent, establishing different relationships between these and key macroeconomic and financial variable. This study analyse the various aspect of convergence and soundness in the India banking sector, computes various factor affecting and determining the two using econometric analysis and provides policy suggestion tackling obstacles encountered while achieving soundness and convergence and how to maintain stability for longer period.

## **Review of Literature**

Kajal Chaudhary and Monika Sharma (2011), in her paper titled, "Performance of Indian Public Sector Banks and Private Sector Banks: A Comparative Study" concludes that an efficient management information system should be developed. The bank staff involved in sanctioning the advances International Journal of Commerce and Management Research should be trained about the proper documentation and charge of securities and should be motivated to take measures in preventing advances turning into NPA. Public banks should focus on their functioning to compete with private banks. Banks should be proficient in proper selection of borrower / project and analysis of financial statements.

Bansal (2010), attempted to find out the impact of liberalization on productivity and profitability of public sector banks in India. While measuring the profitability of all PSBs, the results of the trend analysis showed that for the majority of PSBs there was an increase in absolute net profit, but a drop in profitability was observed. But some banks have improved their profitability over the study period.

Zafar T.S.M., Maqbool A. and et al.(2012), in their study to analysis quantitative factors involve in evaluating performance of Indian commercial banks and checks the adequacy of Camel module recommendation for improvement of the banks performance. Study was based on secondary data and collected from annual reports of banks from 2005-06 to 2009-10. Tools used to analysis Camel technique like: Capital adequacy ratio, management efficiency, and assets quality etc. during the year and all banks are sensitive and responsible for customer needs during the analysis.

Jha and Sarangi (2011), Evaluated the performance of 7 public sector and private sector banks during the year 2009-10. They used three financial ratios like operating performance ratios, financial ratios and efficiency ratios. They found that Axis bank took the first position and followed by ICICI Bank, PNB, BOI, SBI, IDBI AND HDFC bank, in that order.

### **Objective of the Study**

- To study the performance of selected public sector banks and private sector banks.
- To study the comparative analysis of public sector and private sector bank with special reference of some selected banks.

### **Research Methodology**

The research study is based on secondary data to analysis the selected public sector banks and private sector banks during the period of 2015-2019. Data is collected from respective banks sites and moneycontrol.com. For analysis of the data, various tools have been used like ratio, means and percentage, etc. ratios were used for analysis and compare the financial performance of selected banks. Means used for compare the trend of banking profitability.

### **Variable of the study**

- Return on assets (ROA)
- Return on equity(ROE)

- Net margin ratio
- Ratio of Interest Income to Total Assets
- Ratio of Non-Interest to Total Assets

### **Limitations of the Study**

- The study is based on secondary data and only 6 banks, (3 from public sector and 3 from private sector) were taken as samples. Data have been used only 5 year i.e. 2015 to 2019.
- So many websites contains different values of the same year hence reference is taken from limited website. i.e. moneycontrol.com.

### **Company Profile**

- **STATE BANK OF INDIA:** State bank of India (SBI) is one the of largest public sector bank in India with a 23% market share in asset, besides a share of one-fourth of the total loan and deposits market. SBI was established on 1<sup>st</sup>july 1955.It is a government statutory body and its headquarter is located in Mumbai,(Maharashtra).SBI has 14 local head offices and 57 regional offices located in important cities across the country. During 2014-15, SBI has16333 branches, including 191 foreign offices spread across 36 countries; it makes the group a truly big financial supermarket and financial icon of India.
- **PUNJAB NATIONAL BANK:** PNB, India’s first Swadeshi Bank, commenced its operations from Lahore on 12 April 1895, with an authorized capital of Rs 2 lack and working capital of Rs 20,000. The Bank was established by the spirit of nationalism. PNB was the first bank which was purely managed by Indians with Indian Capital. Its headquarters is located in New Delhi, India. As of June 2019, the PNB has 7,037 branches and 9,071 ATMs across the country. As of 31<sup>st</sup>Dec’19, PNB is having 2 overseas branches in Hong Kong and Dubai.
- **BANK OF BARODA:** Bank of Baroda (BOB) is an Indian public sector Banking. It is the second largest public sector bank in India postmerger with a business mix

of close to US\$225 billion. As on 2019 data report, BOB is ranked 1145 on Forbes Global 2000 list. Its head quarter is located in Vadodara, (Gujarat).

- **ICICI BANK:** Industrial credit and Investment Corporation of India (ICICI) is the second largest private sector bank in India. ICICI Bank is an Indian multinational banking company. ICICI bank has established on 5 January 1994 and its headquartered in Mumbai, Maharashtra with its registered office in Vadodara, Gujarat. Based on 2018, ICICI Bank is the second largest bank in India in terms of assets and market capitalization.
- **HDFC BANK:** HDFC Bank was established in 1994, with its headquartered in Mumbai, Maharashtra. Based on 2020. HDFC is the largest private sector bank in India by market capitalization. As of 2019, the Bank's distribution network was at 5500 branches across 2,764 cities.
- **AXIS BANK:** Axis Bank is the India's third-largest private sector bank. Axis bank offering a wide assortment of financial products. Its head office is in Mumbai, Maharashtra. It has 4,050 branches, 11,801 ATMs, and 9 international offices. Axis bank employs over 55,000 people and bank had a market capitalization of Rs.1.31 trillion.

## Data Analysis

### Return on Assets (ROA):

Return on assets is a ratio of annual net income divided by net asset. This ratio measure the company's efficiency. Higher value of this ratio means that company is managing its assets more effectively to produce more of the net income.

**Table 1: Return on Assets Ratio (in %)**

YEAR	SBI	PNB	BOB	AVG	ICICI	HDFC	AXIS	AVG
2015	0.63	0.5	0.47	0.53	1.72	1.73	1.59	1.68
2016	0.42	0.59	0.8	0.60	1.34	1.73	1.56	1.54
2017	0.38	0.18	0.19	0.25	1.26	1.68	0.61	1.18
2018	0.18	1.6	0.33	0.70	0.77	1.64	0.03	0.81

<b>2019</b>	<b>0.02</b>	<b>1.28</b>	<b>0.05</b>	<b>0.45</b>	<b>0.34</b>	<b>1.69</b>	<b>0.58</b>	<b>0.87</b>
<b>AVERAGE</b>	<b>0.33</b>	<b>0.83</b>	<b>0.368</b>	<b>0.508</b>	<b>1.09</b>	<b>1.69</b>	<b>0.87</b>	<b>1.22</b>
<b>SD</b>	<b>0.23</b>	<b>0.59</b>	<b>0.29</b>	<b>0.17</b>	<b>0.54</b>	<b>0.04</b>	<b>0.68</b>	<b>0.39</b>
<b>CV</b>	<b>71.79</b>	<b>70.88</b>	<b>78.20</b>	<b>33.78</b>	<b>49.44</b>	<b>2.23</b>	<b>77.85</b>	<b>31.94</b>

Table-1: reveals that bank wise average, standard deviation (SD), and coefficient of variation (CV) of interest income to total assets of selected banks.

The table shows that year to year interest income to total assets ratio fluctuated over the study period. PNB has highest average i.e. (0.83) and SBI has lower average i.e. (0.33) among the selected public sector bank. Standard deviation of interest income to total assets of SBI is 0.23 which is more consistent and low coefficient of variation i.e. 71.79 as compared to PNB and BOB. On the other side Private sector bank, ICICI bank, HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. HDFC bank has highest average i.e. 1.69 followed by ICICI bank and AXIS bank 1.09 and 0.87 respectively. Standard deviation of interest income to total assets of HDFC bank is 0.04 which is more consistent with low coefficient of variation i.e.2.23 as compared to ICICI bank and Axis bank. If we consider the overall position of selected public and private sector banks as interest income to total assets ratio then private sector banks have got better position than public sector banks during the period of study.

### **Return on Equity:**

Return on equity is a measure company's profitability in relation to the equity. Return on equity is a ratio of net income divided by shareholder's equity. The higher the ROE, the more efficient the management of the company is in generating income and growth from its equity financing.

**Table 2: Return on Equity ratio(in %)**

<b>YEAR</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>	<b>AVG</b>	<b>ICICI</b>	<b>HDFC</b>	<b>AXIS</b>	<b>AVG</b>
<b>2015</b>	<b>10.2</b>	<b>8.12</b>	<b>8.53</b>	<b>8.95</b>	<b>13.89</b>	<b>16.47</b>	<b>16.46</b>	<b>15.61</b>
<b>2016</b>	<b>6.89</b>	<b>11.2</b>	<b>13.42</b>	<b>10.50</b>	<b>11.19</b>	<b>16.91</b>	<b>15.46</b>	<b>14.52</b>



<b>2017</b>	<b>6.69</b>	<b>3.47</b>	<b>3.43</b>	<b>4.53</b>	<b>10.11</b>	<b>16.26</b>	<b>6.59</b>	<b>10.99</b>
<b>2018</b>	<b>3.37</b>	<b>32.85</b>	<b>5.6</b>	<b>13.94</b>	<b>6.63</b>	<b>16.45</b>	<b>0.43</b>	<b>7.84</b>
<b>2019</b>	<b>0.39</b>	<b>24.2</b>	<b>0.94</b>	<b>8.51</b>	<b>3.19</b>	<b>14.12</b>	<b>7.01</b>	<b>8.11</b>
<b>AVERAGE</b>	<b>5.51</b>	<b>15.97</b>	<b>6.38</b>	<b>9.29</b>	<b>9.00</b>	<b>16.04</b>	<b>9.19</b>	<b>11.41</b>
<b>SD</b>	<b>3.74</b>	<b>12.18</b>	<b>4.82</b>	<b>3.41</b>	<b>4.16</b>	<b>1.10</b>	<b>6.72</b>	<b>3.58</b>
<b>CV</b>	<b>67.98</b>	<b>76.27</b>	<b>75.57</b>	<b>36.71</b>	<b>46.24</b>	<b>6.86</b>	<b>73.08</b>	<b>31.34</b>

Table-2: exhibits that bank wise average, standard deviation (SD), and coefficient of variation(CV) of interest income to total assets of selected banks.

The table shows that the year-to-year interest income to total assets ratio fluctuated over the study period. PNB has highest average i.e. 15.97 and SBI has lowest average i.e. 5.51 among the selected public sector bank. Standard deviation of interest income to total assets of SBI is 3.74 which is more consistent and low coefficient of variation i.e. 67.98 as compared to PNB and BOB. On the other side Private sector bank, ICICI bank, HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. HDFC bank has highest average i.e. 16.04 followed by AXIS bank and ICICI bank 9.19, and 9.00 respectively. Standard deviation of interest income to total assets of HDFC bank is 1.10 which is more consistent with low coefficient of variation i.e.6.86 as compared to ICICI bank and Axis bank. If we see overall position of selected public and private sector banks in terms return on equity ratio then private sector banks has got better position when compared to public sector banks during the period of study.

### **Net Interest Margin Ratio**

Net interest margin ratio is a ratio that measures how successful a firm is at investing its funds in comparison to its expenses on the same investments. It is calculated by dividing the interest earned-Interest paid by its total assets. Higher the ratio indicates good financial strength of any bank.

**Table 3: Ratio of Net Interest Margin (in %)**

<b>YEAR</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>	<b>AVG</b>	<b>ICICI</b>	<b>HDFC</b>	<b>AXIS</b>	<b>AVG</b>
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<b>2015</b>	<b>8.59</b>	<b>6.61</b>	<b>7.91</b>	<b>7.70</b>	<b>22.76</b>	<b>21.07</b>	<b>20.73</b>	<b>21.52</b>
<b>2016</b>	<b>6.06</b>	<b>8.38</b>	<b>12.24</b>	<b>8.89</b>	<b>18.44</b>	<b>20.41</b>	<b>20.06</b>	<b>19.64</b>
<b>2017</b>	<b>5.97</b>	<b>2.8</b>	<b>3.27</b>	<b>4.01</b>	<b>18.09</b>	<b>20.99</b>	<b>8.26</b>	<b>15.78</b>
<b>2018</b>	<b>2.96</b>	<b>25.59</b>	<b>5.57</b>	<b>11.37</b>	<b>12.33</b>	<b>21.79</b>	<b>0.6</b>	<b>11.57</b>
<b>2019</b>	<b>0.35</b>	<b>19.44</b>	<b>0.86</b>	<b>6.88</b>	<b>5.3</b>	<b>21.29</b>	<b>8.5</b>	<b>11.70</b>
<b>AVERAGE</b>	<b>4.79</b>	<b>12.56</b>	<b>5.97</b>	<b>7.77</b>	<b>15.38</b>	<b>21.11</b>	<b>11.63</b>	<b>16.04</b>
<b>SD</b>	<b>3.18</b>	<b>9.56</b>	<b>4.38</b>	<b>2.70</b>	<b>6.75</b>	<b>0.50</b>	<b>8.61</b>	<b>4.52</b>
<b>CV</b>	<b>66.49</b>	<b>76.06</b>	<b>73.32</b>	<b>34.73</b>	<b>43.86</b>	<b>2.37</b>	<b>74.05</b>	<b>28.20</b>

Table-3: exhibits that bank wise average, standard deviation and coefficient of variation of Net interest margin of selected banks.

The table shows that the total net income of the year fluctuated in the total assets ratio over the study period. PNB has highest average i.e. 12.56 and SBI has lowest average i.e. 4.79 among the selected public sector bank. Standard deviation of net-interest margin of SBI is 3.18 which is more consistent with low coefficient of variation i.e. 66.49 as compared to PNB and BOB. On the other hand Private sector bank, ICICI bank HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. HDFC bank has highest average i.e. 21.11 followed by ICICI bank and AXIS bank 15.38, 11.63 respectively. Standard deviation of net interest margin of HDFC bank is 0.50 which is more consistent with low coefficient of variation i.e. 2.37 as compared to ICICI bank and Axis bank. It is observed that in terms of the ratio of total interest rate of selected public and private sector banks, private sector banks have got better position than public sector banks during the period of study.

### **Ratio of Interest Income to Total Assets**

This ratio is a financial performance measure that focus the difference between the revenue generated from a bank's interest-bearing assets and the expenses associated with

payments on its interest-liabilities. It is calculated from dividing the interest earned by its total assets.

**Table 4: Ratio of Interest Income to Total Assets (in %)**

<b>YEAR</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>	<b>AVG</b>	<b>ICICI</b>	<b>HDFC</b>	<b>AXIS</b>	<b>AVG</b>
<b>2015</b>	<b>7.44</b>	<b>7.67</b>	<b>6</b>	<b>7.04</b>	<b>7.59</b>	<b>8.2</b>	<b>7.68</b>	<b>7.82</b>
<b>2016</b>	<b>6.95</b>	<b>7.1</b>	<b>6.56</b>	<b>6.87</b>	<b>7.31</b>	<b>8.49</b>	<b>7.8</b>	<b>7.87</b>
<b>2017</b>	<b>6.48</b>	<b>6.56</b>	<b>6.07</b>	<b>6.37</b>	<b>7.01</b>	<b>8.02</b>	<b>7.4</b>	<b>7.48</b>
<b>2018</b>	<b>6.38</b>	<b>6.26</b>	<b>6.06</b>	<b>6.23</b>	<b>6.25</b>	<b>7.54</b>	<b>6.62</b>	<b>6.80</b>
<b>2019</b>	<b>6.59</b>	<b>6.62</b>	<b>6.39</b>	<b>6.53</b>	<b>6.57</b>	<b>7.95</b>	<b>6.86</b>	<b>7.13</b>
<b>AVERAGE</b>	<b>6.77</b>	<b>6.84</b>	<b>6.22</b>	<b>6.61</b>	<b>6.95</b>	<b>8.04</b>	<b>7.27</b>	<b>7.42</b>
<b>SD</b>	<b>0.43</b>	<b>0.55</b>	<b>0.25</b>	<b>0.34</b>	<b>0.54</b>	<b>0.35</b>	<b>0.51</b>	<b>0.46</b>
<b>CV</b>	<b>6.40</b>	<b>8.07</b>	<b>3.95</b>	<b>5.10</b>	<b>7.81</b>	<b>4.34</b>	<b>7.07</b>	<b>6.15</b>

Table-4: reveals that bank wise average, standard deviation and coefficient of variation of interest income to total assets of selected banks.

The table shows that year to year interest income to total assets ratio fluctuated over the study period. PNB has highest average i.e.6.84 and BOB has lowest average i.e. 6.22 among the selected public sector bank. Standard deviation of interest income to total assets of BOB is 0.25 which is more consistent and low coefficient of variation i.e. 3.95 as compared to PNB and CBI. On the other hand Private sector bank, ICICI bank, HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. HDFC bank has highest average i.e. 8.04 followed by Axis bank and ICICI bank at 7.27 and 6.095 respectively. Standard deviation of interest income to total assets of HDFC bank is 0.35 which is more consistent with low coefficient of variation i.e. 4.34 as compared to ICICI bank and Axis bank. If we see overall position of both selected public sector and private sector banks in terms interest income to total assets ratio then private

sector banks has got better position when compared to public sector banks during the period of study.

### **Ratio of Non-Interest to Total Assets**

This ratio shows how efficiently assets are used to generate interest income. High ratio is an indicator of efficient management of total assets of banks. It is calculated from dividing the interest earned by its total assets.

**Table 5: Ratio of Non-Interest Income to Total Assets (in %)**

<b>YEAR</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>	<b>AVG</b>	<b>ICICI</b>	<b>HDFC</b>	<b>AXIS</b>	<b>AVG</b>
<b>2015</b>	<b>1.1</b>	<b>0.97</b>	<b>0.61</b>	<b>0.89</b>	<b>1.88</b>	<b>1.52</b>	<b>1.81</b>	<b>1.74</b>
<b>2016</b>	<b>1.18</b>	<b>1.03</b>	<b>0.74</b>	<b>0.98</b>	<b>2.12</b>	<b>1.51</b>	<b>1.78</b>	<b>1.80</b>
<b>2017</b>	<b>1.31</b>	<b>1.24</b>	<b>0.97</b>	<b>1.17</b>	<b>2.52</b>	<b>1.42</b>	<b>1.94</b>	<b>1.96</b>
<b>2018</b>	<b>1.29</b>	<b>1.15</b>	<b>0.92</b>	<b>1.12</b>	<b>1.98</b>	<b>1.43</b>	<b>1.58</b>	<b>1.66</b>
<b>2019</b>	<b>0.95</b>	<b>0.95</b>	<b>0.77</b>	<b>0.89</b>	<b>1.5</b>	<b>1.41</b>	<b>1.63</b>	<b>1.51</b>
<b>AVERAGE</b>	<b>1.17</b>	<b>1.07</b>	<b>0.80</b>	<b>1.01</b>	<b>2.00</b>	<b>1.46</b>	<b>1.75</b>	<b>1.74</b>
<b>SD</b>	<b>0.15</b>	<b>0.12</b>	<b>0.14</b>	<b>0.13</b>	<b>0.37</b>	<b>0.05</b>	<b>0.14</b>	<b>0.17</b>
<b>CV</b>	<b>12.67</b>	<b>11.59</b>	<b>18.06</b>	<b>12.83</b>	<b>18.53</b>	<b>3.61</b>	<b>8.28</b>	<b>9.54</b>

Table-5: exhibits that bank wise average, standard deviation and coefficient of variation non-interest income to total assets of selected banks.

SBI has highest average i.e. 01.17 and BOB has lowest average i.e. 0.80 among the selected public sector bank. Standard deviation of no-interest income to total assets of PNB is 0.12 which is more consistent as compared to SBI and BOB but in case of coefficient of variation, PNB has better position in comparison to other banks. On the other hand Private sector banks, ICICI bank, HDFC bank, and Axis bank have been shown fluctuating but increasing trend over the period of study. ICICI bank has highest average i.e. 2.00 followed by Axis bank and HDFC bank at 1.75, 1.46 respectively. Standard deviation of non-interest income to total assets of HDFC bank has 0.05 more consistent with low coefficient of variation i.e. 3.61 as compared to ICICI bank and Axis bank. If we

consider the overall position of selected public and private sector banks as non-interest income to total assets ratio then private sector banks have got better position than public sector banks during the period of study.

## **Findings and Conclusion**

For analysing the financial performance of selected public sector and private sector banks, different variable have been used. The selected public sector banks that are State Bank of India (SBI) and Punjab National Bank (PNB) and Bank of Baroda (BOB), where as Private sector banks are ICICI bank, HDFC bank and Axis Bank. During the study, it has been found that earning capacity of PNB is better than SBI and BOB. In private sector banks, earning capacity of HDFC bank is better than ICICI bank and Axis bank. Return on assets ratio of PNB and HDFC bank is higher respectively in public sector bank and private sector bank. It is found that private sector banks have better utilized their available resources such as assets, investments etc. It is also observed in the research study that public sector banks have not utilized their resources optimally. Therefore it is necessary for public sector banks to pay more attention on improve their productivity/efficiency of employee by training, incentives and suitable management.

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# ROLE OF MICROFINANCE INSTITUTIONS IN FINANCIAL INCLUSION IN INDIA

\* Sanat Rout

## ABSTRACT

*Financial Inclusion is delivery of basic banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. Government of India has been trying since independence to reach the low-income and under privileged through many schemes / policies. Microfinance is a type of banking service provided to the unemployed or low-income individuals or groups as an opportunity to become self-sufficient, which otherwise would have no other access to financial services. An attempt has been made in this paper to study the role of microfinance institutions towards financial inclusion in India.*

**Keywords:** *Micro finance, Financial Inclusion, Under privileged, Low income group.*

## Introduction

Policy formulation is the primary responsibility of every government worldwide. Considered factors, while formulating policies, are geared for achieving targeted outcomes and is country specific. Irrespective of countries and governments, the most desirable objective is economic growth. A general understanding associated with economic growth is improved living standard for every citizen. However this understanding is theoretical. In reality the economic growth has negligently helped in improving the standard of living for all but few, thereby contributing in creating growing inequality within the nation; across sectors, sections and individuals. The said inequality in terms of income and wealth is not limited to its distribution but its effect is cascading to such an extent that the most wishful

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government agenda of growth model gets adversely impacted. This skewed resource distribution coupled with skewed participation in economic activities results in under leveraged growth rate (growth model). Realizing this policymakers worldwide have adopted various measures to address the issue; one such measure is **Financial Inclusion Program**, referred as **Financial Inclusion**.

### **Literature Study**

Patnaik, Satpathy, Mahapatra & Supkar (2012)(22)- State lack of regular and substantial income is one of the reasons for the financial exclusion. People with low income do not qualify for a loan. The proximity of the financial services is another fact. The loss is not only the transportation cost but also the loss of daily wages for a low income individual. Most of the excluded customers are not aware of the bank's products, which are beneficial for them Gwalani & Parkhi (2014) (7) - Various policies have been adopted in India to increase the same. Though all roads lead to Rome, the agenda needs to be more focused and should be more attentive towards the causes of the failure.

Dinesha & Vedamani (2018) (5) says MFIs are essential to encourage micro enterprises and empower local people including women. The geographical distribution of MFIs is very much concentrated in the Southern India where the rural branch network of formal bank is excellent.

### **Financial Inclusion**

Financial Inclusion is a remedial measure targeted to address the issue of growing inequality. Financial Inclusion is not a tool by itself rather a package consisting of varied services. In the context of growing inequality, this article will examine different facets of Financial Inclusion in details in the following order:

1. Financial Inclusion - an analysis.
2. The role of Micro Finance Institutions - a subset of Financial Inclusion.



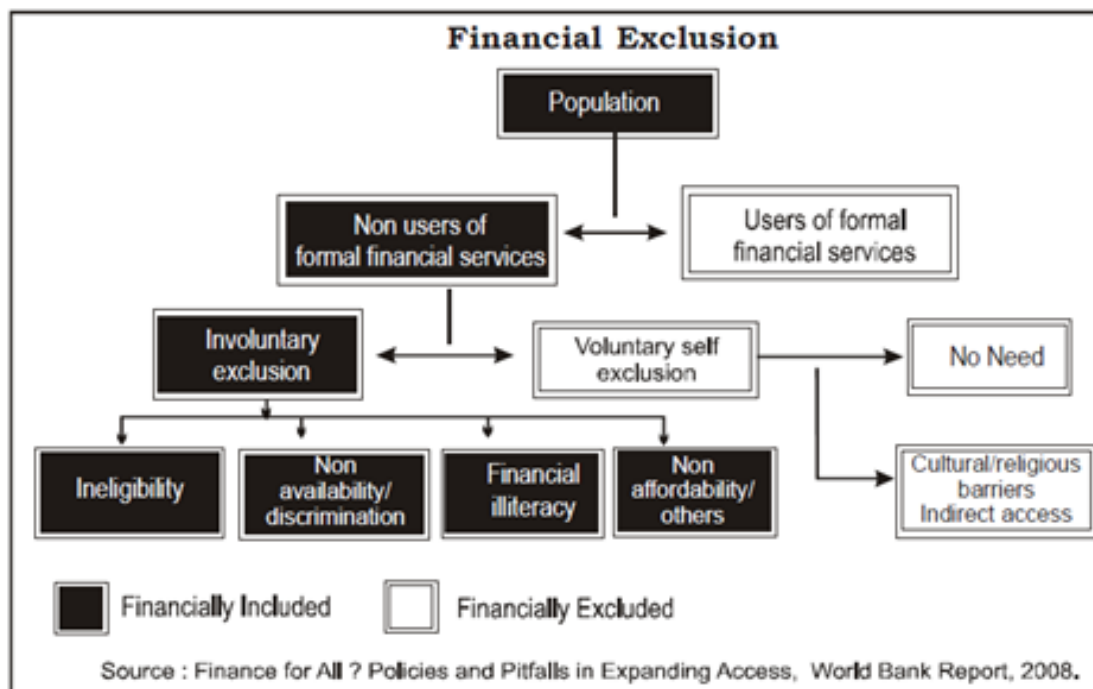
In this section we will examine what is Financial Inclusion and why Financial Inclusion. The simplistic and concise meaning of the term Financial Inclusion is access to financial services for everybody. To better understand what is Financial Inclusion, let's understand why Financial Inclusion and its context. And the answer is inclusive approach for inclusive growth i.e. includes everybody in all the economic activities within the nation in a planned manner. This approach ensures balanced growth, contrary to rich getting richer and poor getting poorer. With this basic understanding let us examine Financial Inclusion in greater detail.

IRDB definition of the term Financial Inclusion is; “Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.”

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan).

So, the broader objective of Financial Inclusion Program is the access to formal Financial Services (we will discuss shortly) for everybody: 1) those excluded so far from Financial Inclusion Program; and 2) included but unable to take advantage of this program effectively. Primarily, the program is geared targeting low income households and family businesses being the most vulnerable sections of the society.

Forthwith our analysis on Financial Inclusion will be “low income households and family businesses (referred to as Excluded Group)” centric.



After having said so much about Financial Inclusion and its usefulness, can this directly be implemented? The answer is no, for the reason Financial Inclusion is not a product per se but a product basket of **Financial Services**. Services under Financial Inclusion, listed in order of demand by the Excluded Group are:

- a. Payment services
- b. Saving services
- c. Microcredit credit services
- d. Insurance services

Financial Inclusion Program merely with Financial Services is an incomplete model and can't be implemented as such. The model to be effective must have the following Compatible Qualitative Factors:

- a. Sustainable model
- b. Fair pricing
- c. Effective delivery system
- d. Socially responsible
- e. Education and awareness

So, the understanding of Financial Inclusion so far is Financial Services designed with Compatible Qualitative Factors. A successful Financial Inclusion Program not necessarily implements the components of Financial Services and Compatible Qualitative Factors in a particular sequence but in any sequence, more, the implementer can leave few- therefore need based. So it becomes imperative to understand each components must evaluate program efficacy and successful implementation. Till now Micro Finance Institutions (MFIs) have played as an important component or as a subset towards Financial Inclusion.

### **Micro-Finance and its Role**

After independence, the banks and financial institutions provided credit primarily to the upper classes of society. Around 70 per cent (MFIN Micrometer reports FY14-18) of the total borrowing in the country was through informal sources. Nationalisation of bank in 1969, 1980 and formation of Regional Rural banks in early 1970s didn't help much towards Financial Inclusion thus created serious need for alternate source of formal credit. Government of India formed National Bank for Agriculture and Rural Development (NABARD) in 1982, to support the needy and underprivileged income group for providing credit.

### **Evolution of Microfinance in India**

NABARD initiated the SHG 'Self Help Group' lending model in India with the policy support of the Reserve Bank of India and was further extended to banks. The essence of the model was to move from paper-backed collateral to socially-backed collateral from a group in geographical proximity.

Most of the institutions that forayed into the sector were from the social sector and hence the legal entities comprised Trusts, Societies or Section 25 Companies. As the industry continued to grow, the non-profit form became a limiting factor in making these

institutions sustainable and scalable. Based on the recommendations of the Malegam Committee, January 2011, RBI created a new subset under the Non-Banking Finance Companies (NBFCs) for institutions specializing in microfinance and called them NBFC-MFIs.

Microfinance, also called microcredit, is a type of banking service provided to unemployed or low-income individuals or groups an opportunity to become self-sufficient, which otherwise would have no other access to financial services. While institutions participating in the area of microfinance most often provide lending— new microloans cap proposed by Microfinance Institutions Network (MFIN) is set at Rs. 80000, up from Rs. 60000 (was in force since 2013) under the joint liability group model to cover inflation of recent years. This will also help borrowers to enhance their capacity to start or support small business growth. But the cost of debt on the part of the borrowers is very high, as the usual interest charges to them is between 26% to 30%. NBFC-MFIs carry a high risk of default hence they charge higher interest rate. Since February 2014, The Reserve Bank of India has removed the cap of 26% interest rate on loans. So MFIs can fix the lending rate by adding their cost of funds with a maximum 10% margin or taking the lowest of the average base rate of the top five commercial banks by assets multiplied by 2.75 times.

There is a reason why the cost of funds for NBFC-MFIs is high; they are not getting enough supports from the banks as they are not regulated by the RBI, even after contributing so much towards Financial Inclusion.

In India, currently there are three models prevalent in the Microfinance field – JLG (Joint liability group), SHG (Self-help group) and SHG Bank linkage. NBFC-MFIs and Small Finance Banks follow the JLG and SHG models, whereas commercial, corporate and regional rural banks follow the SHG bank linkage model. Over the years, a hybrid model has been evolved picking up certain best practices and processes from the models SHG and JLG.

NBFC-MFIs have been playing a significant role in taking forward the financial inclusion vision of the Government of India. What sets the NBFC-MFIs apart is the fact that they do

not depend on grants or subsidies to provide unsecured loans to people with low incomes and with negligible access to the banking system. As on 31st March 2019, NBFC-MFIs provided credit to over 3.22 crores clients in India, with a total lending more than Rs.83,200 crores.

As of March 31, 2019, MFIs provide microcredit to over 6.40 crores clients. The microfinance industry has a presence in 615 districts in India whose 210 districts constitute 80% of the portfolio outstanding. As per industry body Microfinance Institutions Network (MFIN), the regional distribution of portfolio (GLP) of NBFC-MFI currently stands as: East and North-East (37%), West (15%), South (25 %), North (14%) and Central India (9%).

**Microfinance Industry: Core Strengths**

1. Regulated by the Reserve Bank of India with MFIN as the SRO for the industry
2. Stringent Industry Code of Conduct in place
3. Feet on Street delivery model which ensures doorstep delivery to clients
4. Bouquet of products such as microcredit, micro insurance and micro pension
5. Presence in under banked and underserved places
6. Financial literacy and awareness integrated to product delivery
7. Conducive environment for clients with local culture, local employees and high customer connectedness

**The MFI scenario for the entire industry as of 31<sup>st</sup> March 2019:**

Particulars	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	17,849	11,894	25,533	8,047	780	64,103
Active Loans ('000)	22,509	14,914	39,340	8,780	924	86,467
Portfolio	59,999	29,990	68,156	18,539	1,863	178,547

Outstanding (crore)						
Market Share in Outstanding Portfolio (in %)	34	17	38	10	1	100
Disbursed Amount ( crore) - FY 2019	78,596	31,673	83,200	17,448	2,157	213,074
Average Ticket Size (in `) FY 2019	42,086	30,780	25,850	31,722	29,656	31,623

Source: SIDBI Microfinance Pulse Vol II – June 2019

### Table: 1

Table: 1 reflects

- NBFC-MFIs are clearly ahead in all the parameters of the industry
- NBFC-MFIs are having highest no. of customers
- As per disbursement NBFC-MFIs have the highest 39.04% market share with Disbursed amount of Rs.83,200 crores
- As per Outstanding Portfolio NBFC-MFIs have market share of 38%

To understand better the contribution of NBFC-MFIs, the above table can further be broken up with a comparison of last 3 years performance.

### Portfolio Outstanding (in ` crore):

Particulars (as on March 31st)	FY 2016	FY 2017	FY 2018	FY 2019
<b>Banks</b>	21,175	33,176	43,914	59,999
<b>SFBs</b>	-	32,384	23,160	29,990
<b>NBFC-MFIs</b>	34,067	31,992	45,794	68,156
<b>NBFCs</b>	20,525	6,974	12,740	18,539
<b>Not for Profit MFIs</b>	2,355	1,467	1,616	1,863
<b>Total Industry</b>	<b>78,123</b>	<b>105,994</b>	<b>127,223</b>	<b>178,547</b>

Source: SIDBI Microfinance Pulse Vol II – June 2019

**Table: 2**

Table: 2 reflects

- a) NBFC-MFIs have the highest portfolio outstanding growth at 49% across all categories of lenders as at end of FY 2019 compared to previous year
- b) Portfolio outstanding for NBFC-MFIs as on March 31, 2019 is Rs.178,547 crores and had a YOY growth of 40% over previous year
- c) In the FY 2017 Banks had the highest Portfolio outstanding, but in the FY 2018 NBFC-MFIs overtook the banks with the figure of Rs.45.794 crores. In the FY 2019 it consolidated further with the figure of Rs.68,156 crores compared to bank figures of Rs.59.999 crores.

**No. of Loans Disbursed (in Lakh)**

<b>Particulars (as on March 31st)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Banks</b>	125	129	141	187
<b>SFBs</b>	120	99	88	103
<b>NBFC-MFIs</b>	213	219	277	322
<b>NBFCs</b>	37	31	49	55
<b>Not for Profit MFIs</b>	21	7	7	7
<b>Total Industry</b>	<b>516</b>	<b>485</b>	<b>562</b>	<b>674</b>

Source: SIDBI Microfinance Pulse Vol II – June 2019

**Table: 3**

Table: 3 reflects

- a) Loan disbursal in terms of volume grew by 20% in FY 19 compared to FY 18
- b) NBFC-MFIs have sourced highest loans across all categories of lenders
- c) Banks witnessed highest growth at 32% in FY 19 compared to FY18

### Disbursed Amount (in `Crore)

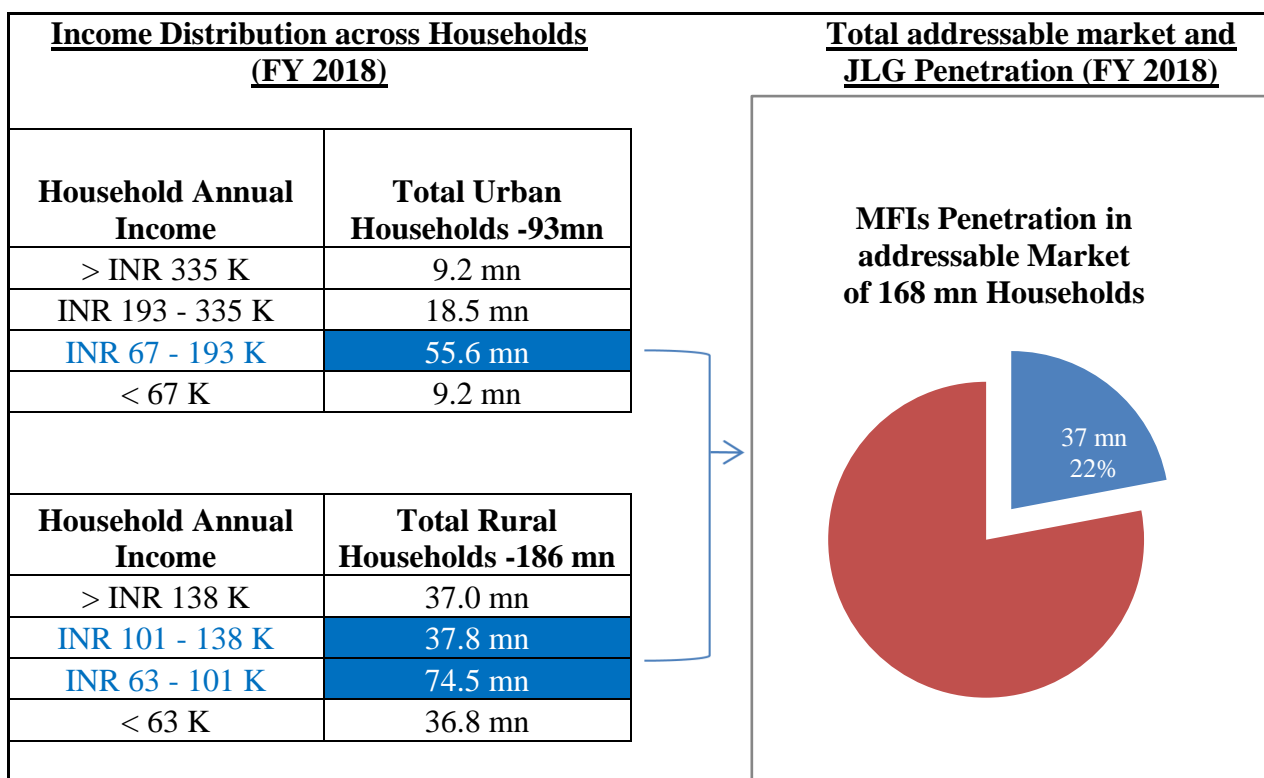
Particulars (as on March 31st)	FY 2016	FY 2017	FY 2018	FY 2019
<b>Banks</b>	34,859	44,225	54,107	78,596
<b>SFBs</b>	27,054	24,368	24,146	31,673
<b>NBFC-MFIs</b>	33,259	41,819	63,009	83,200
<b>NBFCs</b>	7,290	7,602	14,016	17,448
<b>Not for Profit MFIs</b>	2,729	1,508	1,933	2,157
<b>Total Industry</b>	<b>105,191</b>	<b>119,522</b>	<b>157,211</b>	<b>213,074</b>

Source: SIDBI Microfinance Pulse Vol II – June 2019

### Table: 4

Table: 4 reflects

- Loan disbursal in terms of value grew by 36% in FY 19 compared to FY 18
- Banks witnessed highest growth at 45% from FY 18 to FY 19
- NBFC-MFIs witnessed growth at 32% from FY 18 to FY 19



Source: "Key Indicators of household consumption in India" National Sample Survey Office, KPMG Analysis



## **TABLE:5**

The Table 5 clearly indicates the addressable segments in the urban and rural households who have the potential to improve their livelihood if supported. Out of these 168mn households the Micro-finance Institutions have been able to support 37 mn (22%) households. This definitely is a strong contribution from MFIs in the Indian economy,

## **Conclusion**

NBFC-MFIs have been doing exceptionally well since 2011 with better reaching to more borrowers, more portfolio outstanding, number of loans and amount of disbursements and more importantly strictly complying under RBI guideline with its industry body MFIN.

The increase in the loan portfolio and the loan accounts reflects the enhanced needs and growing aspirations of microfinance customers across the country. According to Reserve Bank of India, Annual Report 2012, 21.92% people are below poverty line. So NBFC-MFIs along with banks, Small Finance Banks (SFBs), NBFCs have to tighten their belt and move ahead if India has to do well in Financial Inclusion.

The rate of interest charged to the borrowers is high compared to conventional loans. As RBI has removed the cap on 26% interest, the MFIs are charging more than 26% interest rate from the borrowers, which is a big burden for the poor people. This is an important factor which need to be looked at by RBI.

RBI needs to look at its monetary policy towards NBFC-MFIs, so that they can get cheaper funds from the banks, which can have a cascading effect on the borrowers. Cheaper funds lead to cheaper interest rate, which will lead to lesser liability as loan interest and lesser liability will lead to greater savings.

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# TRANSFORMATION OF LEADERSHIP FOR SUSTENANCE AND SURVIVAL OF ANY BUSINESS

Dr . Utpal Chakraborty

## ABSTRACT

*Globalization refers to open market economy in which the member countries of GATT (General Agreement on Tariffs and Trade) which was later renamed as WTO (World Trade Organisation) can buy & sell their products among themselves, without unreasonable restrictions. This research paper intends to explain by using models and survey how effective leadership can bring positive change that help the organization to improve and be innovative in the current business environment. How leadership affects trust, culture and clear vision, in the organization as it facilitates the change. After incoming of globalization one country is not confined to its own political boundary but is spread over member countries in terms of trade and commerce. Rapid technological advancements, high expectations of customers, and ever-changing market situations have compelled organizations to incessantly reassess and re-evaluate how they work and to understand, adopt and implement changes in their business model in response of changing trends. Organizational change is a demand of the day, and needed for organizations to survive.*

**Keywords:** *GATT, WTO, Leadership Skills, Globalization, Political Boundary*

## Introduction

A global firm is a firm that operates in more than one country and captures research and development, production, logistics, marketing and financial advantage in its cost and

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reputation that are not available to domestic competitor. The global firm plans, operates and coordinates their activities on a worldwide basis. In this tough competitive business environment, anyone who controls and take charge of the operation of an organization and are able to set optimistic goals and objectives through effective strategies and can also influence their employees and motivate them by strengthening a positive organization culture and through generous employee benefits, for instant health care insurance, worker compensation, leave benefit and others. Leaders also have the responsibility to use their skills and knowledge to effectively and efficiently guide their business forward in the face of an uncertain future and to decrease the feelings of insecurity in their employees caused by the uncertainties .

With upcoming of globalization liberalisation and open market economy the processes and the peoples of the world are incorporated into a single world society. (Martin AL brow and Elizabeth King, 1990)<sup>1</sup>

Rapid growth of the economic environment as well as the emergence of the internet made it easier to communicate with countries around the world. This in turn changed the business environment in every country, causing competitiveness in the market that increases with each passing year (Friedman, 2007)<sup>2</sup>

Effective leadership is one of most essential parts of the overall method for an organization to sustain their business in the face of problems caused by the rapid growth of the economic environment. (Cabeza Erikson, Edwards, and Van Brabant, 2008)<sup>3</sup>

leader has authority to take decision and also has powers to implement his/her decisions or a process .The selection of the leader not only depends on the personal characteristics of personal but also on the social and cultural factors along with his or her exposure towards life (Bolden 2010)<sup>4</sup>

A leader can influence the success of the organization, due to his full power to control the direction of the organization, taking the company to greater heights.

## **Organizational leadership**

Organizational leadership can help the members of an organization and working teams to face the challenges and to work for organizational goal in a worthy way. An organizational leadership can promote change in an organization by its vision and strategy (Dunphy and Stace 1994 in Senior and Fleming 2006).<sup>5</sup>

In this era of rapidly changing business trends and increased customer demands, the role of leadership is more crucial now days. This action by leaders is decisive not only for the effectiveness of the organization but also for its very survival (Bass, 1990; Burke & Cooper, 2004)<sup>6</sup>

Leadership can help to allocate align resources and perceive things to decide future focus and commitment to motivate the teams to get the goals of an organization, to confirm the sustainable growth, it's a leadership whose footprints are everywhere (McGuire, 2003).<sup>7</sup>

## **Visionary leadership**

It is important for leaders to have a clear vision. The word vision will differ from one person to another having different pictures and angels. This mental image grows inside the mind of leaders and depends on his or her competency to perceive the things accurately and use them intelligently for the betterment and sustainability of an organization. If there are two or more leaders in an organisation their vision and perception and working style may differ.

According to Bennis and Nanus “Vision is a mental image of a possible and desirable future of the organization” (Bennis & Nanus, 1985, in Lyerly, Maxey 2000, P 48)<sup>8</sup>

Organizations are based on teams, and dedicated team work is required to make things happen. These people and teams need a clear picture of a future that motivate and inspire them to become an efficient part of an effort for getting that desired future. It is also important in the way that what the reason of their work and decisions is? It is the vision of

a leader that makes it assure that actions and the decisions of organizational team are fit into the actual picture of desired future (Kotter, 1996)<sup>9</sup>

Kotter also discuss that without the vision of leaders the motivation level of organization people may go down and their activities become meaningless which can prove worst for an organization at the later end. (Kotter 1996, p7)<sup>10</sup>

### **Importance of innovative approach**

Leader is one who dreams and develops ideas to turn these dreams and ideas into reality. For the betterment of themselves and their institutions. A Leader applies innovative ideas to explore new opportunities and develop ways to do work faster and better.

Prestwood and Schumann states that “Leadership is a state of mind not a position” (Prestwood and Schumann 2002, p1)<sup>11</sup>

In this age of uncertainty, organizations and companies may face some unexpected and unwanted circumstances any time and so there arises a need for leadership to face these dynamic changes. (Prestwood and Schumann 2002)<sup>12</sup>

An innovative leader can improve the health of the organisation by applying innovative practices, working efficiently and bring more rewards in the form of profits for the company.

### **Importance of Vision and Innovative Approach for Leadership**

To survive, in this age of global competition, organizations who want excellence and sustainability in their business need to think about the managers/leaders/leadership with innovative approach (Carneiro.A 2008).<sup>13</sup>

The question was raised by the scholars that what kind of leadership is needed for organizations, to cope and handle the situations of more demanding and rapidly changing business trends?

There are different theories presented by the scholars to explain and identify the characteristics of leadership in an organization, in terms of their effectiveness.

### **Contingency theory**

1. **Task Structure:** This factor talks about the nature of jobs for employees whether they are routine or non-routine, in order to manage and get the maximum output of employees work.
2. **Position Power:** The position power is the power of leadership which she/he has in the organization. The leadership with the power of decisions and their implementation is needed to handle and manage the organizational issues with confidence (Fiedler,1996).<sup>14</sup>

### **Path-Goal Theory**

The most successful leaders are those who keep their employees and subordinates motivated defining and making the path of work clear to them through their clear vision. The main characteristics of a leadership according to this theory are to motivate their teams to meet the organizations goals by keeping control on the outcome of their work and activities. Leaders appreciate their employees and give them rewards on their good work, raise and maintain the enthusiasm by giving them confidence about their ability as well as to work (House 1971).<sup>15</sup>

### **Managerial Grid Theory**

This theory describes the concern of leadership with the customer's demand based production by focusing the better management of teams by leadership styles. (Blake R and Anne Adams 1991).<sup>16</sup>

## **Leaders Style Theory**

This model highlights the urge of high quality decisions in organizations, which are well acceptable for both employees and leaders. (Vroom and Yetton 1973).<sup>17</sup>

## **Transformational Leadership theory**

Some main characteristics of transformational leaders are that they increase the employee's confidence and awareness so they can enhance their performance, and also make them able to understand their personal outgrowth and development (Burns 2003).

<sup>18</sup>The transformational leadership also increases the level of dedication and motivation for employees to work for the betterment of organization in spite of their personal interest.

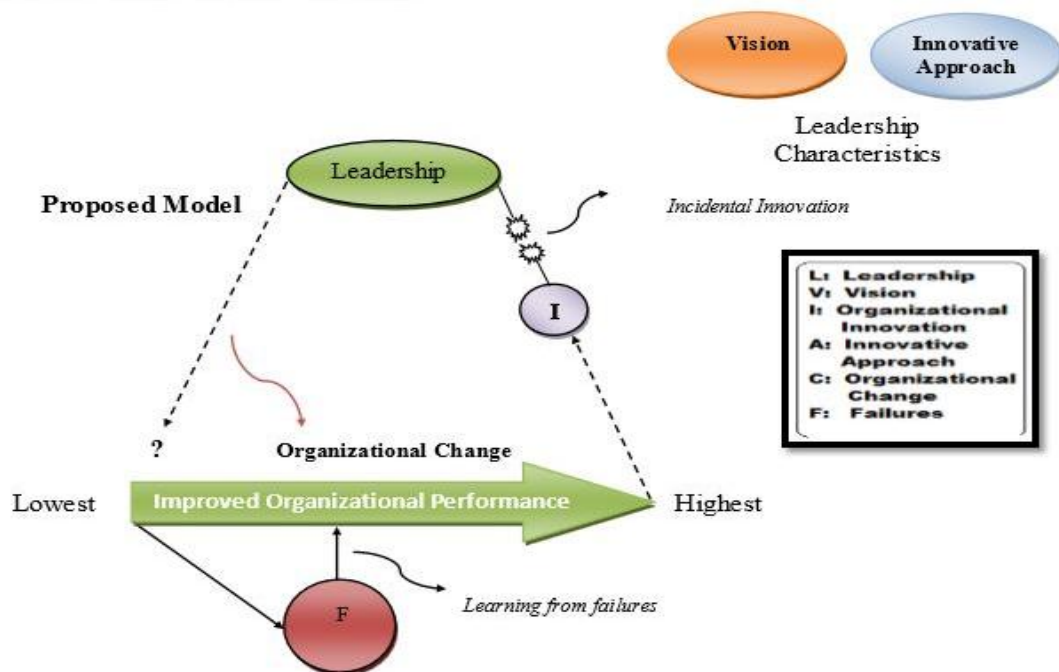
## **The qualities of transformational leadership may include**

1. Ability to work as change agent's
2. Courage to take bold steps.
3. Ability to trust on others.
4. Value driven characteristics.
5. Good learning abilities.
6. Strong mental model to work in complex situation.

## **Introduction of proposed model**

This thesis is based on explorative studies, as the purpose of research is to explore the relationship between successful organizational change and leadership on the basis of his/her two characteristics. We decide to give a graphical shape to our perception which was based on findings as a result of our literature review and case studies.





The proposed model that we have framed is mainly based on perceptions, along with the logic based reasoning, which we made after reading the literature on the related topic. Any scientific, calculated and proven relation between the characters of our model cannot be claimed yet, our model can open new ways for researchers to think further on these lines which may lead them to develop any strong and proven relation between the characters of this model. This phenomena of organizational change can be studied with respect to leadership abilities and its role.

We believe in this model that the beginning point is the Leadership or role of Leadership (L) and the destination is successful organizational change with high level of organizational performance, which can further lead to organizational innovation (I). Between these two extreme ends there is a possibility of failure (F) between the successful organizational change and the simple organizational change. This is the general format of

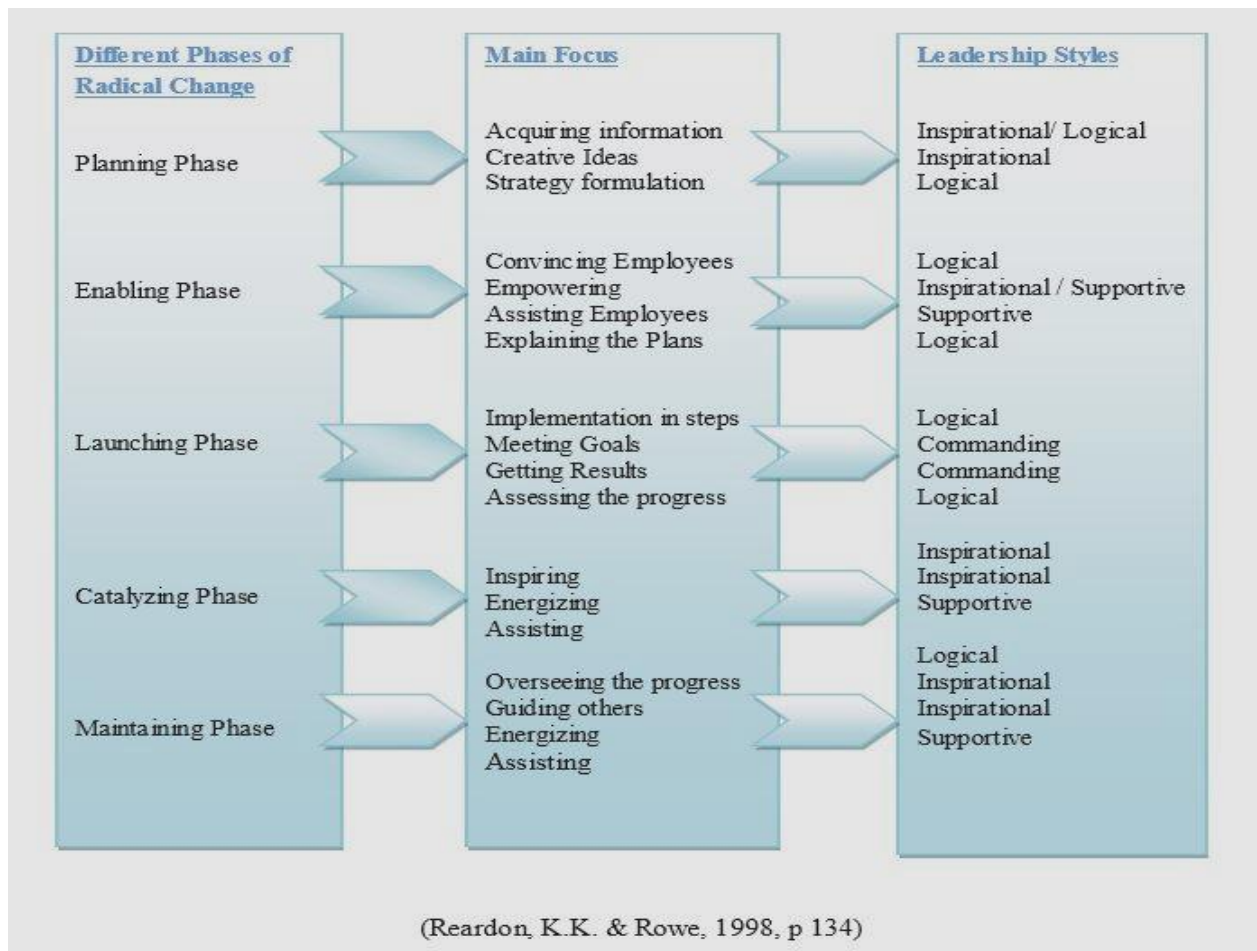
our model as a result that, how we look the process of organizational change after reviewing related literature.

We will analyse this model on the basis of two characters of leadership which are “Vision” (V) and “Innovative Approach” At this stage we will try to see this model on the basis of four scenarios, along with the case studies and literature review observations. More scenarios can also be introduced in this model by the researchers.

There are some leadership competences that have been proven and are mandatory for effective and successful leadership (Bennis, 1987).<sup>19</sup>The table defines that these are the most important capabilities and competences which are helpful and useful for organizational changes. According to the different authors the leadership competences are strongly connected with the successful organizational change, “the leadership competences have a great relation with the organizational success and change” (Gruban 2003).<sup>20</sup>

This is also true that any change process mostly face the certain level of resistances, the effective leader is one who can manage the resistance and implement successful changes. Radical changes require private acceptance and it is a role of senior leaders to aware people to realize the need of change and therefore to create willingness to relinquish old style of working in favour of new ones (Reardon 1998).<sup>21</sup>

There are different phases of radical change; that can be shown in the table below that will relate the different leadership styles with the different phases of radical changes.



## The Research Aim

The present study aims to study the leadership changes which are compulsory for taking part in globalization and to explore the reformations which are pertinent for sustaining the competitive position post-globalization, primarily with the help of a model which is analysed through a case study based method. Globalization, which is the antecedent to competition, thus demands several organizational changes and the organizational changes which are the consequences.

## **Objectives of the study**

1. To study the phenomenon of globalization as an antecedent of competition
2. To find ways and means to overcome competition

## **Purpose**

There is importance of organizational change and accepting the key role leadership in change process, the purpose of this thesis is to explore the relationship between successful organizational change and leadership on basis of his or her two characteristics which are “Vision” and “Innovative approach”. We will try to see this relation under the light of literature review and case studies, the results will be analysed then on the basis of proposed model.

## **Literature on Globalization**

Sociologists Martin AL brow and Elizabeth King (1990)<sup>22</sup> define globalization as...all those processes by which the peoples of the world are incorporated into a single world society.

Greet Hofstede (2001)<sup>23</sup> Cultural dimensions can be used as a segmentation criterion to divide market with the aim of finding similarities and divergences between the consumers. Zapletalová, (2009)<sup>24</sup> designed a model in order to evaluate the differences in cultural consumption behaviour, who are interested in tracing basic cross-cultural behaviour models. These models - trends are called cultural dimensions.

## **Research Design**

A questionnaire was set for respondents of Tata motors which was pre-tested and later on it was tested for its reliability and validity of scores. A good leader will bring in positive changes in work culture to improve the performance of the company.

**Sampling Frame:**In this study, it constitutes the database of employees of both operations. Executive and non- executive cadre.

**Sampling Unit:** In this study, the sampling unit is one employee of Tata motors

- I. Sampling Method:** As defined above, it will be stratified random sampling from total employees of Tata motors.
- II. Sampling Size:** The sample size was so selected (120) that it is adequate enough to represent the whole population, and also give the true picture. The total sample size is taken from the members of 70 from Executive and 50 from Non- Executive. Only one was rejected out of the total.
- III. Sampling Design:** Keeping in mind the nature of data required for the study, simple random sampling technique will be used. The respondent for the survey will be selected from various sections/departments of Tata motors.
- IV. Data Collection:** The Primary data is collected from Interviews which have been done personally visiting the various departments and Questionnaire has been collected through mail, post or by personal interview. Whereas the Secondary data is collected from the secondary sources such as newspapers, Journals, Annual Reports, corporate Reports Broachers and websites of the various steel companies.
- V. Questionnaire/Direct Mail Method:** The Primary data has been collected by administering a structured questionnaire and also same via direct mail to the employees (120) and Open Ended Unstructured Interview Schedule. Sample unit: Each individual of Tata motors was taken as one unit.
- VI. Tools & Techniques:** The following tools and techniques were used to test the factors related to face the completion and challenges in the global steel market through using SPSS-21 Software.
  - Correlation (Cross matrix)
  - Descriptive statistics

- Cross factorial measurement
- ANOVAs

**VII.** The interpretations have been prepared through a valid questionnaire and responses from 160 executives and 50 non-executives to a total of 210 responses have been collected and have been measured through statistical tools and techniques like, descriptive statistics, Anova, regression analysis and bi-variate analysis. The questions were framed in Likert scale assigning the values like i.e. Strongly Agree (1) Agree (2) Disagree (3) Strongly Disagree (4) Undecided (5). So lower values indicate more significant to the response.

### Interpretation of Results:

		Age in Years					
Cadre		Below 25	25-35	35-45	45-55	Above 55 yrs.	Total
	Executive	20	65	23	22	30	160
	Non-Executive	5	18	6	6	15	50
	Total	25	83	29	28	45	210

*Source :Own Compilation*

The descriptive table (table1) reported the results of respondents (sample) and the age has been categorized in to five types as below 25 years, 25-35 years ,35-45 years , 45-55 years and above 55 years as in Tata motors, maximum employees are in the age group of 25-35 i.e .83 has been taken as sample followed by above 55 years. Maximum employees are taken from executive cadre than non - executive cadre .The executive cadre really shows their leadership towards the achievement .For this 160 respondents have been taken in this sample.Non-executive employees are 50 that is taken into consideration .For this

analysis, the following major variables have been taken to measure the relation effect and identified factors to meet the changes in the adjustment trend of Tata motors.

### **Work culture**

The culture of the company is binding with its motto, vision and mission .It never deviates .The company adopts its own culture in the organization for its human resources . That mainly includes:

- V1. The wellness problem :changing culture is the solution adopted
- V2 . Conditions that allow all individual employees to shine
- V3. Reach employee where they are .Don't force-feed pre-packaged.
- V4. Factors that affect their employees and influence their own thought and belief.
- V5 . Recognition for health and wellness require effort are made always.
- V6 . In this organisation, orderliness and consistency are stressed, even at the expense of experimentation and innovation.
- V.7 In this organisation, leaders encourage group loyalty even if individual goals suffer.
- V8. The economic system in this organisation is designed to maximize :Individual interests .
- V9 . In this organisation, temporary employees are always striving for their sustainability continuously.
- V10 . Improved performances in this organisation, employees are rewarded for excellent performance.

Here 10 variables i.e .from V1 to V10 have been taken for measurement of "work Culture "of the company and questions were asked to the both executive and non-executive cadre to know the significance.

<b>Table-2: Descriptive test of work Culture</b>					
		N	Mean Score	Std .Deviation	Std .Error
V1	Executive	160	1.578	1.197	.080
	Non-Executive	50	1.513	.856	.092
	Total	210	1.561	1.119	.064
V2	Executive	160	2.964	1.448	.096
	Non-Executive	50	2.750	1.244	.142
	Total	210	2.909	1.400	.081
V3	Executive	160	3.273	1.219	.081
	Non-Executive	50	3.013	.871	.099
	Total	210	3.207	1.145	.066
V4	Executive	160	2.780	1.252	.083
	Non-Executive	50	2.881	.652	.074
	Total	210	2.806	1.130	.065
V5	Executive	160	3.349	1.346	.090
	Non-Executive	50	3.250	1.178	.135
	Total	210	3.324	1.305	.075
V6	Executive	160	2.937	1.15689	.077
	Non-Executive	50	3.078	1.080	.123
	Total	210	2.973	1.137	.065
V7	Executive	160	2.511	1.146	.076
	Non-Executive	50	2.710	1.175	.134
	Total	210	2.561	1.155	.066
V8	Executive	160	1.695	.641	.042
	Non-Executive	50	1.934	.942	.108
	Total	210	1.755	.735	.042
V9	Executive	160	2.587	1.298	.086
	Non-Executive	50	3.315	1.453	.166
	Total	210	2.772	1.373	.079
V10	Executive	160	2.983	1.396	.126
	Non-Executive	50	3.184	1.486	.241
	Total	210	3.031	1.416	.111

Source : Own Compilation



**Table-2** indicates the descriptive analysis of the "Culture" in Tata motors between the two category of employee i.e .Executive cadre and Non-Executive cadre .This descriptive statistic indicates the mean scoring of the total responses with total scores in each variable . I.e .questions .As lower value indicates more significant, it is taken as most reliable to the cause .Here the result indicates in the table shows better and significant on V1 and V8, as the values are below than average score .So it is concluded that "The wellness problem : changing culture is the solution adopted" and "The economic system in this organisation is designed to maximize Individual interests". That means culture is quite satisfactory except in some conflicting situations .

<b>Table 3 ANOVA on Culture</b>						
		Sum of Squares	Df	Mean Square	F	Sig.
V1	Between Group	30.069	1	30.069	16.772	.000
	Within Groups	532.466	297	1.793		
	Total	562.535	298			
V2	Between Group	2.599	1	2.599	1.326	.250
	Within Groups	581.963	297	1.959		
	Total	584.562	298			
V3	Between Group	3.843	1	3.843	2.947	.087
	Within Groups	387.301	297	1.304		
	Total	391.144	298			
V4	Between Group	.582	1	.582	.454	.501
	Within Groups	380.167	297	1.280		
	Total	380.749	298			
V5	Between Group	.564	1	.564	.331	.566
	Within Groups	506.967	297	1.707		
	Total	507.532	298			
V6	Between Group	1.139	1	1.139	.879	.349
	Within Groups	384.647	297	1.295		
	Total	385.786	298			

V7	Between Group	2.252	1	2.252	1.692	.194
	Within Groups	395.354	297	1.331		
	Total	397.605	298			
V8	Between Group	3.242	1	3.242	6.096	.014
	Within Groups	157.936	297	.532		
	Total	161.177	298			
V9	Between Group	.242	1	.242	.192	.661
	Within Groups	373.364	297	1.257		
	Total	373.605	298			
V10	Between Group	1.166	1	1.166	.580	.447
	Within Groups	317.678	158	2.011		
	Total	318.844	159			

*Source :Own Compilation*

**Table -3** indicates the Anova of the factor variable i.e. Work Culture. Leadership sometimes can be challenged as total HR depends upon the simple variable .Best culture produces best output .Employees are convinced and motivated for work. So here, ten variables have been measured to find out the significant variance in between the two group of resources i.e .Executive and Non-executive group .Sometimes there exist some difference of opinion between the groups and these values are identified from the descriptive test .

The variable named as V1 and V8 indicate significant as P indicate less than 0.05 is significant .So, it is concluded that, culture is much positive in the resource pattern of Tata motors and could expect better productivity by solving the identified problems.

**Table4. Correlations of Variables of Culture**

		V1	V2	V3	V4	V5	V6	V7	V8	V9	V10
V1	Correlation	1									
	Sig.										
V2	Correlation	.205**	1								
	Sig.	.000									
V3	Correlation	.201**	.497**	1							
	Sig.	.000	.000								
V4	Correlation	.136*	.243**	.627**	1						
	Sig.	.018	.000	.000							
V5	Correlation	.263**	.361**	.502**	.516**	1					
	Sig.	.000	.000	.000	.000						
V6	Correlation	-.036	.022	.184**	.476**	.458**	1				
	Sig.	.540	.709	.001	.000	.000					
V7	Correlation	.214**	.405**	.505**	.500**	.373**	.471**	1			
	Sig.	.000	.000	.000	.000	.000	.000				
V8	Correlation	.151**	-.109	.242**	.073	.191**	.177**	.122*	1		
	Sig.	.009	.059	.000	.206	.001	.002	.034			
V9	Correlation	.175**	.234**	.166**	.162**	.056	.052	.173**	.197**	1	
	Sig.	.002	.000	.004	.005	.332	.371	.003	.001		
V10	Correlation	.210**	-.070	.129*	.136*	-.100	-.023	.266**	.066	.217**	1
	Sig.	.000	.228	.026	.018	.085	.691	.000	.256	.000	

\*\*.Correlation is significant at the 0.01 level (2-tailed).....Source: Own Compilation

\*.Correlation is significant at the 0.05 level (2-tailed)

Section Break (Continuous)

**Table4**

Reported the correlation matrix of "Work Culture" and its ten associated independent variables, The coefficient of V1 is somehow correlated significantly with all other variables except V6 at 99 percent significance level, whereas V6 is negatively and insignificantly correlated with other variables..So it indicates the relation of variables that

makes a significant relation with ”culture “of the company .The other variables have not represented any significant result or contribution to any change of ”culture “of the company .But company may look forward to elevate the standard of culture.

## **Findings**

Best culture produces best output. Employees are convinced and motivated for work .The findings indicate:

1. Leaders who possess strong leadership have the strength to influence others to achieve the goals and objectives of the organization.
2. This mental image grows inside the mind of leaders and depends on his or her competency to perceive the things accurately and use them intelligently for the betterment and sustainability of an organization.If there are two or more leaders in an organisation their vision and perception and working style may differ.
3. Best culture produces best output .Employees are convinced, motivated for work.Company may look forward to elevate the standard of culture.
4. "The economic system in this Organisation is designed to maximize individual interests". That means culture is quite satisfactory except some conflicting situations .

## **Effective Leadership**

This statement is also supported by Northouse ( 2009),<sup>25</sup> who states that leaders who possess strong leadership have the strength to influence others to achieve the goals and objectives of the organization. Other than that, there is also another way to define a leader that has strong leadership.

## **Change Management**

Change is definitely hard for humans to accept as it is something that pull people out of their comfort zones, which forces them to change their habits and makes them highly uncomfortable (Lorenzo, Nicholson, and Whitmarsh, 2007).<sup>26</sup>

## **Change Factor Lead by Leadership**

In terms of leadership, it is defined as the ability to influence a group of employees' values, beliefs, attitudes and behaviour. (Ganta, and Manukonda, 2014).<sup>27</sup>

## **Organizational Culture**

A culture is shaped within the trust between the employees and the leaders of an organization, or it can have defined as cultures need trust to be able to form. Leaders with strong leadership skills are able to shape a positive culture in the organization (Ionesco, 2014),<sup>28</sup> due to them being able to inspire trust from their employees.

## **Learning**

Continuous learning is one of the ways to improve the overall performance of the organization. It is not only the employees that need to improve but even all segments of the leadership levels of an organization, if only to set a good example to the bottom line to motivate them to learn.

## **Teamwork, Communication and Leading**

Besides strengthening their leadership skills, leaders also need to encourage the employees of the organization to be innovative and cooperative. Teamwork and communication are the best way to create innovative ideas.

## **Contributions**

Organizational and leadership change is not only important but also is a demand of time; our research work may contribute to better understand the role of leadership, competencies

and capabilities, while addressing the issue of organizational change. Our work may also inspire the companies and organizations to think about the qualities of “Vision” and “Innovative Approach” in a leader, which may lead organizations to change and manage better.

## **Research Gap**

Innovation can also happen by managing it. Likewise, it is a big debate now some days that leaders born or made? Different scholars have different views over the matters. If we go with the theory that leader can be produced, then it will be the interesting area for researchers that how to produce visionary leaders, who can bring in desired changes.

There is scope to find how excellent leaders can be produced. How innovation can take place. How can we manage the change better? How to deal with scarcity. How do we manage during unforeseen circumstances like a situation of pandemic or during Global recession? Researcher can innovate ways to find opportunities during a scarcity situation.

## **Conclusion**

Effective leadership is essential in managing change and change is the only method to sustain the organization in the current business environment. As usual, change is hard for people, people will feel uncomfortable because of change and even sometimes deny the change, continue as they are and be eliminated by the society. Leadership can be a factor to continuously help people change for better. A good culture in the organization not only provides a good working environment for their employees, but also gives a sense of belonging to the employees and increases the commitment of employees to continue working in the organization.

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- For organizations who want excellence and sustainability in their business, need to think about the managers/leaders/leadership with innovative approach in order...
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  - 20 **Gruban (2003)** defines competencies as the ability to use knowledge and ... European Commission. 2. 0.70. Italy. 3. 1.06. Austria. 9. 3.17. Latvia. 20. 7.04 ... Understanding, innovating and changing the organization (I have a talent for changing ... Emotional intelligence and self-control (I have great ability to understand and ...by M Pagon
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  - 22 **Martin Albrow and Elizabeth King**, sociologists, define globalization as "all those processes by which the peoples of the world are incorporated into a single world society8. ... A satisfactory definition of globalization must address each of these items: extension, intensity, celerity and impact.
  - 23 **Hofstede'sTheochaous, 2001**. ... The authors would like to dedicate this paper to Dr. Geert Hofstede whose work ... Keywords: Hofstede's cultural dimensions, tourist



- behaviour's, traveller's ... domains including consumer behaviour and marketing, and cultural differences.
- 24** According to Burns, 1978 transformational leadership can be seen when "leaders and followers make each other advance to a higher level of morality and motivation."
- 25** Northouse (2009) Later, role of national culture in effective leadership is discussed and a research ... Northouse (2009) takes leadership as a power relationship which exists between the ... Transformational theory suggests that most of the leaders have the ... than their personal goals or organizational goals are actually in their own benefits.
- 26** Nicholson-Cole, S. and Whit marsh, Lorraine E. 2007 Barriers perceived to engaging with climate change among the UK .It draws upon three mixed-method studies, with an emphasis on the qualitative data which offer an in-depth insight into how people make sense of climate change.
- 27** Ganta, and. Manukonda, 2014 Has the ability to influence or change the values, beliefs,. Behavior and attitudes of another person .A person ... and knowledge to lead and bring a group of employees ... employees to sustain the long term process changes ... the leaders of an organization, or it can defined.
- 28** Ionesco, 2014 Organization they will not be able to change in the direction ... define a leader that has strong leadership. ... Make sure their employees are in the right position to ... culture need trust to be able to form. ... Leaders with strong leadership skills are able to shape a positive culture in the organization due to them.

# Effectiveness of Mid Day Meal Programme on Academic Performance of students in Odisha

\*Manoranjan Nayak

## ABSTRACT

*In India the National Programme of Nutritional Support, referred to as Mid Day Meal Programme is the largest social welfare Programme. It involves providing lunch free of cost to school going children on all working days. Now in India, 12 crores of students of 12 lakh schools are getting benefit under this programme. The Mid-day Meal programme was introduced on 1st July, 1995 in primary schools in Odisha. The programme is running in more than 60,000 primary schools and near about 60 lakh students are getting benefit out of this programme. The programme is run by Department of School and Mass Education, Govt. of Odisha. This paper attempts to analyze the nature and effectiveness of mid day meal programme on academic achievement of students in some selected upper primary level schools in Odisha. The study covers two hundred guardians (100 from Government schools and 100 from Private schools, N = 200) both in Government schools, where mid-day meal programme is going on and Private schools where mid day meal programme is not there. As it is an effective study Chi-square-test will reveal that whether mid day meal program has a significant positive impact in academic achievement of students or not.*

**Keywords:** - Effectiveness, Academic Performance, Mid Day Meal.

## Introduction

Basic education is one of the most effective factors in improving economies and creating

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literate and healthy societies. Education and learning is always directly proportional to good nutrition and health. Poor nutrition and health among children leads to the inefficiency of the educational system across the state. Children of backward classes enroll in school at a later age and there are always chances that they will drop out of school. For them, provision of free lunch on all school days is necessary. The Mid day meal scheme was launched with the following objectives in mind:

- To reduce hunger in schools by serving hot cooked meal.
- To improve nutritional status of children.
- To encourage children of the backward classes to attend school more regularly and help them concentrate on classroom activities. This leads to increase in enrolment, retention and attendance rates

## **Objective**

The key objective of the study is to assess the role of mid day meal in academic achievement of students.

## **Hypothesis**

The null hypothesis is -

H<sub>0</sub>: Mid day meal program and academic performance are independent.

## **Data Source and Methodology**

The primary data have been collected from two hundred guardians (N = 200) both in Government schools, where mid day meal programme is going on and Private schools where mid day meal programme is not there. The method of data collection was face to face interview. Chi-square test as a test of independence has been used to find the relationship.

## Results & Discussion

This study attempted to know the relationship between mid day meal program and academic performance (using the perceptions of the guardians) of students of upper primary level school in terms of Chi-square analysis. The opinions of the respondents were collected from face to face interview method are presented in the following Table.

**TABLE-1**  
**Opinions of different respondents selected for the study**

Respondents	Yes (B1)	Uncertain (B2)	No (B3)	Total
Respondents from the schools where mid-day meal programme is going on(A1)	74	10	16	100
Respondents from the schools where mid-day meal programme is not going on (A2)	70	10	20	100
<b>Total</b>	<b>144</b>	<b>20</b>	<b>36</b>	<b>200</b>

**TABLE-2**

Groups	Description
A1B1	Number of respondents from the schools where mid-day meal programme is going on and said yes
A1B2	Number of respondents from the schools where mid-day meal programme is going on and said uncertain
A1B3	Number of respondents from the schools where mid-day meal programme is going on and said no
A2B1	Number of respondents from the schools where mid-day meal programme is not going on and said yes
A2B2	Number of respondents from the schools where mid-day meal programme is not going on and said uncertain
A2B3	Number of respondents from the schools where mid-day meal programme is not going on and said no

**TABLE-3**

**The expected frequency of different categories is**

Category	expected frequency
A1B1	$100 \times 144 / 200 = 72$
A1B2	$100 \times 20 / 200 = 10$
A1B3	$100 \times 36 / 200 = 18$
A2B1	$100 \times 144 / 200 = 72$
A2B2	$100 \times 20 / 200 = 10$
A2B3	$100 \times 36 / 200 = 18$

**Calculation of chi-square ( $\chi^2$ )**

Category	Oij (Observed frequency)	Eij(Expected frequency)	Oij-Eij	(Oij-Eij) <sup>2</sup>	(Oij-Eij) <sup>2</sup> /Eij
A1B1	74	72	2	4	0.0555
A1B2	10	10	0	0	0
A1B3	16	18	-2	4	0.2222
A2B1	70	72	-2	4	0.0555
A2B2	10	10	0	0	0
A2B3	20	18	2	4	0.0555

**TOTAL=0.5554**

Degree of freedom= $(r-1)(c-1)=1 \times 2=2$

The table value of chi-square for 2 d.f and 5% level of significance is 5.991. The calculated value of chi-square is much less than the table value. So the null hypothesis is accepted. Hence we conclude that mid day meal program and students academic performance in schools are independent to each other.

## Conclusion

Thus, we can conclude that mid day meal programme (MDM) has no impact on academic achievement but it is essential for enhancing enrolment, attendance and lowering drop out of students which are essential for achieving the higher level of academic performance of students of upper primary schools particularly those belongs to BPL, students residing in the rural areas. The result of chi-square test revealed that mid-day meal programme and academic achievement of students are independent. Mid-day meal programme has some other benefits like removal of hunger, social and gender equality and formation of good habits of students like washing their own hands with soap before meal other than academic achievement in school. But to get more outcomes, mid-day meal programme should be tied with the ongoing health awareness programme of Government.

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# **Innovative Marketing Strategies for Sustainable Green Energy Resources in State of Odisha to Overcome Energy Crisis**

**\*Vikashita Mohanty**

## **ABSTRACT**

*Our surrounding is growing rapidly and a lot of radical changes are taking place around. Technological advances are at its peak. With such a growth around, there comes a lot of positive as well as negative repercussions that has its impact on the environment. In a time when so many things are changing around the environment, it becomes mandatory to take care of the negative impact that those changes can have on our surroundings. With the rise in population, the demand for energy is also rising. And this paper focuses on the renewable source of energy. To deal with the current scenario of conserving the energy for future a lot of initiatives have already been carried out. And in this regards most of these initiatives are now being undertaken by government. Although many initiatives are taking place, the people still need to know about the conservation activities and their advantages. This paper aims to explore the marketing strategies to create a brand of sustainable green energy and there-by directing the focus on the renewable energy.*

**Keywords:** *Green Marketing, Sustainable Marketing, Green Energy, Green Strategies, Green Technologies.*

## **Introduction**

Green energy is the source of energy which does not have any or minimum detrimental impact on the environment. The energy and the technologies that are renewable are referred to as “Green Technologies”. These green technologies are expected to play an

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important role in solving the problem of energy and pollution. There are serious concerns worldwide to develop new, renewable and clean and green sources/technologies of energy. The abundant renewable energy sources like solar, wind, hydro, bio, hydrogen etc. available in the country are going to be the prime mover of a sustainable energy system in the coming years. Eco-efficiency has become very popular and is the need of the hour.(Ottman, 1998)

The population of the country is expected to exceed 1315\*10 by the end of the year 2019-20. Based on the present trends available in the rate of urbanization, the share of urban population is projected to increase from 25.385 in 1990-91 to 43% in the year 2020. The growth in the GDP and its structural changes will have an effect on demand for energy and energy supply mix in future. The GDP grew at a rate of 3.5% on an average up to the 70's, has averaged more than 5.6% per annum growth in the 80's. The GDP grew at the rate of 6% per annum during the seventh five year plan against a target of 5% per annum. The eighth year plan had set a target of 5.6% per annum growth in GDP and the likely achievement is projected to exceed well over 6% per annum. The various assumptions are woven around three scenarios: Business as usual (BAU), Efficiency-oriented Scenario (EFF) and environmentally constrained Scenario (ENV) net rate of consumption and production.

### **Need to Emphasis Green Energy**

The emphasis on green energy is increased due to one of the major reason that is rising and their dependence on the energy. India with 20% of the world's population with 1.17 billion people ranked second in the world consumes only 1.5% of the total energy consumed in the world. Assuming the present consumption of energy, it is estimated to be of 10 million megawatts, by the year 2020 and this figure would be about 5 times. If the living standards of the developing countries are improved and approaches to that of



developed countries are adopted then the energy requirement in the coming years will be much more than estimated above.

## **Present Status of Development of Green Energy Resources In India**

Many global and Indian companies are taking several initiatives to protect the environment that includes green house gas reduction, renewable energy and noise reduction etc.(Yasmin Begum R. Nadaf & Shamshuddin M. Nadaf, 2014) Due efforts made in exploration and development of hydrocarbons has led to a significant set up in the production of oil and natural gas. The availability of hydro electricity has also increased significantly and touched a record generation of 92Twh in 2005-2006 .Additionally the nuclear power generation from nuclear power plants is also gaining momentum . Again in addition to the installed generating capacity of 94915MW in the utilities, the non-utilities have over 13000MW of capacity installed with the power industries for their use. The generation from this capacity was about 52Twh in 2008-2010.Further, the railways also have about 168MWof installed capacity with an annual generation of 0.04Twh. , almost whole of the capacity with non utilities is thermal, based on either coal, or diesel and gas.

## **Present Scenarios of Green Energy Resources in India**

- i. **Solar Energy:** No. of solar street lighting systems = 55,795 No. of Home Lighting System = 342,607 Solar Lanterns = 560,295 Solar Photovoltaic power plants = 1566KW Box type Solar Cooker = 575,000 Solar Photovoltaic pumps = 6818 If 10% of the total land area is used, the available solar power would be 8 million MW which is equivalent to 5,909mtoe per year. India has 2.12 MW of grid connected solar power generation power capacity. India is currently ranked Number one along with United States in terms of installed solar power generation capacity. The average intensity of solar radiations received in India is 200MW/Km

square having area of 3.287 million square Km amounting to solar potential 657.4 million MW. Whereas 87.5% for agricultural purposes and forest area, 6.7% for housing, industry etc., 5.8% is barren, snow bound or inhabitable. Thus, only 12.5% of land owing to 0.413 million Km. square can be practically used for harnessing solar power.

- ii. **Wind Power :** India is the fifth largest installed wind power capacity in the entire world. India has wind power installed capacity of 157,899MW. Samana wind farm at Gujarat is the largest wind power project by RULON.CLP India.
- iii. **Hydropower :** India ranks 5th in hydropower generation. India is also known as the pioneering country in the world to establish hydro electric power plants. Only 19.9% of hydropower has been harnessed so far with 94,000MW capacity.
- iv. **Biomass :** India has a potential of 16,881 MW (agro-residues and plantations), 5050MW (baggasse generation) and 2700MW (energy recovery from wastes). There are 40 lakh bio gas plants in India. Biomass attracts investments of over INR 600 crores every year generating almost 5000 million units of electricity and yearly employment of 10 million man-days in rural areas.
- v. **Geothermal Energy:** India is ranked 15th in world in geothermal power generation. India possesses a potential of 10,600MW of geothermal power. Almost 3, 00 hot spring locations have been identified by Geological Survey of India (GSI).

## **Initiatives Undertaken In The Application Of Sustainable Green Energy In Odisha**

Renewable energy assumes great significance in the wake of huge demand of electricity throughout the country outstripping the supply, which is being largely met from coal based thermal generation. Although Odisha has large deposits of power grade coal in Talcher and IB Valley Areas which has attracted a number of thermal generating plants both in the private and public sector, and a commensurate effort is required to ramp up generation

from renewable energy sources also. The Government of Odisha had issued Policy Guidelines on Power Generation from Non-Conventional Energy Sources vide Notification No. 6971/ST, Bhubaneswar, ST-IV-RE13/2005, dated the 3rd December, 2005 with an objective to reduce dependence on conventional sources of power generation, protecting the environment, generation of employment in large scale, generation of grid-quality power, encourage entrepreneurial investment, and to extend such rational fiscal and promotional incentives so as to provide conducive atmosphere to attract private investment

### **Renewable Purchase Obligation (RPO)**

All Obligated Entities in the State are required to purchase quantum of renewable energy as prescribed by OERC in its Regulations Under Section 86(1)(e) of the Electricity Act 2003.

The Odisha Electricity Regulatory Commission (OERC) has also issued OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2015 for purchase of electricity from Renewable Energy sources, making it mandatory for the obligated entities to source a certain percentage of their power purchase from Renewable Energy sources.

According to the revised National Tariff Policy notified on the 28th January, 2016, the RPO percentage will reach 8% for Solar and 9% for Non-Solar Power by the year 2022 (leaving hydro consumption). According to the demand forecast done by the STU (OPTCL), the requirement of Solar and Non-Solar Power will reach up to 1850 MW and 600 MW respectively by the year 2022. Further, MNRE has communicated the cumulative Solar Power capacity addition target as 2191 MW by the year 2022 keeping in view the revised National Tariff Policy 2016.

Hence, developing alternative power through renewable energy sources has become urgent and the Odisha Renewable Energy Policy needs to be viewed from that angle. Over

the last few years, many developments have taken place necessitates a strong policy push to propel the growth of various renewable energy sources in Odisha. The present Policy had been framed against these developments and the backdrop in line with the GOI Framework under the Electricity Act, 2003 and the National Tariff Policy.

The vision of the Policy would be to harness green and clean energy from natural resources in the State of Odisha for benefit of the environment and to ensure energy security for the people of Odisha.

The mission of the Policy would be to provide a long term sustainable solution for meeting energy needs and reducing dependence on conventional sources of power in order to achieve the Renewable Purchase Obligation targets and also fulfill the objectives of the State Action Plan for Climate Change.

## **Objectives**

The Policy aims to achieve the following objectives— (a) Contribute to long-term energy security of the State as well as ecological security by reduction in carbon emissions. (b) Create an environment conducive to public/private /community participation and investment in Renewable Energy Projects. (c) Create skilled and semi-skilled manpower resources through promotion of technical and other related training facilities. (d) Enhance the contribution of Renewable Energy Projects in the total installed capacity of the State through private participation. (e) Facilitate development of manufacturing units and Research & Development in the Renewable Energy sector.

"GEDCOL" means Green Energy Development Corporation of Odisha Ltd , a wholly owned subsidiary of Odisha Hydro Power Corporation Ltd. (OHPC) created with the main objective to explore the renewable energy resources in the State.

"OREDA" means Odisha Renewable Energy Development Agency (OREDA), constituted as a State Nodal Agency under the aegis of Dept. of Science & Technology, Government

of Odisha with a view to popularize the exploitation and use of renewable energy resources in the State.

The Government will continue to encourage and support Decentralized Renewable Energy applications for on-grid / off-grid / hybrid modes to address the energy needs of poorer and deprived communities, to make efficient use of RE resources and to promote efficient demand side management. ORFDA shall be the State Nodal Agency to execute and coordinate all projects under decentralised applications of Renewable Energy such as :- (a) All RE based small/mini/micro grids up to 1 MW (b) Roof top Solar Projects (c) Solar water pumping for irrigation, drinking water supply etc. (d) Wind-solar hybrid projects (e) Micro/Pico hydro projects (f) Biomass gasifier for power generation and thermal applications (g) Solar thermal projects (h) Biogas based projects for domestic application & power generation (i) Improved cook stoves (j) All new and innovative energy options

**Rooftop Solar Projects:** Rooftop solar power plants are defined as solar PV based electric generators either in stand alone or grid connected mode. The stand alone plants can work on complete DC mode or convert the DC power generated from SPV panel to AC power using power conditioning unit and feed the power to various captive loads. In grid connected mode, they can feed the power to grid either at 33 KV/11 KV three phase or at 440/220 volt three/single phase depending on the capacity of the system installed and the regulatory framework specified. They generate power during the day time which is utilized fully by powering the captive loads and feed excess power to the grid as long as grid is available. In case, where solar power is not sufficient due to cloud cover etc., the captive loads are served by drawing power from the grid. The grid-interactive rooftop system can work on net metering basis within the purview of the OERC Order.

**Biomass Gasifiers for Power Generation and Thermal Applications:** Biomass power generation through gasifier route is mainly targeted at meeting rural power requirement. MNRE is promoting multi-faceted biomass gasifier based power plants for producing electricity using locally available biomass resources, both woody and agro residues. The

focus of this programme would also be to meet the captive electrical and thermal needs of rice mills and other industries, which in turn would help in replacing/saving the conventional fuels such as coal, diesel, furnace oil etc. The main components of the biomass gasifier programme would be: (a) Biomass gasifier based Distributed/Off-grid power for rural areas. (b) Captive power generation applications in Rice Mills and other industries. (c) Tail end grid connected power projects up to 2 MW capacity.

**Biogas Based Projects for Domestic Application & Power Generation:** The gas produced from dung or any other biodegradable waste is a source of fuel for rural and semi-urban areas. It is an appropriate and renewable energy source from waste, which is abundant in rural and semi-urban areas and provides a decentralized, cheap and environment friendly energy. The methane gas which is one of the constituents of GHG emissions is most suitably utilized as fuel supplement. The process can be applied to small domestic units as well as larger farms and institutions. The size of domestic household type biogas plant will depend upon the cattle available.

**Improved Cook Stoves :** Improved biomass cook stove is basically a combustion device which burns biomass fuel more efficiently with reduced emissions and offers cleaner cooking energy solutions. Biomass cook stoves are of two types; fixed type and portable type. The portable cook stoves are also of two types, natural draft and forced draft. Advanced cook stoves utilizing fans are more efficient compared to natural draft ones. Each type of cook stove can be used for domestic as well as community cooking applications. The improved cook stoves can be made from any suitable material.

### **Biomass Project At Gift College**

In the light of the focus on the sustainable green energy ,Gandhi Institute for Technology(GIFT) one of the esteemed engineering college in Bhubaneswar, has initiated a biomass project inside the premises of the college and is successfully generating fuel out of the Kitchen wastes effectively. The initiative do not only utilise the Kitchen waste

effectively but also generate good amount of fuel from the waste.(das,amar,2018) .The process is also cost effective and can be undertaken by common people.

### **Solar Project Initiative At Gift College**

Another project under sustainable green energy is also initiated in Gandhi Institute for Technology (GIFT), in the shape of rooftop solar projects. The college has installed rooftop solar panels to utilise the solar power for the power needs of the institution.

### **Marketing Strategies For Sustainable Green Energy**

In order to design the marketing strategies this paper deals basically with two sources of energy, "Solar energy & Biomass energy" that can be used by the common people with much ease through knowledge and awareness.

- Regional political actions and support is required to promote the sustainable green energy
- Niche marketing strategy must be adopted to reach out to specific targeted consumers.
- Focus on academic institutions, individual consumers and industrial consumers at industrial regions.
- Providing enough information about the green energy and its advantages
- Marketing on the basis of the strength i.e cost effectiveness of the green energy
- Providing support system in the form of creating awareness and giving training and demo of the activities
- Government and private players partnership
- Giving concession in taxes and duties and other benefits
- Exemptions from certificates ,fees and charges
- Special incentives to be given to renewable energy manufacturing units.
- A systematic promotional activity is to be done to reach out to the consumers in the form of nukkad plays, TV and print media promotions etc so that the information can be passed on to the consumers.

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# DIGITAL EDUCATION FOR CLASSROOM TEACHING

\* V. Laxmi Sarvani

## ABSTRACT

*Digital education is bringing a revolution in a massive and unstoppable way. We live in a technology saturated world, the world in which all of us from all ages encounter technology in some way or the other. Technology has acquired almost every part of our daily lives. It affects the way we live, work and most importantly the way we learn. It will forever change the way children learn, interact and also bring a new culture of leadership. The classroom of today and the next generation should no longer be a location where students are directed to walk into and to walk out but it should be an experience which is rich, interactive, engaging and most importantly fun that students would love to be a part of it. More and more multimedia is making its way to classrooms. If a student is struggling with a concept if a platform knows that it pushes additional videos and practice exercises to the student's device basically creating a personalized learning path the student is comfortable with. This paper seeks to address the promising approaches to be adapted in the efforts to harness advantages of digital technology in classroom education.*

**Keywords:** *Digital Education, e-Learning, Smart Classes, Digital Classroom.*

## Introduction

Digital education is a world-shattering method of imparting knowledge, especially since it levels the playing field for all students. India is home to the largest population of children in the world, with an estimated 430 million children in the country. The state of education

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in the nation, especially in rural areas has been deplorable, with challenges such as archaic teaching methods, shortage of teachers, highly disproportionate student-teacher ratio, and inadequate teaching materials plaguing the sector. Digitization of education helps in justifying all of these concerns by providing multimedia teaching tools to teachers and engaging students through learning methods that utilise digital tools, such as smart-boards, LCD screens, videos, etc. It also makes it feasible for one teacher to deliver information remotely across several locations, through interactive digital media addressing the shortage of teachers in the country.

## **Digital Education**

Digital education classroom teachings has become more fun and interactive. Children tend to be more attentive as they are not only listening but also viewing it on the screen which makes their learning more effective. Here, sound and visuals go hand-in-hand which is easy for a child to grasp.

Interactive online presentations or practical sessions in educational content through interactive screen time help the students to pay more attention to details which enable them to complete their activities on their own by reading eBooks or accessing study materials online, they learn new words and expand their vocabulary.

Many a times, a student hesitates to ask a query to his teacher in classroom teaching. But with digital learning, even if he does not understand anything at one go, he can attend the recorded sessions to clear his doubts. Technology enables a student to study at his own pace. The superlative thing about digital education is that it is user-friendly.

Also, nowadays, online study materials are easily available. Even if the entire education system is not digitalised, yet students can leverage the power of digital content depending upon their capabilities. So, students can access online study modules of various subjects which help them to improve their knowledge even without a teacher.

## **Objectives**

The objective of the study:

- To find out how digital education is transforming teaching methods.
- To explore online education where students can even further unite with distant counsellors and faculty to seek guidance or resolve queries.

## **Methodology**

The study is based on secondary data it is expressive in nature. The study has considered different practices adopted by several institutes from different part of the nation.

## **Primarily Digital Education has 3 components:**

- Content
- Technology Platforms
- Delivery Infrastructure

## **Content**

It includes facts, ideas, principles, evidence, and descriptions of processes or procedures. It also depends on the quantity and depth required to avoid knowledge explosion in the process of learning.

## **Technology Platform**

A digital learning platform is a piece of software designed to assist the educational process. There are many options available depending on the specific need of the

institutions. It includes Learning Management Systems (LMS), Learning Content Management Systems (LCMS), as well as virtual classroom tools and Virtual Learning Environments (VLE).

### **Delivery Infrastructure:**

For e-learning system the classroom must be well equipped with smart boards or projectors, to display tutorials or short learning sessions. Students of certain age are allowed to carry their own gadgets to classroom. Many institutions are transforming their campuses into Wi-Fi Campuses that not only enhances the e-learning habits in students but also gives them an option to access Massive open online courses (MOOCs).

## **Digital Education Transforming Teaching Methods**

### **1. Smart Class**

Using whiteboard, chalk, and markers are now a thing of the past, and teachers have shifted to making use of projectors, VCD, DVD players and eLearning system to demonstrate tutorial videos and short sessions online to help understand that learning can be fun too. Many schools have now come up with a TV or a projector attached to their whiteboard where it is easy to shift from a normal classroom session to an interactive digital session. This can create students pay more attention as we are now in the digital era where Google is our go-to place.

### **2. Being Digitally Updated**

In a tech-savvy world, teaching can become easily outdated, as there is always something new happening. Equipping students to be updated with news and other subject-related topics is the best way to teach students to grow as a person. Students spend most of the time on their laptops, phones, and iPads. Knowing the

sources students can refer to, online and knowing which websites offer the best information can be a great way to guide them .

### **3. Converting Books to PDFs**

Books are now substituted by Kindle and other Tabs. Sending those notes, references, and other information in PDF forms that can be simply accessed on laptops, phones, and tabs is a good way to persuade students to choose to study better.

### **4. Encouraging Online Tests**

Training students on subjects by conducting online tests from time to time can create a good learning environment for them. Students can be given online quizzes and assessments that they can be taken from home, substituting general homework that they find excuses for.

### **5. Supporting Online Research**

Alike how a teacher is well equipped for a classroom session, encouraging students to be prepared too, can constrain students to be excited about taking up classes. Online research is trending and people find exciting careers in Market Research and more. Asking students to find something online that is difficult to find or encouraging online research by giving them a list of things to find before the next class is a good way to keep students looking forward to more classes. It really does feel like a great achievement knowing you've found something that no other student could find. Appreciating their online findings can inspire students to make the best use of the digital resources they have.

### **6. Creating Communities**

The interaction between a teacher and a student does not have to end at school, in a classroom. An online community is where a group or a team stay connected online, submitting projects, discussing topics or expressing ideas. Teachers can set a platform for students to communicate their ideas, suggestions and subject-related

queries, for them to resolve any time. Being open to online activities like these keep students focused even outside of school, without realizing the fact that the learning procedure continues even after classes are done.

## **Impacts of Digital Education**

Digital learning has some positive and negative impacts. Let's go through the positive impacts first.

1. **Choosing own way:** Digital learning helps a student to learn in a way that best suits him. For instance, if student is unable to understand through theory, they can use interactive programs to get a better understanding of the concept.
2. **Ability to learn anytime:** Thanks to the internet and the modern technology, students can now access study material on their laptops at any time and from anywhere. As a result, the students are not confined to learn only during the school hours.
3. **Improving concepts:** Blended learning tools are very helpful in making the concept comprehensive. Students are able to comprehend problems in a better way.
4. **Enhancing creativity:** Not all students are able to perform well by solely relying on course books for them, they need to utilize their creative side. For this substance, digital learning is the best alternative.
5. **Increased engagement:** It is true that interactive programs and strategies are engaging for students. They are able to develop an interest in them, helping them to learn voluntarily and more effectively.

## **Some of the drawbacks of Digital Learning are**

1. **A distraction:** Digital learning can become a bit of a distraction at times. Sometimes, the student begins to spend more time on it than he should.

2. **An expensive idea:** Not everyone can afford to buy electronic gadgets for studying. Laptops, smart phones, etc. are quite expensive and therefore cannot be afforded by everyone.
3. **Missing out on the real stuff:** Lack of face-to-face interactions with the teachers and classmates is not a healthy move. It is vital to consider that not all teaching can be received through digital learning. Class lectures and discussions are important learning processes. The bond of a teacher and student is very important for a positive learning experience.

## **Importance of Digital Education**

Digital literacy is one component which makes a child accountable for how they make use of technology to interact with the world around them, and the new knowledge gaining areas that they can be well-versed with. There are numerous online websites that have competitions which are knowledge attainment platforms for kids where they can compete as well as learn intellectually.

There are numerous benefits of digital learning in transforming a child's life like:

- Decision Making
- Sharpen Critical Thinking Skills
- IT Skills
- Audio and Visual Learning
- Improved Academic Performance

Students of this generation are able to use the internet to research and find text sources, videos, pod casts and presentations related to anything they would like to learn about.

## **Suggestion**

We need technology in each classroom and in every student and teacher's hand, as it is the pen and paper of our instance and it is the lens through which we experience much of the world. More than 4 out of 5 students agree digital learning technology can improve their

education, save time, and boost grades. Student's learning should be enhanced when the teacher integrates digital system into the learning environment. It also equips learners with the in-depth understanding of the digital skills needed for the workforce.

## **Conclusion**

Education technology can be life changer for students. The classrooms are being complimented by touch screen smart boards for teachers and students. Knowing how to search things online might be a critical skill in future. Technology can never replace a great teacher, but in the hands of a great teacher it is transformational. Additionally, it is of supreme importance that during digital learning, the student does not get diverted to other sites like game sites or social media sites, otherwise the student will be unable to focus on his studies. It can be concluded that technology can act as an accelerated force towards an effective and efficient learning. It can connect students to their peers from rest of the world. It can bridge the quality gap.

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# Predicting distress in Indian Aviation Industry: With reference to COVID-19

\* Dr. Nandita Mishra

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## ABSTRACT

*Due to the major failures and bankruptcies, predicting financial distress set-out as a warning system which helps not only companies but also their creditors, investors, auditors and stock market regulators. Aviation market has already been facing a slowdown before COVID-19 hit the country. After COVID-19 the condition has become immensely problematic. Not only this has led to loss of jobs but overall impact on economy has been huge. Airlines constitute the heart of the aviation industry. Without airlines airports and other allied sectors cannot thrive*

*The main purpose of this paper is to analyze the current scenario of aviation industry with special focus on airlines distress in Indian aviation industry due to the virus (COVID-19) and the future of industry is impacted by it.*

**Keywords:** *Bankruptcies, Financial Distress, Aviation Industry, Stock Market Regulators*

## Introduction

India is ranked as world's third largest aviation market domestically. It is expected that India's overall aviation market will become 3<sup>rd</sup> largest globally by 2024. \$72 billion is currently contributed by Indian aviation sector to GDP. In respect of aircraft passengers, India is 5<sup>th</sup> largest market including both domestic and international passengers.

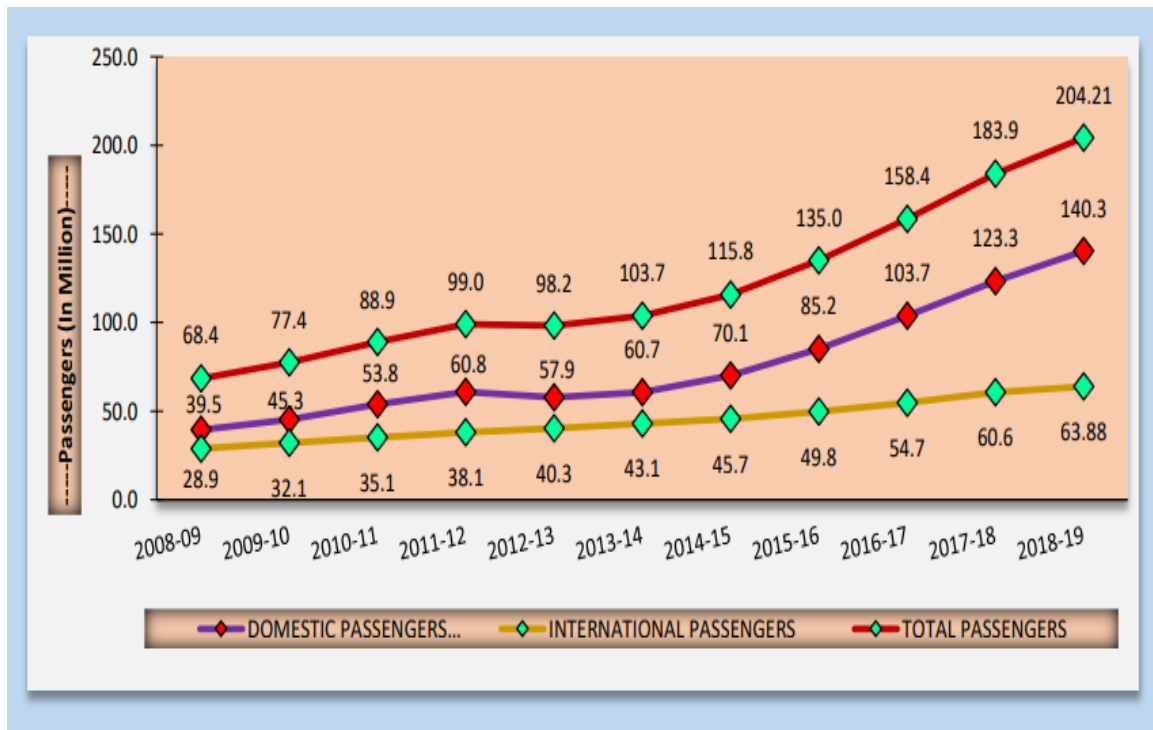
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Including 86 foreign carriers and 5 Indian carriers, India has total 91 international carriers with which major countries relate to India. Global RPK (Revenue Passenger Kilometer) growth was 6.5 % in 2018 whereas the domestic RPK, growth was 18.6%, three times of global RPK.

- By 2027, increase in fleet size of Indian carriers to 1100 aircraft, is predicted.
- By 2032, it is expected that freight traffic to cross 11.4 MT in Indian airports.
- By 2037, it is expected that Indian aviation market may cater to 520mn passengers as it is the fastest growing market.
- By 2037, it is expected that demand for aircraft will be 1,750.



**Figure 1:** Passenger traffic carried by scheduled carriers over the last ten years, Source: (Directorate General of Civil Aviation, 2018-19)

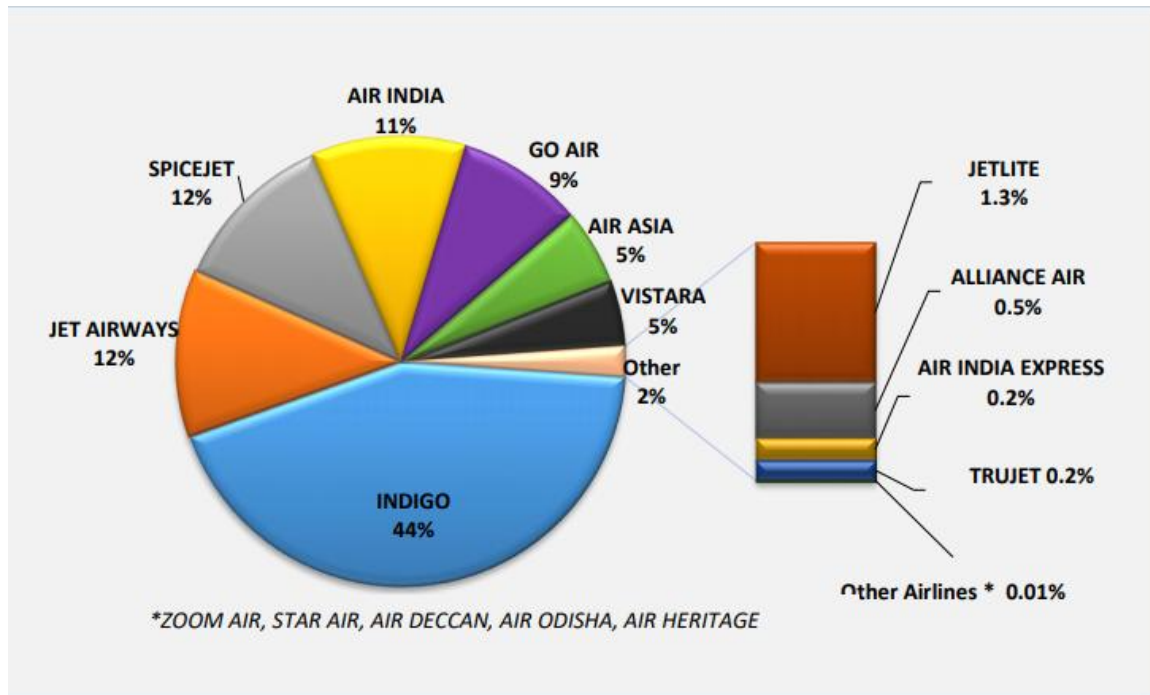


Figure 2: Market share (%) in terms of domestic market demand (RPK)- 2018-19, Source: (Directorate General of Civil Aviation, 2018-19)

## Financial Distress

Financial distress is a stage before bankruptcy where the company is unable to generate profit, unable to pay its creditors or face lots of difficulties in paying the creditors.

Financial distress also imposes negative impact; large number of bankruptcies lead to depression or recession. It affects the consumers and companies before spending or lending as they become more conscious. Journey of bankruptcy starts when there is a reduction in company's profit because consumers stop spending when they become conscious.

It is difficult to secure financing when a company is under financial distress. It may lead to orders cutting back by customers, significant drop in its market value or terms of delivery changing by its suppliers. Businesses which have a possibility in experiencing financial distress in future can take help from predicting bankruptcy or financial distress. To avoid

bankruptcy in future prior warnings may help businesses to take some appropriate changes. Business failure or cost of financial distress can be mitigated with the help of prior warnings.

When a company is unable to generate income or revenue and is not able to pay its financial obligation, that state is known as financial distress (FD). It can be because of non-assets or high fixed costs. It is a major concern if a firm goes through failure. FD prediction set out as effective warning system i.e., it is significantly important for companies.

## **Top companies of airline industry**

### **IndiGo**

With a largest market share of 46.9 % as of March 2019, IndiGo is biggest passenger airline in India. Company is based on three main pillars which are being on time, offering low fares and delivering a courteous experience. It mainly operates in India's domestic airline market. From 2006 a carrier with one plane to fleet of 255 aircrafts today. Currently it operates flights to 89 destinations including 24 internationals and 63 domestics.

### **Jet Airways**

On 1<sup>st</sup> April 1992, Jet Airways India Limited (JAIL) was incorporated. It has headquarters in Mumbai. Main hubs of Jet Airways are at Chennai, Delhi, Amsterdam and Mumbai airports. It has served services previously to The Middle East, North America, Europe and North America. All operations are suspended from 17<sup>th</sup> April 2019 and internationally on 12<sup>th</sup> April 2019.

### **SpiceJet**

In 1984 SpiceJet Ltd was incorporated. It is an Indian carrier based at New Delhi (Indira Gandhi International Airport). It is one of the largest airlines in India serving domestic destinations all over the country. In October 2010, the airline started operations internationally. Currently it operates flights to 62 destinations including 9 internationals and 53 domestics.

- Daily around 53,000 passengers are carried.
- Among domestic airlines, highest passenger load factor scheduled as of 2018-19.

### **Air India**

State-owned carrier, Air India has its main hubs at Mumbai and Delhi airports. In August 2007, Indian Airlines merged with Air India. Domestic as well as international destinations are covered by Air India's network including Asia, Europe, North America and The Middle East. Air India Express is also operated by the carrier. On 11 July 2014, it became the member of Star Alliance.

### **Go Air**

Go Airlines (India) Ltd is a part of Wadia Group. It runs under the Go Air brand. Operations started by Go Air in November 2005. Currently 330 daily flights are operated by the airline across 36 destinations including 9 international and 27 domestics.

Go Air is positioned as '**the Smart People's Airline**'. Its theme of '**Fly Smart**' aims to offer time efficiency, consistency and quality assurance to the passengers through cost friendly fares.

### **Air Asia**

On June 12, 2014, Air Asia India started its operations and it plans to increase its route network to provide services to all Indian metro cities with a selection of some tier-II cities.

As by January 2020, 21 destinations are covered by Air Asia. Air Asia India has secondary hubs in Kolkata and Delhi and is based at Bangalore Kempegowda International Airport.

### **Vistara**

Vistara is a joint venture of Singapore Airlines limited (SIA), and Tata Sons Private Limited in which 49% stake is owned by Singapore Airlines and 51% stake in partnership is hold by Tata Sons. Vistara is derived from Sanskrit word ‘**Vistaar**’ which means ‘**a limitless expanse**’. An inspiration is drawn by Vistara from the world as Vistara occupies the ‘limitless’ sky.

Vistara started its operations on January 9, 2015 with a flight from Delhi to Mumbai. Currently Vistara serves 35 destination with over 200 flights daily. More than 15 million customers have been flown by Vistara since it started operations.

### **Distress in industry before COVID-19**

Cases of financial distress have been reported by airline companies in India. In 2016, Air Asia faced a cash crunch and its expansion plans were forced to be kept on hold as per the report of (Livemint, 2016). Huge losses were reported by SpiceJet in 2014 and by the end of the year it cancelled about 2000 flights forcefully according to (Economic Time, 2014). Over the last ten years various bankruptcies are led by similar situations of financial distress. In April 2017, Air carnival stopped operations (focused routes in southern part of the country). Same year Air Pegasus went bankrupt and in October 2012, Kingfisher Airlines stopped operations due to failure of paying liabilities and loans. These examples show the seriousness of financial distress in this sector as it can lead to huge losses and bankruptcies (Mahtani & Garg, 2018).

#### **Jet Airways in distress:**

Jet Airways owes more than 8000 crores to banks, thousands of crores more in arrears to vendors, lessors and employees. The airline formally stopped flying on 17<sup>th</sup> April 2019.

It is seen as the end of Jet Airways as to save the airline no plans are submitting by the bidders. Creditors are planning to meet and deciding the liquidation of assets and shut down of the company. Airline has used 270 days out of 330 days as according to Indian bankruptcy law, to submit a resolution plan an airline has 330 days. According to law only 60 days are left so for 90-day extension NCLT's (National Company Law Tribunal) approval is required.

**Mistakes done by big airline companies which leads to financial distress:**

Airlines like Jet Airways and in 2014, SpiceJet went under distress because of having load factor of about 78%. Lower load factor with low passenger demand can lead to financial distress. Buying aircrafts directly from the manufactures by airlines like Jet Airways and Air India can increase leverage which is one of the major factors of financial distress. Now instead of buying, SLB (sale and leaseback) mechanism is followed by the companies which helped them to save huge outflow.

**Covid-19 - Affecting the global economy?**

COVID-19 (coronavirus) is an infectious disease in which most infected people feel mild to moderate respiratory illness and no special treatment is required to recover. Those people which have major medical problems like diabetes, cancer, cardiovascular disease and those who are old are likely to have serious illness.

There is no such treatment or vaccines for COVID-19 currently. An outbreak of coronavirus started on February 17 in China, but less than 1000 people were affected outside the country. Over the next 30 days, investors didn't know that coronavirus burst out of china and major outbreaks seen in Italy, South Korea then in Spain, Germany. The UK, The United States and in France.

Businesses suddenly stopped, stock market start dropping, and sudden emergency actions taken by central governments even bigger than the financial crisis happened in 2008.

As per Johns Hopkins University, more than 3,00,00 people are affected by coronavirus and at least 12,944 have died till March 22, 2020 (CNN, 2020).

### **Covid-19 – Impact in India**

341 active covid-19 cases and 5 death were reported till 22<sup>nd</sup> March 2020. Necessary steps were taken by Govt. of India to ensure the people are prepared to face this disease and threat created by the pandemic.

Health emergency as well as financial crisis is created by COVID-19. Coronavirus came at a worse time as Indian economy was already facing slowdown. 25 million jobs are about to abolish due to coronavirus as estimated by the International Labour Organization. In 2020, global economy can be cost by coronavirus between \$1 trillion and \$2 trillion according to UNCTAD (United Nations Conference on Trade and Development).

Impact on India could be \$348 million though it has affected only 30 people in early March in India.

### **Impact of COVID-19 on Indian aviation industry**

If corona virus contains at current level and does not spread continuously the about \$63 billion loss would be seen in passenger's revenue as said by the airline companies.

### **Situation of Indian airline industry on 20<sup>th</sup> February 2020:**

\$29.3 billion loss in revenues is analyzed by IATA (International Air Transport Association) due to the impact of COVID-19 on markets associated with China.

12-15% dip in demand is seen by Indian carriers during the first 2 weeks of March which make the situation worse. There can be fall of 25 % or more in the coming period which is said by CAPA (Corrective and Preventive Action) in its first update given on the impact of COVID-29 on Indian aviation industry. 30% down is seen in upcoming bookings which shows a dark period in Indian aviation market.



During the last one month till March 18, 2020, shares of SpiceJet crashed 55% to Rs. 37.80 and IndiGo slipped to 35%.

**CAPA-Centre for Aviation March 18 report:**

"In the absence of serious and meaningful government intervention, such an outcome could lead to several Indian airlines shutting down operations by May or June due to a lack of cash".

If we look at the situation of Indian airline industry on 20<sup>th</sup> March 2020, shares of airline companies jumped up to 10%. ICRA rating agency said that in the coronavirus outbreak, aspect for airline industry remains negative which resulted in cancellation of travel by many international passengers to South East Asian countries.

As per CAPA, 150 planes might be grounded initially by Indian airlines because of situation created by COVID-19. If there will be continuous decline in the demand, by April they may ground forcefully most of their fleet.

Consolidated losses in Q1 except Air India are expected at \$500-\$600 million as per initial estimates but if the situation remain same it may be revised downwards lately. As per CAPA, it is expected that most of the airlines will be bankrupt by the end of May 2020. To control the situation coordinated industry and government action is needed immediately.

Due to the impact of COVID-19 and because of various travel restrictions by multiple governments in the world, many airlines technically in the stage of bankruptcy or on the way of breach of debt contracts. Due to the fleets grounded by the companies, cash reserves are decreasing, and flights are operating even lesser than half.

Forward bookings are far greater by cancellations. Any new recommendation by government is to stop flying. Demand is continuously decreasing and whole airline industry is far away from the normality. Aviation industry is not only about airline health, but it is more than that. It is important for global trade and communication.

There can be impact of Air India privatization on to the distressed situation. To maintain the state airline running, Govt. may provide interim funding of \$300-400 million immediately.

### **Government Initiatives**

As suggested by CAPA, Government should:

- Bring ATF (aviation turbine fuel) under the GST regime.
- On a weekly basis, jet fuel prices should be revised.
- Short-term suspension should be implemented.
- Credit terms for payments should extend.
- Working capital loans should be extended by banks which are secured against sales-and-leaseback incentives or future sales.

### **Relief measure proposed by the Government:**

- Fuel credit line for two months
- Waiver of VAT on jet fuel, excise duty.
- Easy loan at 1% rate.
- Waiver of parking charges and landing charges.

### **Rescue package by the Government**

Proposal by Finance Minister includes:

- Taxes levied on the aviation sector is suspended temporary including suspension of aviation fuel tax. Rescue package is worth of 100-120 billion rupees (\$1.3-\$1.6 billion) which is proposed by India's civil aviation ministry.

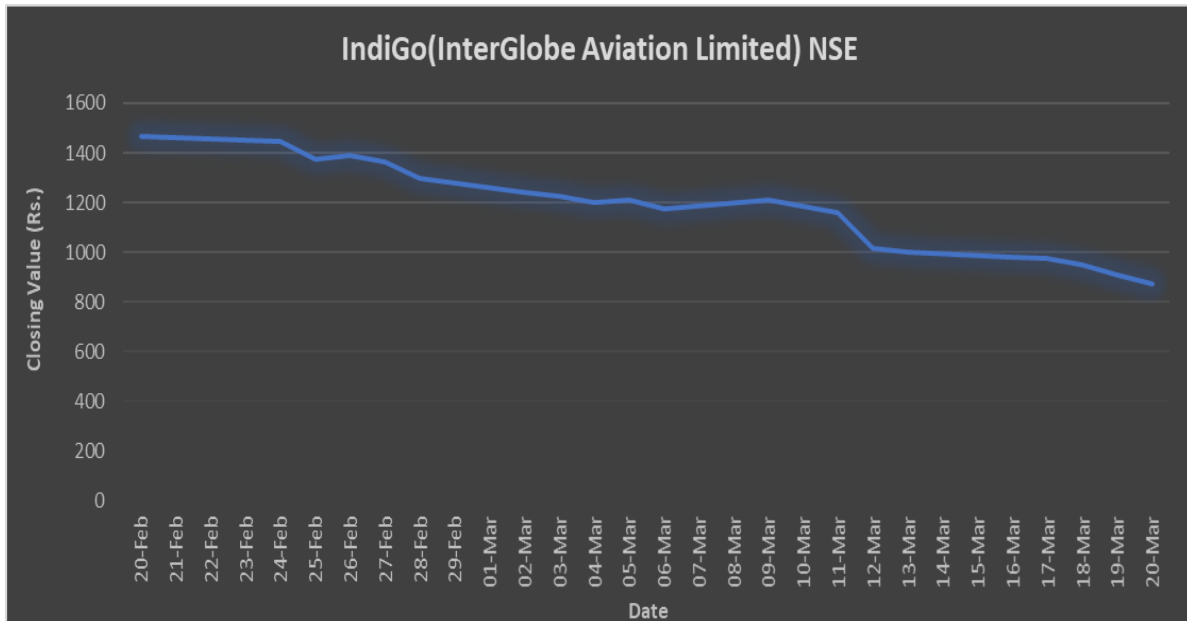
## Major decisions taken by Airline Companies

On 18<sup>th</sup> March 2020, all international flights are cancelled by Vistara after following Go Air as all international operations have been grounded by it already. Around 65%-70% overseas flights suspended by IndiGo and Air India and several planes grounded already. 25% of domestic operations are going to trimmed by IndiGo as the travel demand reduced because of COVID-19 said by the airline on 20<sup>th</sup> March 2020.

## Stock view of listed companies of Indian aviation industry

**Table 1: Stock prices of listed Indian aviation companies on NSE, Source: (NSE, 2020)**

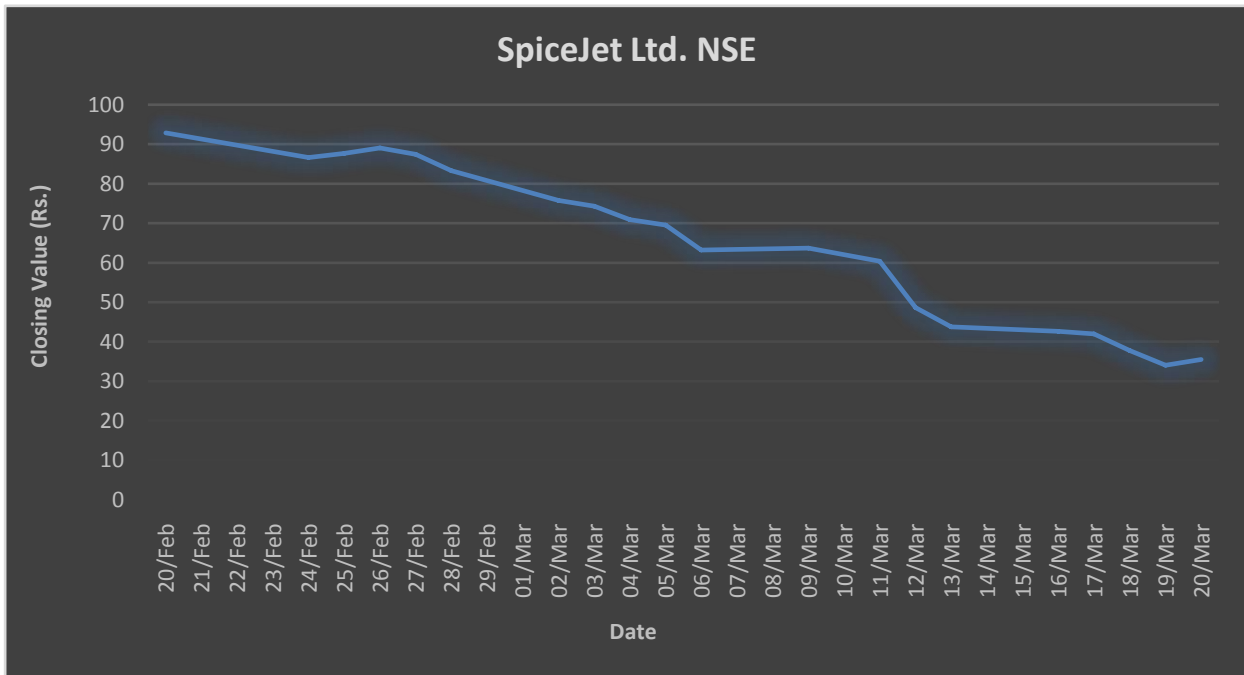
Date	IndiGo (InterGlobe Aviation Limited)	SpiceJet Ltd	Jet Airways (India) Ltd
20-Feb	1464.85	92.85	27.9
24-Feb	1444.5	86.6	27.15
25-Feb	1376.9	87.7	28.2
26-Feb	1391.45	89.05	27.25
27-Feb	1366.5	87.45	25.95
28-Feb	1300.05	83.35	25.1
02-Mar	1239.05	75.8	23.9
03-Mar	1228.45	74.35	22.75
04-Mar	1201.05	70.9	21.65
05-Mar	1211.1	69.5	22.7
06-Mar	1176.9	63.2	21.6
09-Mar	1213.2	63.7	20.55
11-Mar	1160.25	60.35	19.55
12-Mar	1018.4	48.6	18.6
13-Mar	998.8	43.75	17.7
16-Mar	978.4	42.6	16.85
17-Mar	976.7	42	16.1
18-Mar	949.9	37.8	15.85
19-Mar	909.2	34.05	15.9
20-Mar	871.7	35.5	15.85



**Figure 3: Change in the NSE stock price of IndiGo**



**Figure 4: Change in the NSE stock price of Jet Airways**



**Figure 5: Change in the NSE stock price of SpiceJet**

From the above table and figures we can see that there was a drastic change in the stock prices of all three Indian aviation companies. One of the main reasons could be the increase of COVID-19 in the country. About 10% decrease is seen in last few days.

As comparing to the prices of last month, stock prices of all the companies have reduced to its half of the value or less. Passengers are avoiding travelling in the current situation and restrictions by various governments due to COVID-19 is another big reason for the drop in price.

### **Future of Indian airline industry**

The world governments are climbing to rescue airlines which have been forced to cut jobs and to park planes because of the virus which set a slowdown on travel. IATA (International Air Transport Association) estimated need of more than \$200 billion bailout by the airlines.

Earlier various airline failures have been seen from the first swing of airline deregulation in 1990s, but they were relatively small. Two crucial airline closure (Jet Airways) since 2012 have been seen which had a major impact on aviation system of \$ 6 billion, SpiceJet was also rescued last minute by Ajay Singh which may have converted into the third failure.

COVID-19 hit the Indian Aviation System even more badly than the above stated failures. Around 68% of aircraft being grounded by Indian Airlines due to the coronavirus outbreak over the next 2 months as calculated by the India government.

If any kind of meaningful support by government is not given to the airline industry, there can be lack of cash in some local airlines and could shut their operation by May or June.

It is said by the political agreement that the impact of COVID-19 could extend for up to 6 months or more than that as it is not a short-lived disturbance.

## **Conclusion**

Indian aviation industry plays a vital role in contributing to the GDP of the country. Aviation industry is very important as it helps in communicating with the other countries and in increasing trade with them but due to the outbreak of this pandemic disease a financial distress can be seen in the industry.

Travel avoided by people and increase in restrictions made more difficult to the industry to suffer. Major drop is seen in the stock prices of the top Indian aviation companies. Privatization of Air India is put on hold. It is predicted that if any major steps would not be taken by the government then top Indian companies can lead to bankruptcies.

As of now many proposals are proposed by the government to rescue the aviation industry as due to COVID-19 slowdown in the industry lead to financial distress.

Proposals like waiver of parking charges & landing charges, easy loan at 1% rate and some of the suggestions are given by CAPA to Indian government too like extending of working capital loan by banks, bringing ATF under GST regime.

If the effect of COVID-19 decrease, in next few months and government make major steps and follow the proposals made by them to decrease the slowdown and distress in the industry, then there are chances of handling the current situation and upcoming bankruptcies of various Indian aviation companies.

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## **Ten steps of \$5 trillion: Lesson from RCEP fiasco is that India must execute bold reforms to become competitive - A Review**

**\*Sabyasachi Pradhan**

Gurcharan Das is an author and former CEO of Procter & Gamble India. He is highly acclaimed for writing a trilogy based on the classical Indian goal of the ideal life. India Unbound was the first volume on Artha, 'material well-being'. The Guardian called it 'a quiet earthquake'. It is available in 19 languages and has been narrating the story of Indian economic rise filmed by the BBC. The second, The Difficulty of Being Good, is on Dharma or 'moral well-being', and is "rich with learned musings on the epic, Mahabharata and its moral dilemmas" that speak to our day to day contemporary life. Kama: The Riddle of Desire is on the third goal of desire, and recounts a tale of "love and vulnerability, about self-doubt and betrayal, about wanting more of everything and being haunted by settling for less."

He was born in Lyallpur (Faisalabad, Pakistan) on 3<sup>rd</sup> of October, 1943 in a middle-class family. His father was an engineer with the government of Punjab. The family lived in Lahore at the time of the partition of India in August 1947 when they had to flee for their lives. They arrived as refugees in Shimla. His father was much into meditation and mysticism. Therefore the boy was raised in an environment charged with Bhakti mysticism. Gurcharan Das graduated with honours from Harvard University in Philosophy. He later attended Harvard Business School (AMP). He was the trust CEO of Procter & Gamble India, and later became Managing Director,

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Procter & Gamble Worldwide. At the age 50, he took early retirement to become a full-time writer.

He writes a daily column for TOI and five other Indian language papers. He contributes to Financial Times, Wall Street Journal, Foreign Affairs and New York Times. He is a speaker to a number of the world's largest corporations. His other books include India Grows at Night: A liberal case for a robust state, which was on the FT's best books for 2013. He is also the author of a completely unique, A Fine Family, a book of essays, The Elephant Paradigm, and an anthology, Three Plays, consisting of Larins Sahib, a prize-winning play about the British in India. He is presently editing for Penguin: The Story of Indian Business in 15 volumes.

Gurcharan Das wrote an article “Ten steps of \$5 trillion: Lesson from RCEP fiasco is that India must execute bold reforms to become competitive” on 3 December 2019 in The Times of India.

## **Introduction**

RCEP (Regional Comprehensive Economic Partnership) may be a proposed trade agreement within the Asia Pacific Region between the ten-member states of the Association of South-East Asian Nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and their five FTA partners (Australia, China, Japan, New Zealand and South Korea). RCEP potentially includes quite 3 billion people or 45% of the world's population, and a combined GDP of about \$21.3 trillion accounting for about 40% of the world trade. India's decision not to join RCEP reduced the impact of RCEP significantly. The combined growth of potential RCEP members surpassed the combined GDP of Trans Pacific Partnership (TPP) members in 2007. Gurchanran Das had a very critical view point about India walking out of Regional Comprehensive Economic Partnership (RCEP). As India and China both are

fastest growing economies of the world and are trade-rivals, India backing out of RCEP at 11th hour was a huge set-back according to the author. The dream of \$5 trillion economy of Hon'ble Prime Minister Narendra Modi cannot be achieved without increasing the horizons of exports and imports. Author is a strong admirer of open economy and robust export and import laws.

In the first paragraph, author talks about Export Pessimism. Export pessimism is a trade theory which is governed by the idea of "inward looking growth" as opposed to outward looking growth. According to Jagdish Natwarlal Bhagwati an Indian born American economist, export pessimism is of two distinct forms. One form of export pessimism prevailed during the period from the World War II to the mid 1960's and the second prevailed in 1980's. The second sort of export pessimism became manifest during 1980's. Jagdish Bhagwati termed it as new export pessimism. The inability of less developed countries to enlarge their exports was explained in terms of Nurksian Hypothesis that developed countries could not absorb expanding exports of primary products from the developing countries.

The writer completely endorses the idea of free market and no restriction on imports. He believes that in this competitive environment, entrepreneurs will be pushed to make qualitative products which can compete in international market.

A Tariff is a tax on imports and exports between sovereign states. It is a form of regulation of foreign trade and a policy that taxes foreign products to encourage or safeguard domestic industry. Tariffs therefore provide an incentive to develop production and replace imports with domestic products. The author is against higher tariffs. He talks about sunset clause it is a measure within a statute regulation or others

law that provides that the law shall cease to have effect after a specific date, unless further legislative action is taken to extend the law and how it should be used by India to make the entrepreneurs more competitive.

The author distinctively talks about collaboration of different departments with commerce ministry and red-tapism. The bureaucratic bottleneck causes a lot of delay in getting clearances which demotivates genuine investors and entrepreneurs from doing meaningful business. India has not realized its full growth potential and the labour laws are among the biggest hindrance. The Government is introducing bills designed to ease a number of those rules, including improving worker's safety, allowing more overtime, increasing penalties for flouting regulation and permitting more women to work night shifts, but a lot need to be done. About 94% of Indian workers are in, what the government describes as, informal sectors including agriculture, construction or other home based activities. The writer advocates the policy of "hire and fire" but also talks about labour welfare fund. He wants government should take proactive steps in order to safeguard the interest of labour.

The author is very critical about land acquisition in India. Land acquisition refers to the process by which the union or a state government in India acquires private land for the purpose of industrialisation, development of infrastructural facilities or urbanisation of the private land, and provides compensation to the affected land owners and their rehabilitation and resettlement. The biggest FDI of 52,000 crores by POSCO in the state of Odisha didn't materialise because of difficulties in land acquisition. In the past regimes, land acquisition was an uphill task where hundreds of signatures were required to acquire a piece of land. Modi government has introduced a few bills, which got stuck at Rajya Sabha, to make the process faster. But government should come-up with something more concrete and robust where the farmer's interest and the industry benefits both can be

realised. The author also throws light on basic infrastructure and education system of India which requires reforms in order to give edge to our local entrepreneur vis-a-vis foreign entrepreneur.

## **Conclusion**

The author believes that there is nothing new about these ten ways to make India competitive. India is in the midst of an economic crisis. A crisis brings urgency to reform as the government has shown by dramatically lowering corporate tax to competitive levels. The present government should take bold steps as it is in absolute majority. It is very evident from past experiences that rule-based trade and open markets are the best way to lift India's living standards and build shared prosperity.

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