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## **Comparative Study of Port Development in India v/s Gujarat: Evidential Approach**

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### **Abstract**

*Since ancient time, port played a major role in development of human civilization. Sea route was the only option available before the development of air ways. Even today sea route is the best option for global transportation. With globalization gaining momentum the international trade across the border has also expanded like anything. With increasing world trade the cost of shipping has also increased due to the introduction of economy of scale and the development of technology in shipping. Development of ports is essential for maintaining the pace of global trade and economic development of the world. Present paper attempt to study port development in India in terms of number of ports export and import through ports etc. Paper also presents the status of port development in Gujarat in comparison to all India.*

**Key words:** Port, Economic Development, Export, Imports, Globalization



## Comparative Study of Port Development in India v/s Gujarat:

### Evidential Approach

A port is a location on a coast or shore containing one or more harbors where ships can dock and transfer people or cargo to or from land. Locations for ports are selected to optimize access to land and navigable water, for commercial demand, and for shelter from wind and waves. It is difficult to find ports with deeper water but such ports can handle larger, more economical ships. Since ports throughout history handled every kind of traffic, support and storage facilities vary widely, may extend for miles, and dominate the local economy. Some ports have an important military role. One of the world's oldest known artificial harbors is at Wadi al-Jarf on the Red Sea.

A port becomes a wheel of any economy if it runs efficiently. In the present time, the function of a port has expanded to a logistical platform. Therefore the efficiency of a port is important for international trade since a seaport is the nerve of foreign trade of a country. Performance of port and port economics are closely related with macroeconomic developments of any country. Therefore any changes in port traffic or operation and port / port organization has an impact on national economy.

In developing countries like India, ports have a major role to play than just a government owned public utilities. Ports provide a platform for the convergence of several contending and competing business interests from shipping lines, port authorities, and individual terminal operators to freight forwarders and inland logistics agencies and also the shippers (the exporter-importer fraternity) whose cargo is what is being ultimately being transported.

### Global Port Development

With globalization gaining momentum the international trade across the border has also expanded like anything. With increasing world trade the cost of shipping has also increased due to the introduction of economy of scale and the development of technology in shipping. Development of ports is essential for maintaining the pace of global trade and economic development of the world. Ports today represent complex assortment of contractual and business relationships, which in turn give rise to network of regulatory and operating institutions and procedures and ever-changing rules of dynamic inter-play. The information about the container port throughout for selected countries is presented in table below.

**Table 1**

Container Port Throughout for selected Developing Countries			
Country/economy	Preliminary figures for 2013 (TEUs)	Percentage Share	Percentage Changes 2013/2012
China	174080330	26.74%	8.76
Singapore	33516343	5.15%	3.13
Republic of Korea	22582700	3.47%	4.5
China, Hong Kong SAR	22352000	3.43%	-3.31



Malaysia	21426791	3.29%	2.53
United Arab Emirates	19336427	2.97%	6.71
China/Taiwan Province of	15353404	2.36%	2.52
India	10653343	1.64%	3.53
Indonesia	10790450	1.66%	11.95
Brazil	10176613	1.56%	9.16
World Total	651099413	100.00%	5.58
Source: UNCTAD Review of Marine Transport 2014			

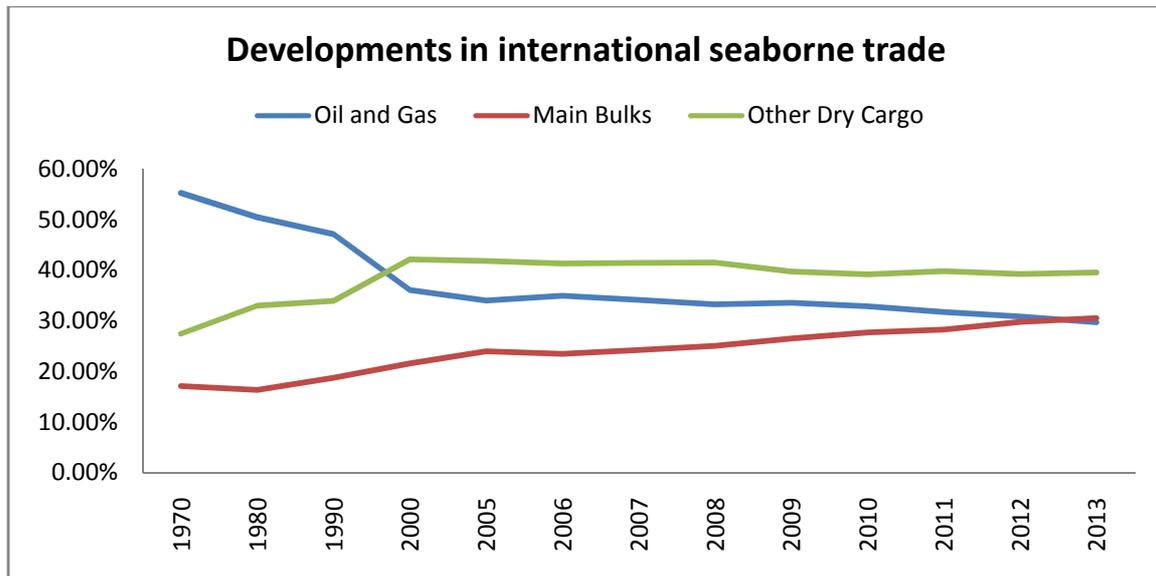
It can be seen from the data that total Container Port Throughout for the world was 651099413 TEUs for the year 2013 which is 5.58 percent higher than year 2012. The data about the share of selected countries in total container port throughout shows that China is leading with 26.74 percent of global container port throughout. Countries like Singapore, Korea Malaysia are leading with their share in world container port throughout. India contributes less than 2 percent.

**Table 2**

Developments in international seaborne trade, selected years (Millions of tons loaded)							
Year	Oil and Gas	%	Main Bulks	%	Other Dry Cargo	%	Total (All Cargoes)
1970	1440	55.28%	448	17.20%	717	27.52%	2605
1980	1871	50.51%	608	16.41%	1225	33.07%	3704
1990	1755	47.19%	699	18.80%	1265	34.01%	3719
2000	2163	36.15%	1295	21.64%	2526	42.21%	5984
2005	2422	34.07%	1709	24.04%	2978	41.89%	7109
2006	2698	35.04%	1814	23.56%	3188	41.40%	7700
2007	2747	34.19%	1953	24.31%	3334	41.50%	8034
2008	2742	33.32%	2065	25.09%	3422	41.58%	8229
2009	2642	33.62%	2085	26.53%	3131	39.84%	7858
2010	2772	32.96%	2335	27.77%	3302	39.27%	8409
2011	2794	31.80%	2486	28.30%	3505	39.90%	8785
2012	2841	30.89%	2742	29.81%	3614	39.30%	9197
2013	2844	29.79%	2920	30.58%	3784	39.63%	9548
Source: UNCTAD Review of Marine Transport 2014							



**Figure 1**



The data about the international seaborne trade shows total cargo handled through seaborne trade increased from 2065 million tonne during 1970 to 9548 million tonne during 2013. Among various categories of cargo, oil and gas contributed more than 55 percent to total international seaborne trade during the year 1970 which over a period of time declined to less than 30 percent during 2013. During the same period the share of main bulk cargo increased from nearly 17 percent to more than 30 percent.

### Port Development in India

The national economic development of India requires a well functioning seaport system. 90% of India's trade (by volume) depends on water transport. Naturally Ports, Shipping Companies and their cost and quality effectiveness determine the success of India's trade, commerce and industry in the international market place. A pro-development policy outlook, recognition and addressal of the bottlenecks for the growth of this sector, then assumes paramount importance to India's economic progress. India has 12 major seaports and 185 minor seaports along a coastline of over 7,000 km. The 12 Major Ports handle some 75% of the total Indian port traffic. Due to the foreseen national economic development in the coming decades, a strong further growth of the Indian port sector is expected. To be able to cope with the above, the Government of India not only decided to improve the seaport and hinterland infrastructure but also the institutional and organizational structure of the port sector<sup>1</sup>.

Indian ports are dynamic nodes in the supply chain involving complex international production and distribution network. It is main route for international trade. Ports have become integrated transport centers providing logistic platform for international trade and also stimulate trade and regional development. Indian model of port development include land-lord port and private ports which provide opportunity for the private sector either to act as port operators especially at major ports and work as port developer at minor ports.

<sup>1</sup> Indian Port Association



Cargo Traffic at Indian Ports: During the first half (April-September) of 2012-13 major and non-major ports in India accomplished a total cargo throughput of 455.8 million tonnes reflecting an increase of only 1.8 per cent over the same period of 2011-12. This is mainly attributable to a decline of 3.3 per cent in the cargo handled at major ports. In contrast, non-major ports' growth increased to 10.3 per cent in the first half of 2012-13 compared to 8.2 per cent in the corresponding period of 2011-12 (Table 11.9). During first six months of 2012-13, Ennore port recorded the highest growth in traffic (22.5 per cent) followed by Mumbai (8.0 per cent), Kandla (7.5 per cent), NMPT (4.3 per cent) and Cochin Port (3.9 per cent). Negative traffic handling was reported by Mormugao (-22.9 per cent) Haldia Dock Complex (HDC) (-17.9 per cent), Vishakhapatnam (-16.0 per cent), Paradip (-8.5 per cent), Chennai Port (-7.3 per cent) and Kolkata Dock System (KDS) (-7.8 per cent)<sup>2</sup>.

**Table 3**

Year	Year wise traffic handled at Major and Non-Major Ports (in Million Tonnes)			% share of Major Ports	% share of Non-Major Ports
	Major Ports	Non Major Ports	Total		
2001-2002	287.58	96.27	383.85	74.92	25.08
2002-2003	313.55	105.17	418.72	74.88	25.12
2003-2004	344.79	120.84	465.63	74.05	25.95
2004-2005	383.75	137.83	521.58	73.57	26.43
2005-2006	423.56	145.53	569.09	74.43	25.57
2006-2007	463.78	186.12	649.9	71.36	28.64
2007-2008	519.31	203.62	722.93	71.83	28.17
2008-2009	530.53	213.2	743.73	71.33	28.67
2009-2010	561.09	288.86	849.95	66.01	33.99
2010-2011	570.03	314.85	884.88	64.42	35.58
2011-2012	560.13	353.02	913.15	61.34	38.66
2012-2013	545.79	387.87	933.66	58.45	41.54
2013-2014	555.5	417.13	972.63	57.11	42.8
Source: Indian Port Association, New Delhi					

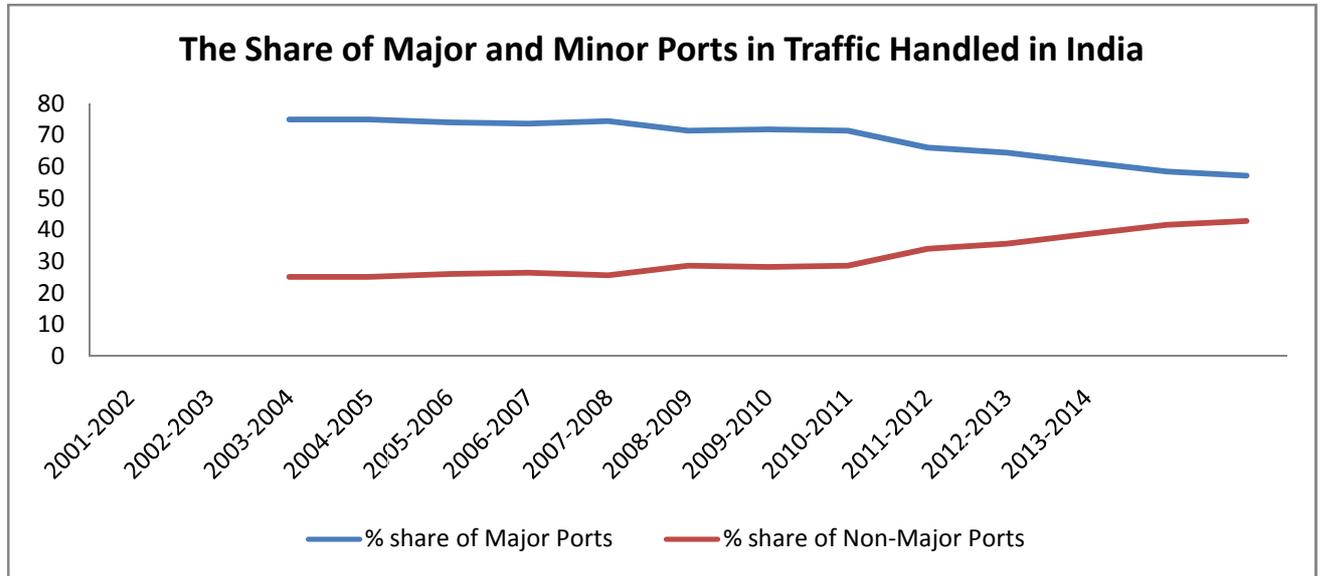
Commodity-wise Cargo Traffic at Major Ports : At a broad commodity level, during the first six months of 2012-13, coal, container cargo, other cargo, and petroleum oil and lubricant (POL) traffic posted growth of 3.8 per cent, 2.7 per cent, 2.4 per cent and 0.5 per cent respectively. The traffic in iron ore was affected during April-September 2012, recording a negative growth of 43.1 per cent primarily due to ban on mining of iron ore. Fertilizer and FRM traffic during April-September 2012 also declined by 5.2 per cent over the corresponding period of the previous year. In terms of the composition of cargo traffic handled at major ports during April-September 2012, the largest commodity group (in terms of percentage share in total cargo handled) was POL (34 per cent) followed by container traffic (22 per cent), other cargo (19 per cent) and coal (15 per cent). Total container traffic at

<sup>2</sup> 12<sup>th</sup> Five Year Plan

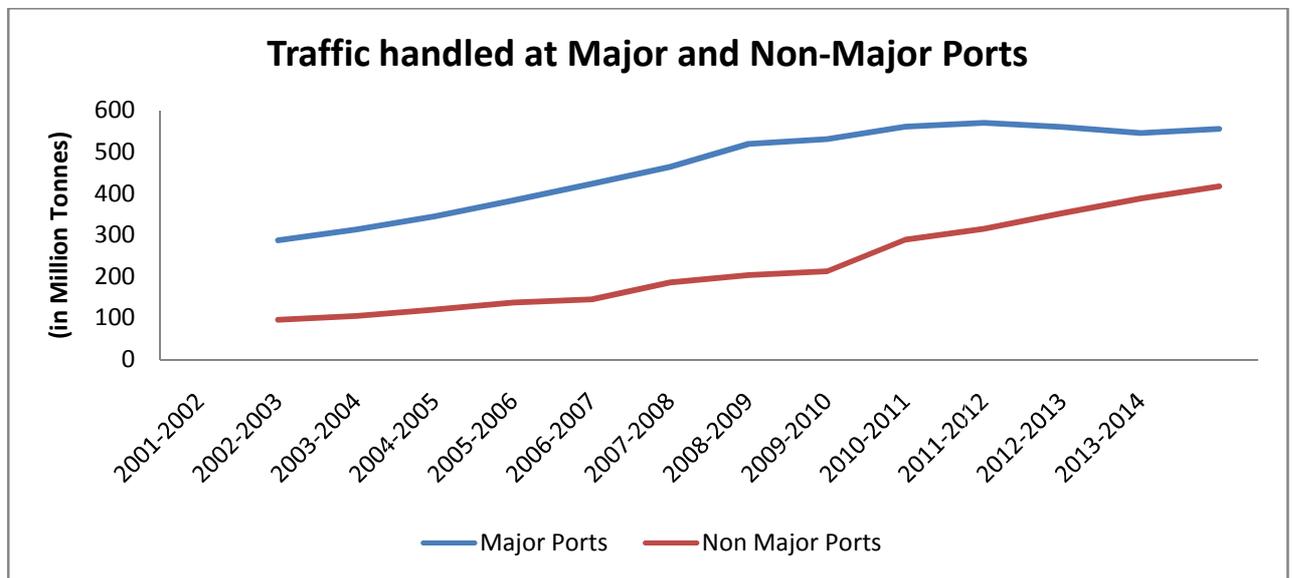


major ports increased both in terms of tonnes and twenty foot equivalent units [TEUs] by 2.7 per cent and 1.3 per cent respectively during April-September 2012 and Jawahar Lal Nehru Port (JNPT) emerged as the leading container-handling port with a 48 per cent share in terms of tonnage and 55 per cent in terms of TEUs<sup>3</sup>.

**Figure 2**



**Figure 3**



### Port Development in Gujarat

Gujarat, situated on the western coast of India, is a principal maritime state endowed with favorable strategic port locations. The prominence of Gujarat is by a virtue of having nearly 1600 kms long coastline, which accounts for 1/3rd of the coastline of India and being the nearest maritime outlet to Middle East, Africa and Europe. Another major advantage is that,

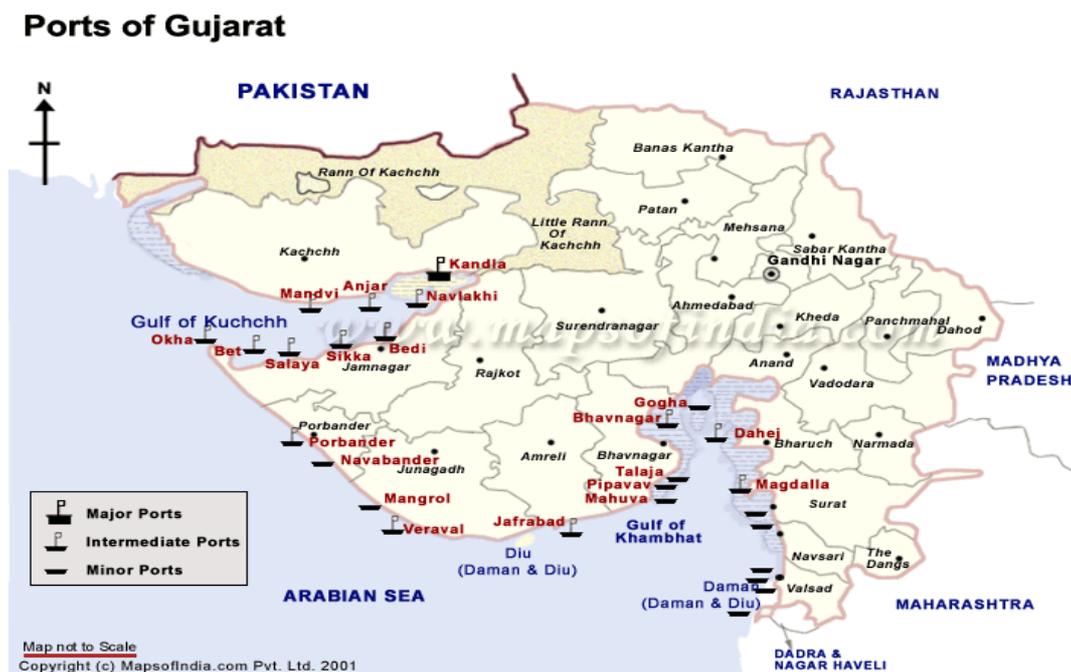
<sup>3</sup> Economic Survey, Government of India



Gujarat has a vast hinterland consisting of fast developing Northern and Central Indian States generating cargo. The State of Rajasthan, Madhya Pradesh, Western Uttar Pradesh, Delhi, Haryana, Punjab, Himachal Pradesh and Jammu & Kashmir, which constitute 35% of the total exports, are potential customers for Gujarat ports. Export of surplus food grains from these major grain producing States and import of fertilizers to these major consumers, offer great potential for growth of cargo in near future. Any economic development, taking place in these hinterland States has a direct bearing on Gujarat ports.

Gujarat is one of the most progressive, forward-looking and advanced state in the country when it comes to infrastructure development efforts. In particular, Gujarat's maritime sector is considered to be the most developed among the States of India in the matter of non-major ports. The state has major ports Kandla and 41 non-major ports. During the year 2011-12, total cargo handled by Kandla port was of the order of 82.5 million tonnes and the non major ports handled 259 million tonnes of cargo. During the year 2011-12, the cargo handled by the non major ports of the state increased by around 12 percent. Moreover, the Dahej LNG terminal, the first in the country imported 10.67 million tonnes of Liquefied natural gas during the year 2011-12.

Figure 4



The minor and intermediates ports of Gujarat handle about 8.5% of national shipping cargo. Nevertheless, Gujarat ports handle about 16 million tonnes of cargo, which account for 70% of the total cargo handled by all minor ports of India.

Under present setup, ports are being planned totally in isolation, without taking into consideration the requirements of industry, trade and commerce. No integrated plan exists to create ports of international design and status, linked with hinterland with multi-channel roads that carry cargo efficiently and other related infrastructure.



**Table 4**

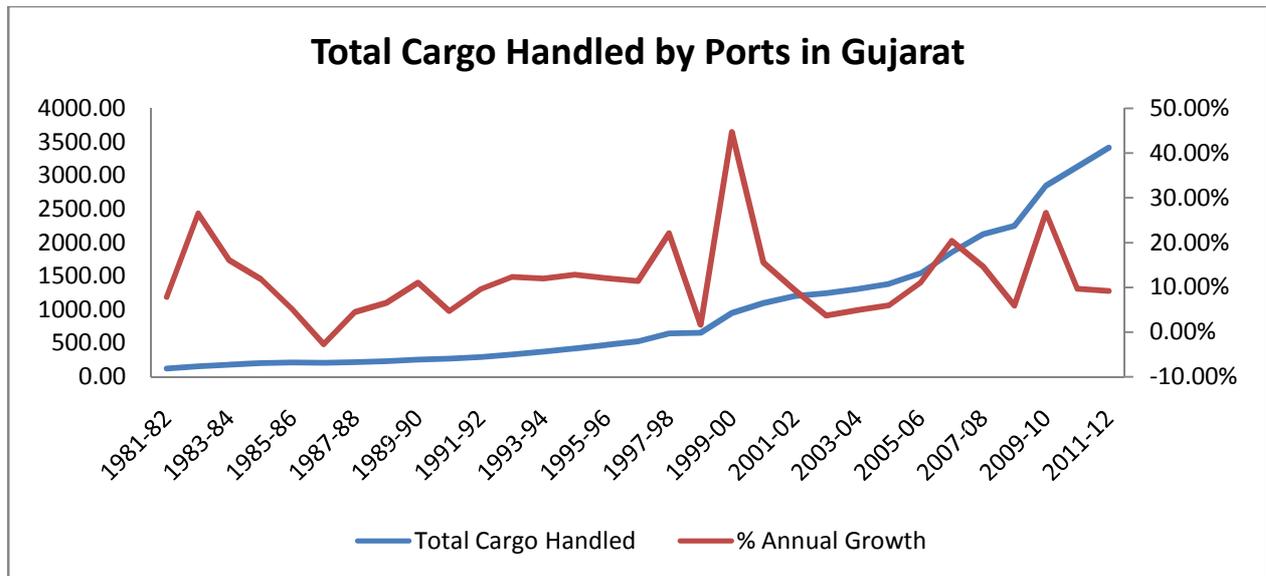
<b>Total Cargo Handled and Annual Growth (Lakh Tonne)</b>					
<b>Year</b>	<b>Total Cargo Handled</b>	<b>% Growth</b>	<b>Year</b>	<b>Total Cargo Handled</b>	<b>% Growth</b>
1980-81	115.96	-	1996-97	529.23	11.44%
1981-82	125.10	7.88%	1997-98	646.31	22.12%
1982-83	158.33	26.56%	1998-99	657.20	1.68%
1983-84	183.74	16.05%	1999-00	951.03	44.71%
1984-85	205.53	11.86%	2000-01	1099.21	15.58%
1985-86	216.14	5.16%	2001-02	1202.74	9.42%
1986-87	210.31	-2.70%	2002-03	1247.57	3.73%
1987-88	219.77	4.50%	2003-04	1308.71	4.90%
1988-89	234.20	6.57%	2004-05	1386.79	5.97%
1989-90	260.12	11.07%	2005-06	1539.82	11.03%
1990-91	272.39	4.72%	2006-07	1854.27	20.42%
1991-92	298.55	9.60%	2007-08	2124.89	14.59%
1992-93	335.50	12.38%	2008-09	2250.39	5.91%
1993-94	375.74	11.99%	2009-10	2850.40	26.66%
1994-95	423.89	12.81%	2010-11	3127.87	9.73%
1995-96	474.88	12.03%	2011-12	3415.30	9.19%

**Source: Socio Economic Review of Gujarat**

Total cargo handled by ports in Gujarat is presented in table and figure below. It is clearly evident from the figure that, total cargo handled by ports in Gujarat has increased over a period of time. Total cargo handled by all the ports in Gujarat has increased from 115.96 lakh tonnes in 1980-81 to 298.55 lakh tonnes in 1990-91 and further to 3415.30 lakh tonne in 2011-12. The annual growth in cargo handled by ports in Gujarat shows wide fluctuations over time. The annual growth in cargo handled by ports in Gujarat ranges between negative growth (-2.70) percentage in 1986-87 to highest ever growth 44.71 percentages achieved during 1999-2000. Major improvement in total cargo handled by ports has been seen from 1990-91 onwards which can be attributed to new economic policy of government of India and reforms at the state level. The decadal growth in the cargo handled by ports in Gujarat shows growth of 124.32 percentages during the decade 1980-90 which increased to 249.14 percentages during 1990-2000 but declined to 199.72 percentage during 2000-2010.



Figure 5



### Port Policy of Government of Gujarat

The objectives of port policy of Gujarat are: (a) to increase Gujarat's share in the export and import sector, in national and international trade & commerce, in pursuance of liberalisation and globalisation policy (b) to decongest the overburden on existing major ports on western India to cater to the needs of increasing traffic of western and northern states, by providing efficient facilities and services and to support the countries domestic and international trade (c) to handle 100 million tonnes of cargo in Gujarat Maritime waters accounting approximately for 25% India's total cargo by 2000 AD (d) taking fullest advantage of the strategic location of Gujarat coast, in the World Maritime Scenario, (e) to encourage ship building, ship repairing and establish manufacturing facilities for Cranes, Dredgers and other Floating Crafts (f) to provide facilities for coastal shipping of passenger and cargo traffic between Kutch, Saurashtra and South Gujarat and further extension of these services to important places like Bombay, Goa etc. (g) To fulfill future power requirements of Gujarat, by establishing barge mounted power plants (h) by providing exclusive port facilities for importing different kinds of power fuels, and (i) to attract private sector investment in the existing minor and intermediate ports and in the new port locations.

### Conclusion

Container Port Throughout from Indian port constitutes less than 2 percent of world figure. Within India, the share of major ports in total port traffic handled shows marked declined over a period of time where contribution has on non-major ports are increasing over a period of time. Though the total cargo handled by ports in Gujarat shows increasing trend, the annual growth in cargo handled by ports in Gujarat shows wide fluctuations over time. The annual growth in cargo handled by ports in Gujarat shows vides variations over a period. Government of Gujarat has been very proactive in developing port sector in the state. In spite of clear port development policy adopted by the government, there has not been much improvement in port in terms of cargo handled.



**Reference:**

1. Socio-Economic Review of Gujarat, Government of Gujarat
2. UNCTAD Review of Marine Transport 2014
3. Indian Port Association, New Delhi



## **A Comparative study of Non Performing Assets in Public and Private Sector Banks**

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### **Abstract:**

*Non-performing Asset is an important parameter in the analysis of financial performance of a bank as it results in decreasing margin and higher provisioning requirements for doubtful debts. NPA is a virus affecting banking sector. NPAs affect the liquidity and profitability, in addition to posing threat on quality of asset and survival of banks. The Indian banking sector has been facing serious problems of raising Non Performing Assets (NPAs). The NPAs growth has a direct impact on profitability of banks. It involves the necessity of provisions, which reduces the overall profits and shareholders' value. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in Indian banks is nothing but a reflection of the state of health of the industry and trade. It is necessary to trim down NPAs to improve the financial health in the banking system.*

**Keywords:** Gross NPA, Net NPA, Public banks and Private Sector Banks.



## **A Comparative study of Non Performing Assets in Public and Private Sector Banks**

### **Introduction:**

The banking industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management came into picture. The primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal and housing etc. and to receive deposits. Receiving deposit involves no risk, since it is the banker who owes a duty to repay the deposit, whenever it is demanded. On the other hand lending always involves much risk because there is no certainty of repayment. Non-performing asset (NPA) is one of the major concern and problem for banks in India.

NPAs reflect the degree of risk and quality of assets of bank and profitability of a bank. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves reduced income from assets and the necessity of provisions, which reduces the overall profits and shareholders' value. The level of nonperforming assets is at the alarming rate in Indian banking comparatively to other countries. This level is much higher in case of public sector banks compare to private sector bank because their directional credit to priority sector projects and social development projects. The public sector banks play an immense role in the development and growth from the very inception. The public sector banks which were operating on social model by mobilizing the huge resources and directing them to social and priority sectors for social and economic development of the country. Due to their socio economic role, there was high level of NPA's in their asset portfolio. After the liberalization in 1991, they faced high level competition from private and foreign banks. Due to this fierce competition and challenge on their survival, they were forced to improve the performance and weakness. The biggest weakness and problem they faced was huge NPA's in their portfolio. This study aims to check what is the position and level of nonperforming assets of nationalized banks which is core and heart of public sector banking in India and which handles the major portion of banking business in India.

### **Non Performing Assets Meaning:**

Assets which generate periodical income are called as performing assets. Assets which do not generate periodical income are called as non-performing assets. An asset, including a leased asset, becomes nonperforming when it ceases to generate income for the bank With effect from March 31, 2004, a non-performing asset shall be a loan or an advance where:

- Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit,
- Interest and/or installment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes, and w.e.f. 30.09.2004 following further amendments were issued by the Apex



Bank,

1. A loan granted for short duration crops will be treated as NPA if the installment of principal or interest thereon remains overdue for two crop seasons,
  2. loan granted for long duration crops will be treated as NPA if the installment of principal or interest thereon remains overdue for one crop season.
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

### **Types of NPA:**

#### **(1) Gross NPA:**

Gross NPAs are the sum total of all loan assets that are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA is advance which is considered irrecoverable, for bank has made provisions, and which is still held in banks' books of account. Gross NPA reflects the quality of the loans made by Banks. It consists of all the nonstandard assets like as sub-standard, doubtful, and loss assets. It can be calculated with the help of following ratio:

Gross NPAs Ratio =  $\frac{\text{Gross NPAs}}{\text{Gross Advances}}$

#### **(2) Net NPA:**

Net NPAs are those type of NPAs in which the bank has deducted the provision regarding NPAs. Net NPA shows the actual burden of banks. Since in India, bank balance sheets contain a huge amount of NPAs and the process of recovery and write off of loans is very time consuming, the provisions the banks have to make against the NPAs according to the Central bank guidelines, are quite significant. That is why the difference between gross and net NPA is quite high. It can be calculated by following

Net NPAs =  $\frac{\text{Gross NPAs} - \text{Provisions}}{\text{Gross Advances} - \text{Provisions}}$

### **Asset Classification:**

#### **Categories of NPAs:**

Banks are required to classify nonperforming assets further into the following three categories based on the period for which the asset has remained nonperforming and the realize-ability of the dues:

#### **Standard Assets:**

Standard assets are the ones in which the bank is receiving interest as well as the principal amount of the loan regularly from the customer. Here it is also very important that in this case the arrears of interest and the principal amount of loan do not exceed 90 days at the end of financial year. If asset fails to be in category of standard asset that is amount due more than



90 days then it is NPA and NPAs are further need to classify in sub categories. Banks are required to classify non-performing assets further into the following three categories based on the period for which the asset has remained non-performing and the reliability of the dues:

#### **Sub Standard Assets:**

With effect from 31 March 2005, a substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. In such cases, the current net worth of the borrower/ guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full. In other words, such an asset will have well defined credit weaknesses that jeopardies the liquidation of the debt and are characterised by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

#### **Doubtful Assets:**

With effect from March 31, 2005, an asset would be classified as doubtful if it remained in the sub-standard category for 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values – highly questionable and improbable.

#### **Loss Assets:**

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

#### **Review of Literature:**

(1) K.V.Ramesh, Sudhakar.A., (2012) investigated the NPA management in public sector banks a case study of canara bank and state bank of India to analyse the NPA of former mentioned banks. Data was collected for a period of ten years between 2000 to 2010. It is concluded that if the proper management of the NPAs is not undertaken it would affect the business of the banks. The NPAs would affect business cycles, legal framework, ethical standards, regulatory and supervisory system and bank specific factors like credit appraisal system, credit recovery procedures risk management system and the motivational level of employees. It is found that there is a downward trend in NPAs of selected banks by establishing appropriate systems internally to reduce and eliminate at the earliest.

(2) Srivastava V, Bansal deepak (2012) did a “a study of trends of non-performing assets in private banks in India” to find out whether there is a positive trend and control of NPAs by the private sector banks in India. The data were collected for a period of five years from 2007-2012 from various secondary sources and analysed by average and comparative percentage analysis. It was found that the level of NPAs is alarming with public sector banks in India but there is slight improvement in the asset quality reflected by a decline in the NPA percentage. The banks should take timely action against degradation of good performing assets.

(3) Chaudhary and Sharma (2011) in their research paper on Performance of Indian Public Sector Banks and Private Sector Banks: A Comparative Study stated that it is right



time to take suitable and stringent measures to get rid of NPA problem. An efficient management information system should be developed. The bank staff involved in sanctioning the advances should be trained about the proper documentation and charge of securities and motivated to take measures in preventing advances turning into NPA. Public banks must pay attention on their functioning to compete private banks. Banks should be well versed in proper selection of borrower/project and in analyzing the financial statement.

(4) Malyadri and sirisha (2011) The Indian banking system has undergone significant transformation following financial sector reforms. It is adopting international best practices with a vision to strengthen the banking sector. Several prudential and provisioning norms have been introduced, and these are pressurizing banks to improve efficiency and trim down NPAs to improve the financial health in the banking system. In the background of these developments, this study strives to examine the state of affair of the Non performing Assets (NPAs) of the public sector banks and private sector banks in India with special reference to weaker sections. The study is based on the secondary data retrieved from Report on Trend and Progress of Banking in India. The scope of the study is limited to the analysis of NPAs of the public sector banks and private sector banks NPAs pertaining to only weaker sections for the period seven years. It examines trend of NPAs in weaker sections in both public sector and private sector banks. The data has been analyzed by statistical tools such as percentages and Compound Annual Growth Rate. The study observed that the public sector banks have achieved a greater penetration compared to the private sector banks.

(5) Bhatia (2007) in his research paper entitled, Non- Performing Assets of Indian Public, Private and Foreign Sector Banks: An Empirical Assessment, explores an empirical approach to the analysis of Non-Performing Assets of public, private and foreign sector banks in India. The NPAs are considered as an important parameter to judge the performance and financial health of banks. This paper aims to find the fundamental factors which impact NPAs of banks. A model consisting of two types of factors, like macroeconomic factors and bank-specific parameters, is developed and the behavior of NPAs of the three categories of banks is observed.

(6) Vijaykumar and Aravanan (2007) his research paper examines the performance of a bank using a Non Performing Assets measures. The NPA measure includes selected ratios which capture the bank performance. Where, these ratios were assigned weights and graded according to the performance direction of the ratio. This study is undertaken using a hypothetical data for a bank and the performance measuring model is explained clearly.

### **Objectives:**

The following broad objectives are laid down for the purpose of the study: (1)To study NPA trend in last 5 years of private and public sector banks.(2) To make a comparative study of NPAs of public sector and private sector banks.

### **Research Methodology:**

Research design used to carry out this study is descriptive research because it deals with statistical data and the main aim of the report is to describe the factors affecting the problem mentioned and making comparison between banks performance in context of NPA. The present study is an analytical study. For the purpose of this project non probability convenience method of sampling is used. The banks for the purpose of study are chosen as



per convenience only. The sample consists of two Public sector banks - State Bank of India, Bank of Baroda and two Private sector Banks – ICICI Bank Ltd, Axis Bank Ltd. The study is done on the basis of data for the period of 5 years from the financial year 2011-2015 and secondary data is collected mainly from the sources available at internet like the RBI website, websites of the banks etc. Data is presented with the help of charts and tables etc.

**Analysis:**

Table 1: Gross and Net NPA of Public sector Banks

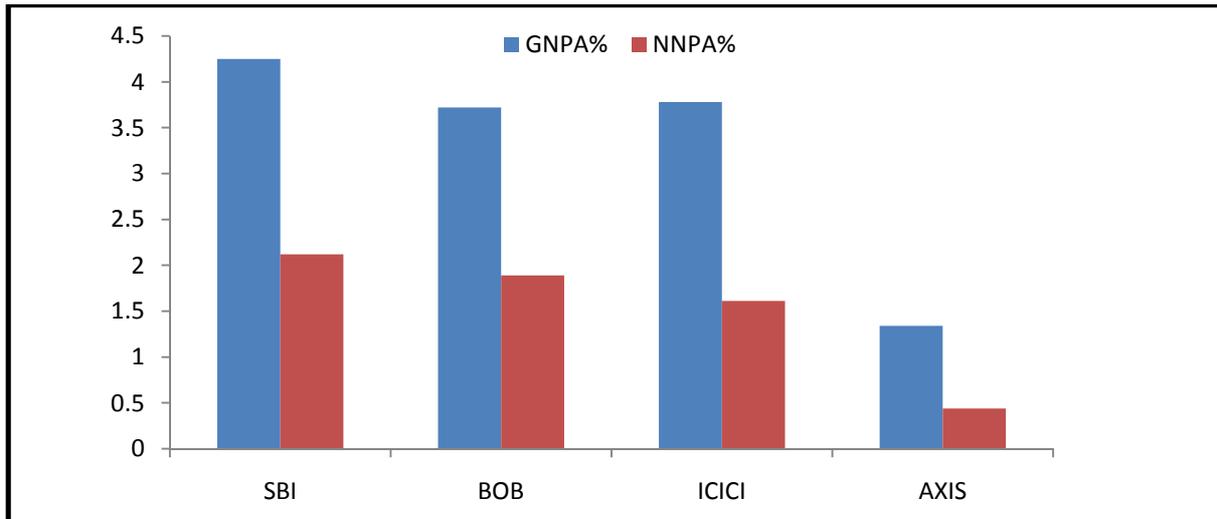
Year	SBI				BOB			
	GNPA	% GNPA	NPA	%NNPA	GNPA	% GNPA	NPA	%NNPA
2011	25326	3.28	12346	1.63	3152.5	1.36	790.88	0.35
2012	39676	4.44	15818	1.82	4464.75	1.53	1543.64	0.54
2013	51189	4.75	21956	2.1	7982.58	2.4	4192.02	1.28
2014	61605.35	4.95	31096.07	2.57	11875.9	2.94	6034.76	1.52
2015	56725.34	4.25	27590.58	2.12	16261.45	3.72	8069.49	1.89

Source: www.sbi.co.in, www.bankofbaroda.co.in and www.moneycontrol.com

Table 2: Gross and Net NPA of Private sector Banks

Year	ICICI				AXIS			
	GNPA	% GNPA	NPA	%NNPA	GNPA	% GNPA	NPA	%NNPA
2011	10034	4.47	2407	1.11	159	1.01	41	0.26
2012	9475	3.62	1860	0.73	1806	0.94	472	0.25
2013	9607.75	3.22	2230.56	0.77	2393	1.06	704	0.32
2014	10505.84	3.03	3297.96	0.97	3146	1.22	1024.62	0.4
2015	15094.69	3.78	6255.53	1.61	4110.19	1.34	1316.71	0.44

Source: www.icicibank.com, www.axisbank.com and www.moneycontrol.com



The above graph shows GNPA% and NNPA% of the year 2015. From above graph we can say that GNPA% is higher in SBI Bank in comparison to BOB, ICICI, and AXIS. In SBI GNPA % is 4.25 and AXIS it is 1.34 which is lower in comparison to SBI, BOB, ICICI. In case of NNPA% SBI is higher compare to BOB, ICICI and AXIS. Here Nationalized banks NNPA % is higher in comparison to Private banks. So we can say that private sector banks are better in comparison to nationalized banks.

### Conclusion:

The NPAs have always created a big problem for the banks in India. It is just not only problem for the banks but for the economy too. The money locked up in NPAs has a direct impact on profitability of the bank as Indian banks are highly dependent on income from interest on funds landed. This study shows that extent of NPA is comparatively very high in public sectors banks as compared to private banks. Although various steps have been taken by government to reduce the NPAs but still a lot needs to be done to curb this problem. The NPAs level of our banks is still high as compared to the foreign banks. It is not at all possible to have zero NPAs. The bank management should speed up the recovery process. The problem of recovery is not with small borrowers but with large borrowers and a strict policy should be followed for solving this problem. The government should also make more provisions for faster settlement of pending cases and also it should reduce the mandatory lending to priority sector as this is the major problem creating area. So the problem of NPA needs lots of serious efforts otherwise NPAs will keep killing the profitability of banks which is not good for the growing Indian economy at all.

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**Website:**

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- (2) [www.reservebankofindia.com](http://www.reservebankofindia.com)
- (3) [www.sbi.com](http://www.sbi.com)
- (4) [www.bob.com](http://www.bob.com)
- (5) [www.icici.com](http://www.icici.com)
- (6) [www.axis.com](http://www.axis.com)



## **Negative Working Capital- A Case Study of Selected FMCG Companies in India**

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### **Abstract**

*Study of negative working capital is important to understand the efficiency of the corporate, which enhances the earning capacity. Concurrently, liquidity is also significant from short term solvency point of view, which does not exist in case of negative working capital. Keeping these views in mind, this research article explains the conceptual background of the negative working capital and how it affects profitability of the corporate. Leading FMCG companies are taken as a case, to analyze the negative working capital and its impact on the profitability and earning capacity of the firms. Finally, it is found that companies in which negative working capital exist, profitability is more and shareholders are getting more dividend and capital appreciation, which maximizes the shareholders value in the long run.*



## **Negative Working Capital- A Case Study of Selected FMCG Companies in India**

### **Introduction**

The FMCG industry has emerged as one of the largest sectors in the Indian economy by registering an astonishing double-digit growth rate in sales in the past couple of years. Characterized by healthy distribution network, strong MNC presence, tough rivalry between the structured and the unstructured segments and low operational costs, it is one of the rapid growing industries in India with a total market size US \$13.1 billion.

Working capital management is considered to be a vital issue in a firm's overall financial management. Working capital management has both liquidity and profitability insinuations. Favorable working capital management can be achieved by the finance manager of a firm, by trading off between liquidity and profitability in a precise way. It is learnt, that finest management of working capital positively contributes in creating firms' value.

### **Literature Review**

The magnitude of working capital management has been examined by different authors and the review of prior literature reveals that there subsists a significant relationship between firms' performance and working capital management by using different selected variable for analysis.

Deloof (2003) is of the opinion that the majority of the firms had invested a large amount of cash in working capital and it is anticipated that the management of working capital of the firms would notably affect the profitability. He established a noteworthy negative relationship between gross operating income and the number of days accounts receivable, inventories and accounts payable in the case of Belgian firms with the help of correlation and regression analysis. The findings of the his study recommended that by plummeting the number of days' accounts receivable and inventories, the finance managers can generate worth for their shareholders. On the contrary, the negative affiliation between accounts payable and firms' profitability supports the hypothesis that firms with lesser profits take longer time to pay off their creditors.

Padachi (2006) had undertaken a study with the objective of examining the effect of accounts receivables days, inventories days, accounts payable days and cash conversion cycle on return on total assets; He also analyses the tendency in working capital requirements of firms, for a sample of 58 small manufacturing firms in Mauritius for the period 1998 –2003. Using pooled OLS and fixed effect regression model, he established that lower profitability was related with higher investment in receivables and inventories. The findings also reveal a rising tendency in the short-term component of financing working capital.

Ganesan (2007) analyzed the efficiency of firms' working capital management using a sample of telecommunication equipment companies The variables used to represent the working capital were days' sales outstanding, days' inventory outstanding, days' payable outstanding, days' working capital, and current ratio while, profitability and liquidity were represented by cash conversion efficiency, income to total assets and income to sales. The findings of the study support the substantiation that although days' working capital was



negatively associated with the profitability, yet, it was unable to influence the profitability of the firms in a significant manner.

Garcia et al., (2007) evaluated the impact of working capital management on firms' profitability using a sample of Spanish SMEs. The findings of their study show that the finance managers were capable of generating firms' value by dipping their inventories along with the age of debtors. In addition, the firm's profitability could be also improved by reducing the cash conversion cycle.

Mathuva (2009) investigated the impact of the components of working capital management upon profitability of the firms. His sample consists of 30 listed firms from Nairobi Stock Exchange (NSE) and the period of his study ranges from 1992-93 to 2007-08. Apart from using Pearson's correlations and Spearman's correlations, panel data regression analysis like pooled OLS and fixed effects models (FEM) were also employed in the study. He found negative relationship between the age of debtors and profitability while, a positive association was originated between the inventory conversion period and profitability, and also between age of creditors and profitability of the selected firms.

Ching et al., (2011) conducted a study to find out the relationship between working capital management and profitability in Brazilian listed companies. The objectives of their study were to investigate if there was any difference between corporate profitability and working capital management in two separate groups of companies: working capital intensive and fixed capital intensive; and to identify the variables that most affect profitability. They have measured profitability in three different ways: return on sales (ROS), on asset (ROA) and return on equity (ROE). The independent variables used are cash conversion efficiency, debt ratio, days of working capital, days' receivable and days' inventory. Multiple linear regression used in their study identified that, there exists negative relationship between cash conversion cycle (equal to days of working capital), debt ratio and profitability.

Shin and Soenen (1998) used a sample of 58,985 firm's years covering the period 1975-1994 in order to investigate the relation between net-trade cycle that was used to measure the efficiency of working capital management and corporate profitability. In all cases, they found a strong negative relation between the length of the firm's net-trade cycle and its profitability.

Lazaridis and Tryfonidis (2006) have investigated the relation between working capital management and corporate profitability of listed company in the Athens Stock Exchange. A sample of 131 listed companies for period of 2001-2004 was used to examine this relationship. The result from regression analysis indicated that there was a statistical significance between profitability, measured through gross operating profit, and the cash conversion cycle. From those results, they claimed that the managers could create value for shareholders by handling correctly the cash conversion cycle and keeping each different component to an optimum level.

Raheman and Nass (2007) have selected a sample of 94 Pakistani firms listed on Karachi Stock Exchange for a period of 6 years from 1999-2004 to study the effect of different variables of working capital management on the net operating profitability. From result of study, they showed that there was a negative relation between variables of working capital management including the average collection period, inventory turnover in days, average collection period, cash conversion cycle and profitability. Besides, they also indicated that



size of the firm, measured by natural logarithm of sales, and profitability had a positive relationship.

Chakraborty (2008) evaluated the relationship between working capital and profitability of Indian pharmaceutical companies. He pointed out that there were two distinct schools of thought on this issue: according to one school of thought, working capital is not a factor of improving profitability and there may be a negative relationship between them, while according to the other school of thought, investment in working capital plays a vital role to improve corporate profitability, and unless there is a minimum level of investment of working capital, output and sales cannot be maintained – in fact, the inadequacy of working capital would keep fixed asset inoperative.

Shin and Soenen (1998) had an attempt to study the working capital components and the impact of working capital management on profitability of Hindalco Industries Limited for period from 1990 to 2007. Results of the study showed that current ratio, liquid ratio, receivables turnover ratio and working capital to total assets ratio had statistically significant impact on the profitability of Hindalco Industries Limited.

Finally, Afzal and Nazir (2009) made an attempt in order to investigate the traditional relations between working capital management policies and a firm's profitability for a sample of 204 non-financial firms listed on Karachi Stock Exchange (KSE) for the period 1998-2005. The study found significant difference among their working capital requirements and financing policies across different industries. Moreover, regression result found a negative relationship between the profitability of firms and degree of aggressiveness of working capital investment and financing policies. They suggested that managers could create value if they adopt a conservative approach towards working capital investment and working capital financing policies.

All the above literature that has been surveyed not only gives us a firm support and thoughtful idea in conducting the working capital analysis but, additionally provides the findings and conclusions of their study on working capital management in the perspective of various countries and different industries across the globe. Therefore, keeping in mind the mechanisms of the researches conducted in different business environment, our research methodology for this present study has been developed.

## **Research Methodology**

### **Sources of Data**

In this paper, we have collected data from the published final accounts of selected FMCG companies like Hindustan Unilever India, Nestle India & Colgate Pamolive India for the period of 2002-2011.

### **The Objective of the Study**

To gain an insight and understand the relationship, between working capital management and profitability in Indian context for a sample of 6 Indian FMCG companies over a period of 11 years (2001 to 2011), we seek answers to the following questions which are addressed below:

- Analyze the negative working capital and its impact on the profitability and earning capacity of the firms. And



- Effects of Negative Working Capital on shareholders' value creation.

### Tools of Analysis

In order to examine and analyze the relationship between the Working Capital & Return on Capital Employed (ROCE), regression analysis is used.

### Regression Analysis

**Table 1: HUL – Working Capital and Profitability Trends (Rs. in crore)**

Year	WC	PAT	ROCE(%)	EPS	DPS	Predicted ROCE(%)
2002	-240	1731	59.4	8.04	5.16	69.90
2003	-369	1804	60.2	8.05	5.5	71.21
2004	-409	1199	45.9	5.44	5	71.61
2005	-1355	1355	68.7	6.4	5	81.20
2006	-1353	1540	67	8.41	6	81.18
2007	-1834	1743	78	8.73	9	86.05
2008	-183	2501	107.5	11.46	7.5	69.32
2009	-1365	2103	103.8	10.1	6.5	81.30
2010	-1269	2153	87.5	10.58	6.5	80.33
2011	-1502	2599	96.8	12.46	7.5	82.69
<b>Mean</b>	<b>-987.90</b>	<b>1872.80</b>	<b>77.48</b>	<b>8.97</b>	<b>6.37</b>	<b>77.48</b>
<b>S.D.</b>	<b>614.17</b>	<b>462.85</b>	<b>20.76</b>	<b>2.20</b>	<b>1.32</b>	<b>6.22</b>
<b>CV</b>	<b>-0.62</b>	<b>0.25</b>	<b>0.27</b>	<b>0.24</b>	<b>0.21</b>	<b>0.08</b>

**Table 2: Regression Analysis of HUL**

<b>Regression Statistics</b>	
Multiple R	0.30
R Square	0.09
Adjusted R Square	-0.02
Standard Error	21.00
Observations	10

<b>ANOVA</b>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	348.58	348.58	0.79	0.40
Residual	8	3529.00	441.12		
Total	9	3877.58			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	67.470	13.074	5.161	0.001	37.321	97.618	37.321	97.618
WC	-0.010	0.011	-0.889	0.400	-0.036	0.016	-0.036	0.016

**Chart 1: Regression Analysis Chart of HUL**

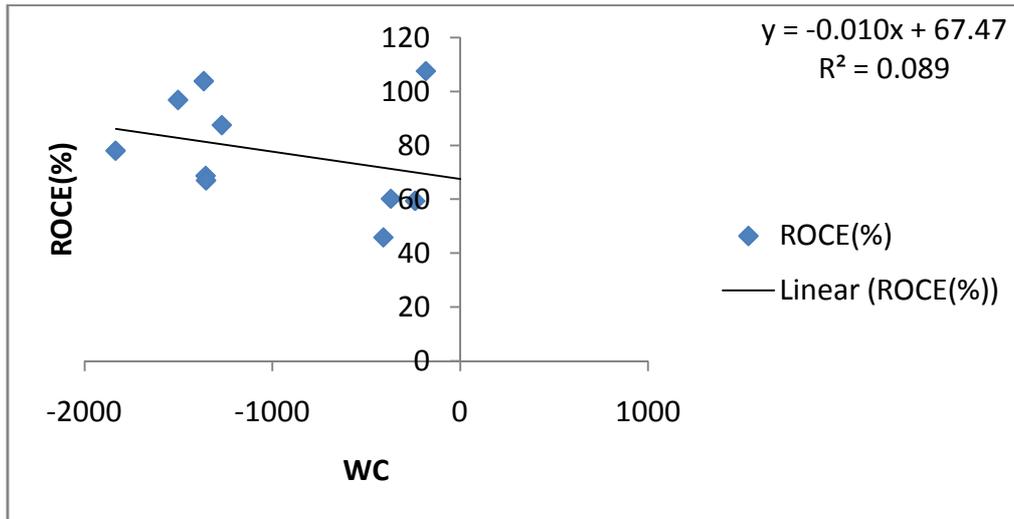


Table-1, 2 & Chart-1 show Regression Analysis Result of Hindustan Uniliver Company at 0.05 level of significance, the Regression F Value of 0.79 is  $>$  F significance value of 0.40. The Y Intercept p-value is 0.001  $<$  alpha of 0.05. The coefficient of Determination  $R^2$  is 0.09 & the Adjusted  $R^2$  is -0.02. The Regression Model is  $Y = 0.010X + 67.47$ .

**Table 3: Nestle – Working Capital and Profitability Trends (Rs. in crore)**

Year	WC	PAT	ROCE(%)	EPS	DPS	Predicted ROCE(%)
2002	-63	207	87.8	20.9	18	123.99
2003	-128	263	114.4	27.29	20	122.88
2004	-260	252	118.33	26.13	24.5	120.61
2005	-223	310	127.37	32.11	25	121.25
2006	-234	315	112	32.68	25.5	121.06
2007	-320	414	138.11	42.92	33	119.58
2008	-387	655	151.78	55.39	42.5	118.43
2009	-566	534	149.76	67.94	48.5	115.36
2010	-624	819	128.13	84.91	48.5	114.36
2011	-841	962	60.47	99.73	48.5	110.63
<b>Mean</b>	<b>-364.60</b>	<b>473.10</b>	<b>118.82</b>	<b>49.00</b>	<b>33.40</b>	<b>118.82</b>
<b>S.D.</b>	<b>243.19</b>	<b>261.28</b>	<b>27.91</b>	<b>27.15</b>	<b>12.45</b>	<b>4.18</b>
<b>CV</b>	<b>-0.67</b>	<b>0.55</b>	<b>0.23</b>	<b>0.55</b>	<b>0.37</b>	<b>0.04</b>



**Table 4: Regression Analysis of Nestle**

Regression Statistics	
Multiple R	0.15
R Square	0.02
Adjusted R Square	-0.10
Standard Error	29.27
Observations	10

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	156.98	156.98	0.18	0.68
Residual	8	6851.80	856.48		
Total	9	7008.78			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	125.076	17.307	7.227	0.000	85.166	164.987	85.166	164.987
WC	0.017	0.040	0.428	0.680	-0.075	0.110	-0.075	0.110

**Chart 2: Regression Analysis Chart of Nestle**

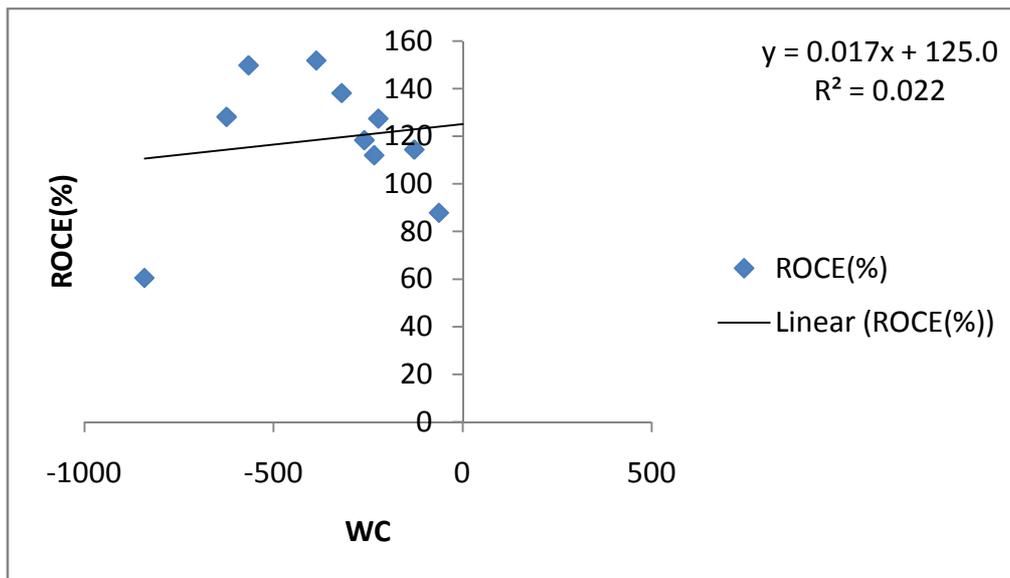


Table-3, 4 & Chart-2 show Regression Analysis Result of Nestle India Company at 0.05 level of significance, the Regression F Value of 0.18 is < F significance value of 0.68. The Y Intercept p-value is 0.00 < alpha of 0.05. The coefficient of Determination  $R^2$  is 0.02 & the Adjusted  $R^2$  is -0.10. The Regression Model is  $Y = 0.017X + 125$ .



**Table 5: Colgate – Working Capital and Profitability Trends (Rs. in crore)**

Year	WC	PAT	ROCE(%)	EPS	DPS	Predicted ROCE(%)
2002	57	70	44.87	5.13	4.25	84.66
2003	30	89	52.84	6.52	4.25	89.51
2004	37	108	61.7	7.94	6	88.25
2005	-63	113	70.66	8.33	7	106.21
2006	-50	138	50.17	10.12	7.5	103.87
2007	-66	160	71.13	11.78	9.5	106.75
2008	-133	232	175.85	17.04	13	118.78
2009	-14	290	156.76	21.34	15	97.41
2010	39	423	147.05	31.12	20	87.89
2011	61	403	136.22	29.6	22	83.94
<b>Mean</b>	<b>-10.20</b>	<b>202.60</b>	<b>96.73</b>	<b>14.89</b>	<b>10.85</b>	<b>96.73</b>
<b>S.D.</b>	<b>65.34</b>	<b>129.40</b>	<b>50.88</b>	<b>9.52</b>	<b>6.40</b>	<b>11.73</b>
<b>CV</b>	<b>-6.41</b>	<b>0.64</b>	<b>0.53</b>	<b>0.64</b>	<b>0.59</b>	<b>0.12</b>

**Table 6: Regression Analysis of Colgate**

<b>Regression Statistics</b>	
Multiple R	0.23
R Square	0.05
Adjusted R Square	-0.07
Standard Error	52.51
Observations	10

**ANOVA**

	<b>df</b>	<b>SS</b>	<b>MS</b>	<b>F</b>	<b>Significance F</b>
Regression	1	1239.37	1239.37	0.45	0.52
Residual	8	22061.50	2757.69		
Total	9	23300.87			

	<b>Coefficients</b>	<b>Standard Error</b>	<b>t Stat</b>	<b>P-value</b>	<b>Lower 95%</b>	<b>Upper 95%</b>	<b>Lower 95.0%</b>	<b>Upper 95.0%</b>
Intercept	94.893	16.830	5.638	0.000	56.084	133.702	56.084	133.702
WC	-0.180	0.268	-0.670	0.521	-0.797	0.438	-0.797	0.438



**Chart 3: Regression Analysis Chart of Colgate**

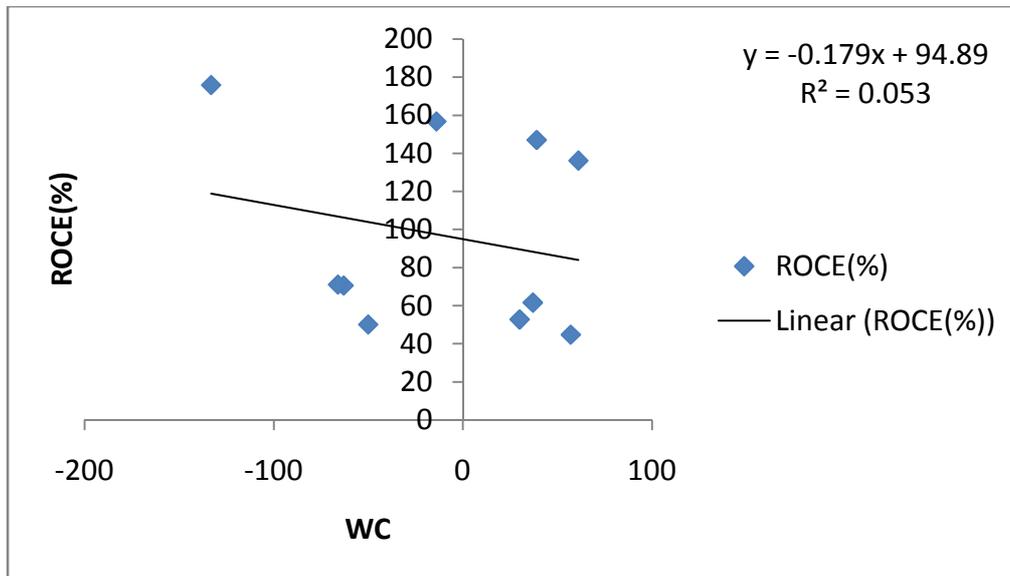


Table-5, 6 & Chart-3 show Regression Analysis Result of Colgate Pamolive Company at 0.05 level of significance, the Regression F Value of 0.45 is < F significance value of 0.52. The Y Intercept p-value is 0.00 < alpha of 0.05. The coefficient of Determination  $R^2$  is 0.05 & the Adjusted  $R^2$  is -0.07. The Regression Model is  $Y = 0.179X + 94.89$ .

### Observations

After the analysis of trend of negative working capital and various components of profitability it is clear that:

- FMCG companies are having trend to use negative working capital to minimize the cost of borrowing for working capital.
- Whenever they are having trends of negative working capital, profitability is always higher (because of lower cost of interest and borrowings).
- HUL and Nestle are the two leading FMCG companies in India, regularly using negative working capital for their day to day operations.
- An important observation is, rather than negative impact of poor working capital (negative working capital) FMCG companies are having greater advantages because of brand image and lower operating cost for their product (because of strong influence of brands).
- In FMCG companies early cash realization and minimum chances for bad debts (due to lower level of debtors) are the key areas responsible for higher profitability.
- Brand image of the products (intangible assets) enhances marketing efficiency and profitability (higher demand for the product).



- Another important area of advantages is; in FMCG companies' contribution of intangible assets are more than 90% of the market capitalization, which will provide them unique opportunity to enhance market share of the product.
- Intangible assets such as brand, internal operation methodologies, strong supply chain network and strong customer base etc. are the key areas responsible for lower requirement of working capital.

### Conclusion

Negative working capital indicates non-liquidity or less liquidity within the firm which is not favorable at each and every stages of business. Companies operating in industry like FMCG are able to manage negative working capital efficiently, creating shareholder value by way of higher EPS and higher market capitalization. At the same time, companies with higher working capital are having sufficient liquidity, are more successful because of liquidity and they can expand business and grow up to maximum possible extent. However, a company with higher working capital needs higher revenue to maintain their healthy operating ratio. A better credit management system will help these companies to generate higher ROCE in the long run (HUL is the live example). However, in each and every situation lower level of liquidity is not preferable; a proper tradeoff between liquidity and working capital requirement is needed in the long run.

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## Multiple Exclusions of Women with Disabilities: Problems and Issues<sup>4</sup>

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### Abstract

*According to the census 2011, more than 2 crore people are living with disabilities in India and if we look at the ratio of gender wise there are 56% males and 44% females are living with one or another kind of disability. The census 2011 shows that 69% of persons with disabilities are in rural India. As per the census 2011, there are more than 82 lakh females with disabilities in rural India. According to the 58<sup>th</sup> Round of the National Sample Survey Organization (NSSO), Report on Disabled persons in India, the rate of disability for females are 1.56% in rural India.*

*The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) has a principle of equality. The U N Convention has a separate Article on women with disabilities. Right of equality is a fundamental right under the Constitution of India. Females are still living contrary condition to males in India. This is very much high in the case of women with disabilities. Women with disabilities have to face more problems compare to men with disabilities.*

*Present paper is focusing on the problems which are being faced by women with disabilities. There are many issues such as literacy rate, employment rate etc. Multiple exclusions are in front of rural and urban women with disabilities. Problems and issues are more when women with disabilities are living in rural area.*

**Key words:** women with disabilities, exclusions, problems, issues, rural India

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## **Multiple Exclusions of Women with Disabilities: Problems and Issues**

### **Introduction**

Women are playing important role in the society. Now a days women are getting equal position, status with men in the society. They are reaching on top positions in all fields like education, politics, and others. We are celebrating various programs on equality of men and women, we are talking about women empowerment but even today in this 21<sup>st</sup> century woman condition is still very poor. They can adjust themselves in society in anyway, if she is normal but if she has any type of impairment or disability then it is very much difficult for her to adjust in the society. Women with disabilities have to face many difficulties in society.

There are various legislations which are showing equality of men and women. Right of equality is a fundamental right under the Constitution of India. There are also legislations regarding disability. The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) has a principle of equality. This U N Convention has a separate Article on women with disabilities. Though, various legislations females have to still live in contrary condition to males in India. This is very much high in the case of women with disabilities. Women with disabilities have to face more problems compare to men with disabilities.

### **Persons with Disabilities in India**

According to the Census of India 2011, there are more than 2.68 crore persons are living with disabilities in India. If we look at the gender wise ratio then 56% are males and 44% are females in there. There are more than 1.18 crore females have one or any other kind of disability in India, as per the Census of India 2011. Indian Population are living in rural and urban areas. Persons with disabilities are also leaving in rural and urban areas of India. The census of India 2011 shows that, there are 69% of persons with disabilities in India are living in rural area. From this huge population of rural persons with disabilities, there are more than 82.25 lakhs females. As per the 58<sup>th</sup> Round of National Sample Survey Organization (NSSO), Report on 'Disabled Persons in India', the rate of disability for females are 1.56% in Rural India.

### **Literature Review**

Godwin Prem Singh, J. & Adikalasamy, R. (2012) studied socio - demographic characteristics, empowerment on decision making, their social inclusion and quality of life of women with disabilities. Authors collected primary data through semi - structured questionnaire using stratified disproportionate random sampling. Women with disabilities want to have a life like other women but in most cases they could not live like others. Discrimination issues were faced by women with disabilities remain mostly hidden from the society. The status of women with disabilities were very poor. They were the most excluded and isolated groups of people in society, they were faced triply disadvantaged by their disabilities, their sex and poverty, authors concluded.

Mehrotra, N. (2012) said that the employment rate of persons with disabilities was lower than for the non-persons with disabilities population, in all countries. Also slight difference among the employment rate of people with disabilities gender wise. Author discussed about jobs and reservation in public sector also and opportunities in private sector.



### Objectives of the study

Present paper is based on the Secondary data. Data were obtained from the Census of India 2011. Objectives of the paper are to compare rural and urban females with disabilities with regard to Literacy Rate and Employment Rate. Secondly, to know social condition of rural females with disabilities in India.

### Comparison of Rural and Urban Females with Disabilities in India

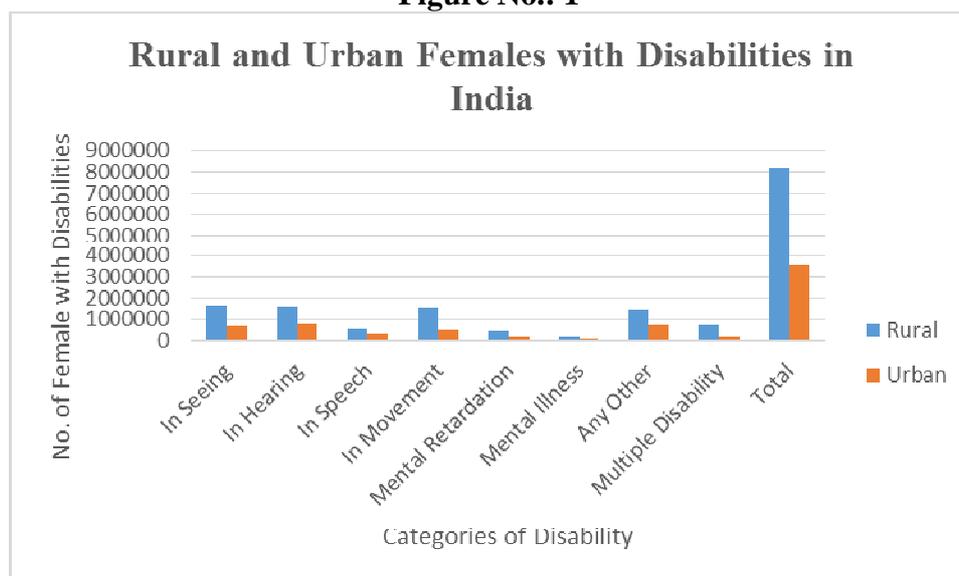
Persons with disabilities are classified in different eight categories in the Census of India 2011. These categories of disabilities are disability in Seeing, in Hearing, in Speech, in Movement, Mental Retardation, Mental Illness, Any Other and Multiple Disability.

Table No.: 1

Rural and Urban Females with Disabilities in India		
Categories of Disability	Rural	Urban
In Seeing	1682110	712293
In Hearing	1609302	785028
In Speech	568942	306763
In Movement	1532212	534113
Mental Retardation	434302	200764
Mental Illness	212422	94700
Any Other	1465226	734238
Multiple Disability	721283	232703
Total	8225799	3600602

Source: The Census of India - 2011

Figure No.: 1



The classification of rural and urban females with disabilities is presented in table and graph above. The ratio of rural and urban females with disabilities is more than double (2:1) in India. If we look at on the basis of categories on disability, then in Multiple Disability ratio is



3:1 with respect to rural and urban females with disabilities. In Movement ratio is 2.5 times more in rural females with disabilities compare to urban females with disabilities in India. Categories in Seeing, in Hearing, in Mental Retardation and in Mental Illness the ratio of rural females with disabilities and urban females with disabilities is 2:1. In Speech and Any Other categories of disability this ratio is quite less than double.

### Exclusions

Rural females with disabilities have to face more exclusions compare to urban females with disabilities in the fields of education, employment, etc. The reasons behind these exclusions are woman - her gender, living in rural area and her disability. Because of these three, women with disabilities of rural area have to face more exclusions compare to urban females with disabilities.

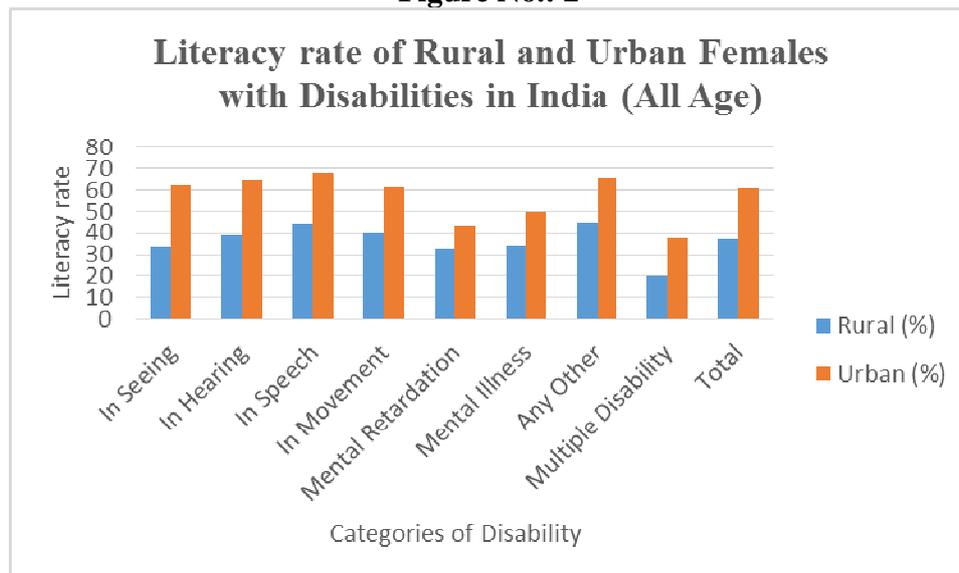
### Literacy Rate

**Table: 2**

Literacy rate of Rural and Urban Females with Disabilities in India (All Age)		
Categories of Disability	Rural (%)	Urban (%)
In Seeing	33.77	62.02
In Hearing	39.01	64.79
In Speech	44.11	67.83
In Movement	40.24	61.85
Mental Retardation	32.70	42.88
Mental Illness	34.00	49.59
Any Other	44.77	65.54
Multiple Disability	20.11	37.97
Total	37.43	60.86

Source: The Census of India - 2011

**Figure No.: 2**



The classification of literacy rate of rural and urban females with disabilities in India considering all age is presented in table and graph above. There is less literacy rate of rural



females with disabilities compare to urban females with disabilities in India. In Seeing and Multiple Disability literacy rate is high (nearly double) in urban females with disabilities, in all other categories of disabilities this rate is high while comparing urban and rural females with disabilities.

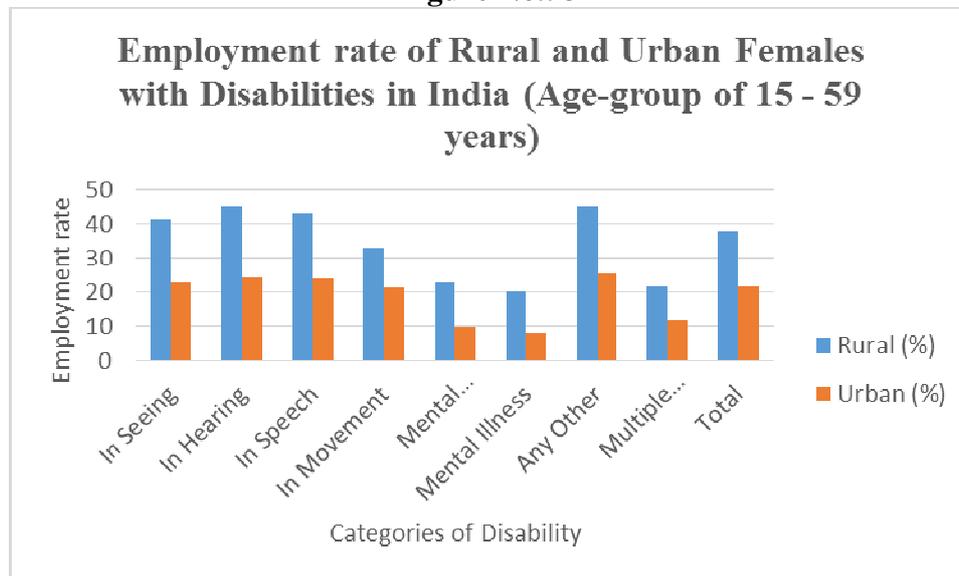
### Employment Rate

Table No.: 3

Employment rate of Rural and Urban Females with Disabilities in India (Age-group of 15 - 59 years)		
Categories of Disability	Rural (%)	Urban (%)
In Seeing	41.20	22.84
In Hearing	44.87	24.36
In Speech	43.05	24.08
In Movement	32.66	21.41
Mental Retardation	22.65	9.93
Mental Illness	20.19	7.88
Any Other	44.83	25.46
Multiple Disability	21.83	11.83
Total	37.82	21.76

Source: The Census of India - 2011

Figure No.: 3



The classification of employment rate of rural and urban females with disabilities in India considering working age-group of 15 - 59 years is presented in table and graph above. There is high employment rate of rural females with disabilities compare to urban females with disabilities in India. If we look this on the basis of the categories of disability, Mental Retardation and Mental Illness, this is double in rural females with disabilities compare to urban females with disabilities. Multiple Disability category employment rate is quite less than double in rural females with disabilities compare to urban females with disabilities. In



all other categories of disability employment rate is more in rural females with disabilities while comparing with urban females with disabilities.

There can be many reasons of high employment rate of rural females with disabilities compare to urban females with disabilities. In rural India, people are mainly employing in agriculture. Females with disabilities are may be getting employment as agriculture labourer or as cultivator in rural India. They may also doing animal husbandry. Because of these, there can show high rate of employment in rural females with disabilities compare to urban females with disabilities.

### **Findings & Suggestions**

Multiple exclusions are in front of rural and urban women with disabilities. Problems and issues are more when women with disabilities are living in rural area. According to the Census 2011, there is more than double of the urban females with disabilities are living in the rural area of India. Literacy rate is less in the rural females with disabilities compare to urban females with disabilities in India. Employment rate is high in the rural females with disabilities compare to urban females with disabilities in India, probably because working as an agriculture labour. Rural women with disabilities are more excluded because of their gender, living in rural area and their disabilities. Low level of literacy rate may be the other reason behind exclusion of women with disabilities. Government should take care about education of women with disabilities living in rural India. Generally, women with disabilities of rural India are facing barriers like architectural barriers, transportation facilities, financial recession in family, low level of awareness about education, etc.

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## **Persons with Disabilities Act 1995 v/s U N Conventions on Rights of Persons with Disabilities**

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### **Abstract**

*According to the estimate made by United Nations (UN), there are about 650 million people living with disabilities in the world. As per World Health Organization (WHO) nearly 10 percent population in underdeveloped countries are facing the problem of disabilities. If we accept the WHO estimate, than India as more than 11 core persons with disabilities which is higher than total population of many countries of the world. The estimate made by Census of India and National Sample Survey Organization (NSSO) do not matched with the international estimates because of difference in definitions and methodology used.*

*Protection of rights of persons with disabilities is ensured by constitution of India. In line with the constitutional provisions, various acts are passed by government of India to protect the interest of persons with disabilities. A person with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995 is landmark in protecting the rights of persons with disabilities. At the international scenario, 2008 has been the significant year because of the operations of United Nations Conventions of the Rights of Persons with Disabilities and Optional Protocol, which are legally binding documents obligating the state governments to promote and protect the rights of persons with disabilities. India, being the signatory to the UN Convention and Optional Protocol, is bid by its provisions.*

*Present paper is an attempt to compare the provisions of UN Conventions and PWD Act in order to identify the similarities and differences between the same. Paper also aims at suggesting the amendments to be done in the PWD Act 1995 in line with UN Convention on Rights of Persons with Disabilities.*



## **Persons with Disabilities Act 1995 v/s U N Conventions on Rights of Persons with Disabilities**

### **Introduction**

The problem of disability is as old as mankind. Some form of disabilities prevailed since existence of human being on the earth. Over a period of time, with advancement of modern man, the causes, and nature of disabilities have changed. Along with change in nature and cases of disability, the social perceptions towards disability have also changes. The first ever World report on disability, produced jointly by WHO and the World Bank, suggests that more than a billion people in the world today experience disability. One-fifth of the estimated global total, or between 110 million and 190 million people, encounter significant disabilities. According to the factsheet on persons with disabilities, in countries with life expectancies over 70 years, individuals spend on average about 8 years, or 11.5 per cent of their life span, living with disabilities. Eighty per cent of persons with disabilities live in developing countries, according to the UN Development Programme.

People with disabilities have generally poorer health, lower education achievements, fewer economic opportunities and higher rates of poverty than people without disabilities. This is largely due to the lack of services available to them and the many obstacles they face in their everyday lives.<sup>5</sup> Persons with disabilities on average as a group are more likely to experience adverse socioeconomic outcomes than persons without disabilities, such as less education, worse health outcomes, less employment, and higher poverty rates.<sup>6</sup>

A country's economic, legislative, physical, and social environment may create or maintain barriers to the participation of people with disabilities in economic, civic, and social life. Barriers include inaccessible buildings, transport, information, and communication technology; inadequate standards, services, and funding for those services; and too little data and analysis for evidence-based, efficient, and effective policies. Poverty may increase the risk of disability through malnutrition, inadequate access to education and health care, unsafe working conditions, polluted environment, and lack of access to safe water and sanitation. Disability may increase the risk of poverty, through lack of employment, lower wages, and increased cost of living with a disability.

### **Persons with Disabilities in India**

If we accept the WHO estimate, than India as more than 11 core persons with disabilities which is higher than total population of many countries of the world. The estimate made by Census of India and National Sample Survey Organization (NSSO) do not matched with the international estimates because of difference in definitions and methodology used. The country's disabled population has increased by 22.4% between 2001 and 2011. The number of disabled, which was 2.19 crore in 2001, rose in 2011 to 2.68 crore—1.5 crore males and 1.18 crore females. Rural areas have more disabled people than urban areas. In Maharashtra, Andhra Pradesh, Odisha, Jammu and Kashmir and Sikkim, the disabled account for 2.5% of the total population, while Tamil Nadu and Assam are among those where the disabled population is less than 1.75% of the total population. The growth rate of disabled population

<sup>5</sup> [http://www.who.int/disabilities/world\\_report/2011/en/](http://www.who.int/disabilities/world_report/2011/en/)

<sup>6</sup> <http://www.worldbank.org/en/topic/disability/overview>



is more in urban areas and among urban females. The decadal growth in urban areas is 48.2% and 55% among urban females. Among scheduled castes it is 2.45%.

### **Legal Rights of Persons with Disabilities in India**

India has a long experience of policy and practice with respect to disability, including collection of census information on disability from as early as 1872, and special schools and institutions operating since the 19<sup>th</sup> century. Like many countries, it also had specific provision for people with mental illness and retardation under the Indian Lunacy Act of 1912. The Constitution of India applies uniformly to every legal citizen of India, whether they are healthy or disabled in any way (physically or mentally). Under the Constitution the disabled have been guaranteed all the fundamental rights which are available to Indian citizens. The Constitution secures to the citizens including the disabled, a right of justice, liberty of thought, expression, belief, faith and worship, equality of status and of opportunity and for the promotion of fraternity. Article 15(1) enjoins on the Government not to discriminate against any citizen of India (including disabled) on the ground of religion, race, caste, sex or place of birth. There shall be equality of opportunity for all citizens (including the disabled) in matters relating to employment or appointment to any office under the State. The Constitution of India acknowledged also general state obligations to PWD in Article 41, and the State List under “Relief of the disabled and unemployable”.

Along with Constitutional rights available to persons with disabilities, there are special acts passed to safeguard the interest of persons with disabilities including The Person with Disabilities Act 1995, The Mental Health Act 1987, The Rehabilitation Council of India 1992, and The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation, and Multiple Disabilities Act 1999, etc.

### **Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995**

Persons with disabilities Act 1995 is remarkable step in the process of providing equal rights to persons with disabilities at par with their non disabled counterparts. The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995” had come into enforcement on February 7, 1996. It is a significant step which ensures equal opportunities for the people with disabilities and their full participation in the nation building. The Act provides for both the preventive and promotional aspects of rehabilitation like education, employment and vocational training, reservation, research and manpower development, creation of barrier- free environment, rehabilitation of persons with disability, unemployment allowance for the disabled, special insurance scheme for the disabled employees and establishment of homes for persons with severe disability etc.

### **United Nation’s Conventions on Rights of Persons with Disabilities**

Global awareness of disability is increasing. The United Nations Convention on the Rights of Persons with Disabilities (CRPD) promotes the full integration of persons with disabilities in societies. The CRPD specifically references the importance of international development in addressing the rights of persons with disabilities. To date, 182 countries have signed the CRPD and 151 of these have ratified it, which carries the force of national law. In recent years, an increasing number of bilateral donors have also developed disability policies to guide their international aid.<sup>7</sup> As of March 2007, India is a signatory of the UN Convention

<sup>7</sup> <http://www.worldbank.org/en/topic/disability/overview>



on the Rights of Persons with Disabilities. The Convention is a milestone in the priority accorded by UN members to disability, and Government of India is undertaking consultations during 2007 to familiarize stakeholders on its implications for India. While further consultation is needed, some areas where the Convention is likely to have implications for disability policy in India include: (i) a wider definition of “accessibility”, going beyond the physical environment which is the focus of current access policies (e.g. access to information); (ii) greater focus on what “economic capacity of states” means in practical terms; and (iii) expansion of the definition of disabilities to include some areas like developmental disorders which are not covered under the current Act.

### **Areas of Concerns**

The Persons with Disabilities Equal Opportunities, Protection of Rights and Full Participation Act, (PWD Act) of 1995 had really created remarkable change in the lives of disabled people in India. PWD Act was the first law in the history of independent India which talked about the multiple needs of disabled people. Very soon, though, activists as well as disabled people felt that the law had too many loopholes<sup>8</sup>. Because of active efforts of persons with disabilities, and activists in the area, India ratified the UN Convention on the Rights of Persons with Disabilities (U N Convention) in October 2007. U N Convention marks a formal shift from the archaic medical model to the social model, and promotes the rights of people living with disabilities. The overall objective of the convention is summarized in Article 1 as “to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity.”<sup>9</sup> The major shift in the focus of the convention is recognition of the fact that persons with disabilities are right-holders instead of passive recipients of government schemes. This was quite different than the focus of PWD Act which primarily enacted for full participation and equality of persons with disabilities with special emphasis on elimination of physical and social barriers. The committee appointed by The Ministry of Social Justice and Empowerment in order to draft a new legislation to replace the PWD Act also pointed out that “The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act of 1995 has been on the statute book for nearly 15 years. This Act has been the basis of a largely empowering jurisprudence on the Rights of Persons with Disabilities. Whilst the need to retain the empowering jurisprudence is unequivocally acknowledged, it is also recognized that the present Act, either does not incorporate a number of rights recognized in the UNCRPD or the recognized rights are not in total harmony with the principles of the Convention”.<sup>10</sup> U N Convention imposes two key legislative obligations: (1) to ensure that the rights contained in the Convention are realized and (2) to ensure that existing laws and practices that are discriminatory towards people living with disabilities are repealed or amended to bring them in line with the Convention. Some of the areas of concern between PWD Act and U N Convention are as follow;

- i. U N Convention gives equal importance to civil and political rights as well as economic, social and cultural rights of persons with disabilities. In contrast to this PWD Act primarily focuses on the civil and political rights.

<sup>8</sup> <http://infochangeindia.org/disabilities/analysis/india-needs-new-legislation-on-disability-rights.html>

<sup>9</sup> U N Convention on Rights of Persons with Disabilities, United Nations

<sup>10</sup> The Rights of Persons with Disabilities Bill, 2011, Report of Committee appointed by The Ministry of Social Justice and Empowerment, Government of India



- ii. The definition of disability adopted in PWD Act is narrow, limited to blindness; low vision; leprosy-cured; hearing impairment; loco motor disability; mental retardation; and mental illness. As against this U N Convention recognizes disability as evolving concept and use the term 'persons with disabilities' to include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.
- iii. Article 3 of U N Convention is core of human rights principles which talks about respect for inherent dignity and individual autonomy; non-discrimination, full and effective participation and inclusion; respect for difference; equality of opportunity; accessibility, gender equality; respect for the evolving capacity of children with disabilities and their right to preserve their identities. These general principles have been well etched in several provisions of the Convention. PWD Act mostly recognizes only rights to education, reservation in jobs, reduction in physical barriers and rights against discrimination on the basis of disabilities.
- iv. Besides the existing rights mentioned in the Acts, there are certain rights under the major themes of life and liberty rights, equality of respect and opportunity, right to association and social participation, right to political participation, right to health and double discrimination in relation to children and women in disability referred to in the U N Convention but not appropriately incorporated in PWD Act.
- v. The PWD Act is targeted at early detection of the disability or abnormality and hence there should be eradication of all impairments according to the Act whereas U N Convention on the other hand targets to make the social environment barrier free and thus facilitating equal participation. This reduces the exclusive focus on medical intervention to address the effects of impairment.
- vi. The U N Convention acknowledges the inter-sectionality of gender and disability or childhood and disability in the experiences of women or children with disabilities. Accordingly, it provides for specific measures to address the concerns of the women and children with disabilities, and at the same time mandates the inclusion of gender and child specific provisions in the general Articles. The PWD Act however, posits disability as a monolithic category with undifferentiated experience.

### **Conclusions**

The U N Convention of Rights of Persons with Disabilities has introduced a paradigm shift in the discourse relating to persons with disabilities. The new paradigm is based on the presumption of legal capacity, equality and dignity. There are many differences between the existing PWD Act as well as other Indian Laws on the one side and provision of U N Convention on the other. There is an urgent need to create synergy between Indian laws related to persons with disabilities and U N Convention in order to fully recognize the rights of persons with disabilities.



## **Excluded Groups and Economic Reforms: Comparative Empirical Evidences of Caste Influences in Indian Economy**

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### **Abstract**

*This paper deals with the empirical findings regarding how the excluded groups are facing the deadly trap of lower living standard in the society. These empirical finding are on the basis of University Grants Commission (UGC) funded minor research project titled "Globalization and Immiserizing growth in India". This project has been successfully carried out by the author of this paper. This research project is sample based survey and it covers five sample district of the Gujarat state, including 15 talukas and 45 villages. This survey interviewed 1575 households from the various groups of the society including Schedule castes' (SCs') as a excluded groups, Other Backward Castes' (OBCs) and Open caste as Non SCs. In this research paper we have compared the Excluded groups with non excluded groups regarding their surrounding poor environment of living and tried to explain that how the Excluded groups (SCs') are facing deadly trap of lower standard of living.*

*The major findings of this research project are in the process of globalization the groups of SCs' are facing lower improvement in their living standard where as the groups of Open or general castes and following by OBCs' castes people observed with more and more improving condition during the economic reforms. The BPL within the SCs' are facing much more difficulties than that of the people groups of BPL within the Open/ general category. The economic category of APL shows that there are considerable variations among the social category in respect of improvement of living standard sciences last two decade of economic reforms. In shots this paper focuses on the reality of caste influences of economic reforms in india.*

**Key words:** Schedule Caste, Economic reforms, Exclusion.



## **Excluded Groups and Economic Reforms: Comparative Empirical Evidences of Caste Influences in Indian Economy**

### **Introduction:**

This paper deals with the empirical findings regarding how the excluded groups are facing the deadly trap of lower living standard in the society. These empirical findings are on the basis of University Grants Commission (UGC) funded minor research project titled "Globalization and Immiserizing growth in India". This paper is based on sample based research project and it covers five sample districts of the Gujarat state, including 15 talukas and 45 villages. This survey interviewed 1575 households from the various groups of the society including Schedule castes' (SCs') as a excluded groups, Other Backward Castes' (OBCs) and Open caste as Non SCs. The entire process of sample selection is discussed in next segment of this paper.

In this research paper we have compared the Excluded groups with non excluded groups regarding their surrounding poor environment of living and tried to explain that how the Excluded groups (SCs') are facing deadly trap of lower standard of living.

### **Sample selection:**

The state of Gujarat is one of the progressive states in India. But there are highly socio-economic variations among the districts within the Gujarat state. So that the selection of district within the state and the selection of talukas (blocks) within the district as well as Villages within the blocks is very important in this regards. We are addressing the two parameters of groups social and economic. As far as concern of economic parameters should not bother hence it is more or less similar scenario in entire state but social parameters should be our major concern, so that selection process of district, blocks and villages we have followed only social criteria to take in to consideration of SCs' population hence OBCs' population is followed by SCs'. As mention earlier we have avoided STs' due to their segregated residences and our limited resources.

### **Sample district selection**

Sample district are on the basis of major three criteria:

1. State Capital district/ Major Educational hub
2. Literacy of SC (Two measuring points Highest Literacy and Lowest literacy)
- 3 Population of SC (Two measuring points Highest Population and Lowest population)



	<b>Lowest SC literacy(LL)</b>	<b>Highest SC literacy(HL)</b>
<b>Lowest SC Population(LP)</b>	<b>LP+LL= LPLL</b>	<b>LP+HL=LPHL</b>
<b>Highest SC Population(HP)</b>	<b>HP+LL= HPLL</b>	<b>HP+HL=HPHL</b>

With the help of various combinations of two indicators with two measuring points, four districts have been selected whereas State Capital/ Major Educational hub will be selected itself. Selected Districts with their characters/ category are as follows

State Capital district/Major Educational hub: 1 Ahmedabad

	<b>Lowest SC literacy(LL)</b>	<b>Highest SC literacy(HL)</b>
<b>Lowest SC Population(LP)</b>	<b>2 Panch Mahal (LPLL)</b>	<b>3 Surat (LPHL)</b>
<b>Highest SC Population(HP)</b>	<b>4 Amreli (HPLL)</b>	<b>5 Mehsana (HPHL)</b>

### Selection of Blocks or Talukas:

Three from each district (Total 15 Blocks)

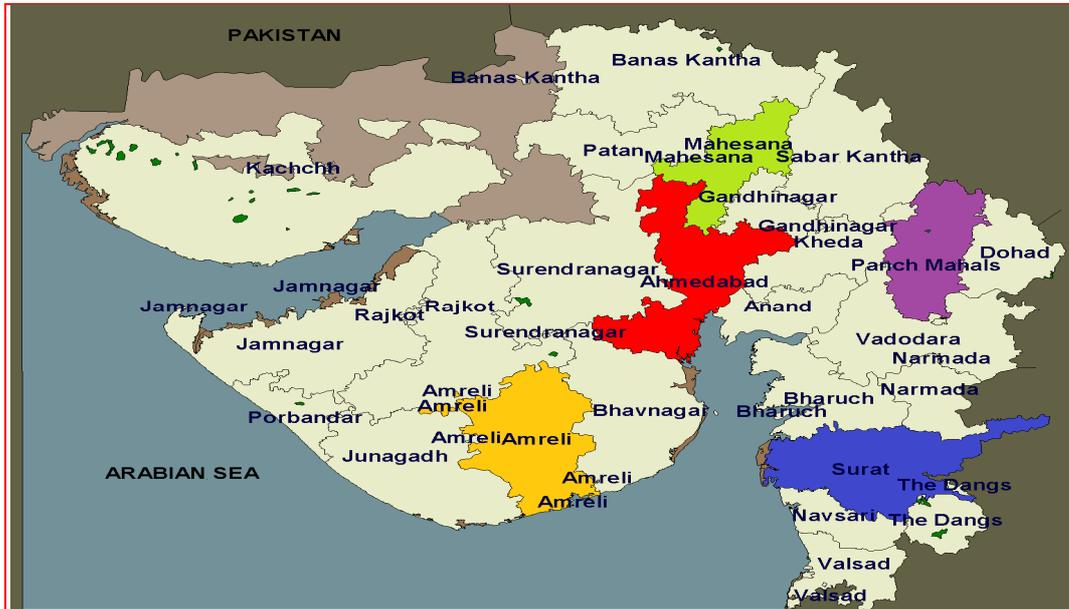
1 District head quarter

2 Random selection of any one with the SC population within the 4000 to 10000

3 Random selection of any one with the SC population over the 10000

With the help of above criteria the selected district wise blocks of talukas are as follows.

<b>Amreli:</b>  1 Head Quarter : Amreli 2 Babra : ( 4000 to 10000 SC Population ) 3 Savarkundala : ( More than 10000 SC population)	<b>Surat:</b>  1 Head Quarter : Surat City / Choriyasi 2 Olpad : ( 40000 to 10000 SC Population ) 3 Kamrej:( More than 10000 SC population)
<b>Ahmedabad:</b>  1 Head Quarter : Ahmedabad City 2 Mandal : ( 4000 to 10000 SC Population ) 3 Dholka : ( More than 10000 SC population)	
<b>Panch Mahal :</b>  1 Head Quarter : Godhara 2 Santrampur:( 4000 to 10000 SC Population ) 3 Lunawada : ( More than 10000 SC population)	<b>Meshana :</b>  1 Head Quarter : Mehshana 2 Kadi:( 4000 to 10000 SC Population ) 3 Vadnagar : ( More than 10000 SC population)



Selected (Sample) district in Gujarat

**The data analysis and major findings:**

Paper try to examine the weaker section with the economic and sociological aspect to divided entire society in to BPL Vs APL groups as well as SC,OBC Vs General groups/Open castes’ so that first of all we examine the social category wise situation in state.

**Mode of the questions and answers in survey:** we have illustrated the results in radar graph which is the most appropriate methods, as we have chosen total 19 indicators from the different dimension, but to use radar graph it is necessary to make indicators unidirectional. In this segment we will firstly discuss how we make multi responses (from multidimensional) unidirectional. Table shows that we have described the different mode of the answers for different question to make them unidirectional.

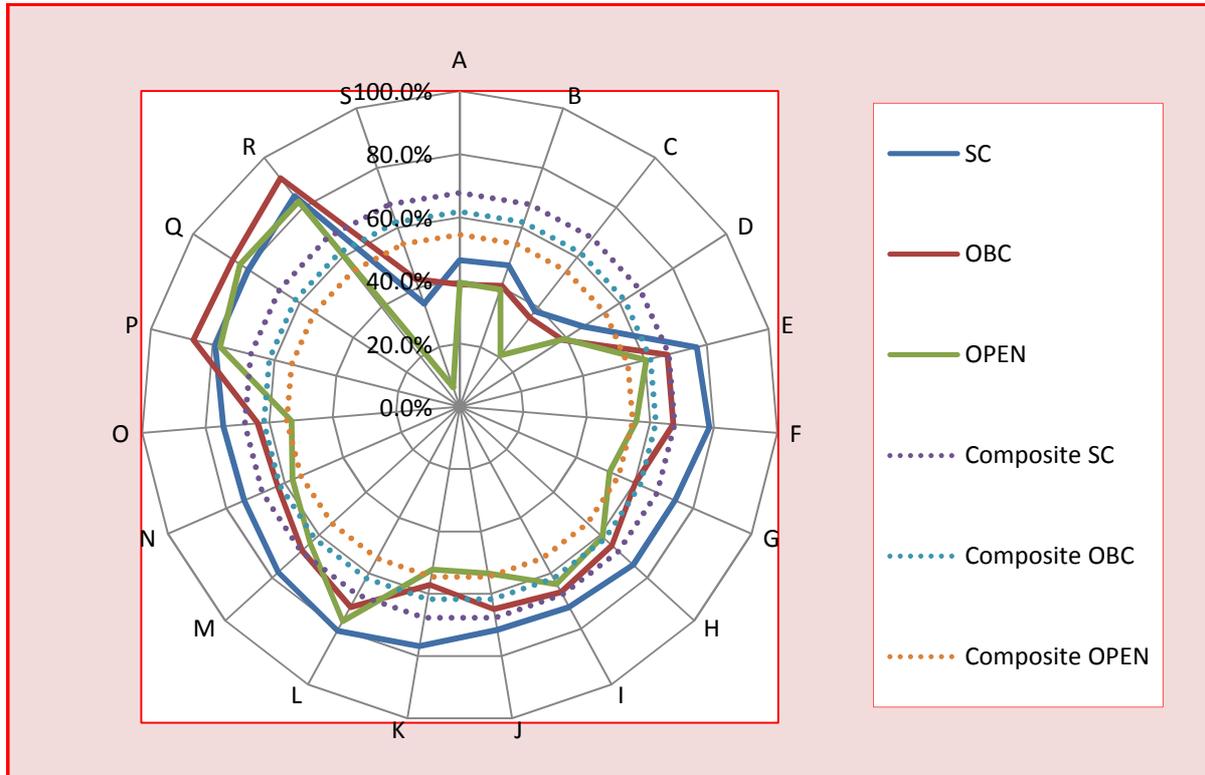
Sr. No	Indicators (situation of present with regards of 90’s	Mention in Figures below as.	Mode of answer mention in figures	Area or dimensions measured
1	experienced consumption basket increased in quantity with compared to 90th	A	No	Level of Consumption
2	Dairy consumption increased with compared to 90 <sup>th</sup>	B	No	
3	vegetables consumption increased with compared to 90 <sup>th</sup>	C	No	
4	Pulses consumption increased with compared to 90 <sup>th</sup>	D	No	
5	Expenses to fit and	E	Yes	Health and



	healthy(Preventive health cost) increased with compared to 90th			environment issues
6	Health Expenses (Health care/curative cost) increased with compared to 90 <sup>th</sup>	F	Yes	
7	Working days loss due to illness/unhealthy condition increased with compared to 90 <sup>th</sup>	G	Yes	Working environment
8	Less public holidays with compared to 90 <sup>th</sup>	H	Yes	
9	difficulties to get personal holidays increased in working environment with compared to 90th	I	Yes	
10	Higher pressure to discontinue from job/work with compared to 90 <sup>th</sup>	J	Yes	
11	larger working hours with higher supervision with compared to 90 <sup>th</sup>	K	Yes	
12	greater expectation of output from employer (performance based targets based job) with compared to 90 <sup>th</sup>	L	Yes	
13	More responsibilities with lesser returns with compared to 90 <sup>th</sup>	M	Yes	
14	Higher level of job/work related stress (surveillances/targets based work/treats to discontinue)	N	Yes	
15	higher feeling of exploitation with compared to 90 <sup>th</sup>	O	Yes	
16	More utilization of public health care system with compared to 90th	P	Yes	
17	More utilization of public education (get better/quality education) system with compared to 90th	Q	Yes	
18	Getting better (More utilization of) public transport system with compared to 90th	R	Yes	
19	Lack of toilet facilities at home	S	Yes	Priorities

Table Continue..

Caste category wise analysis (Social Classification):



**Graph-1 Caste category wise analysis (Social Classification) of MDLS**

Figure mention above shows the caste wise analysis, in this analysis we consider three groups of caste these are SC, OBC and Open/General caste category that consist remaining all other castes.

Figure shows that average around 30% of the total indicators are in improved situation for SCs' group, whereas these are around 40% in the OBCs' group, Open or general category groups shows that 50% average of people with improving condition during the economic reforms.

The major differences occurred due to the indicators responses of A to D and S. these indicators are playing major role to create the different among the different social caste wise group. The A to D contain the indicators regarding 'Level of Consumption', these are experience of consumption basket increased in quantity with compared to 90th, Dairy consumption increased with compared to 90th, vegetables consumption increased with compared to 90th, Pulses consumption increased with compared to 90th. Responses for all these A to D indicators shows that within the group of SC people are in much more worse condition in compare of other indicators as well as compare of other social caste group groups. Another important indicator in this regards is about social priority area that is 'Lack of toilet facilities at home'. This results shows that the majority of the people who do not have toilet facility at the home are concentrated in SC and OBC's caste group. The picture depicted in figure above is about general situation which are scattered in different direction.

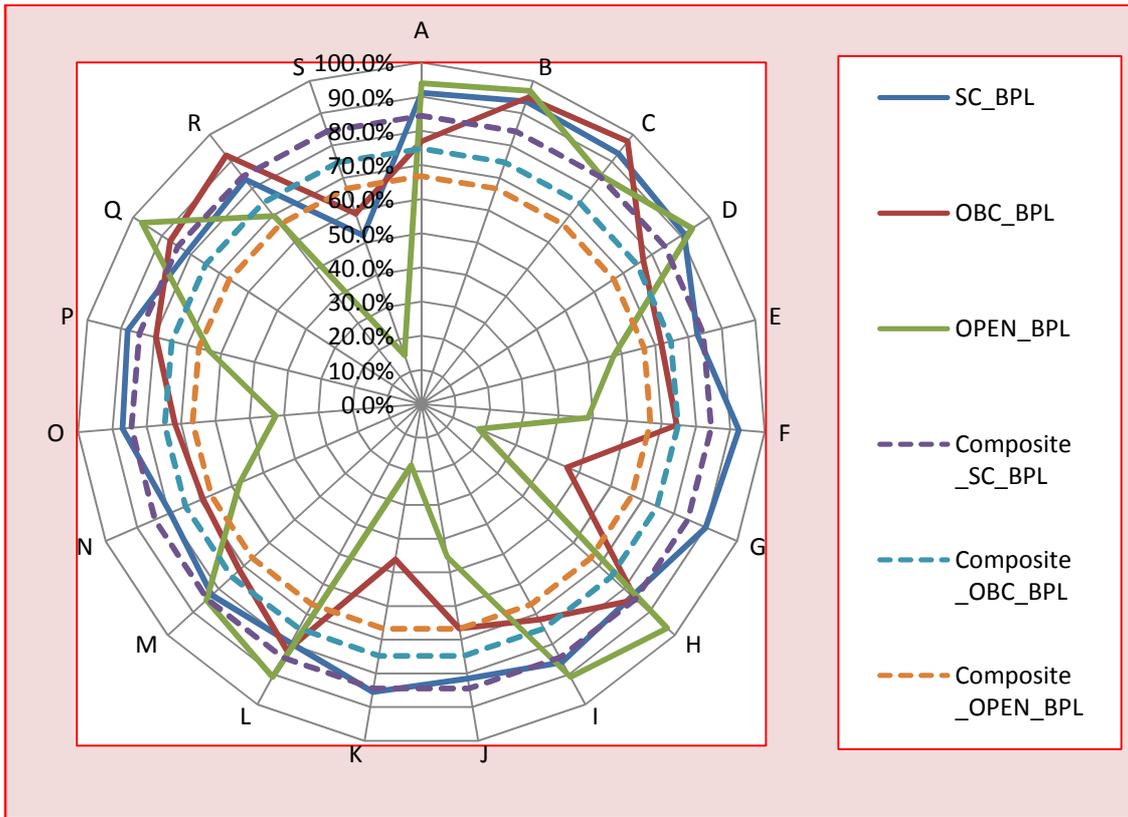


Caste category and economic status (BPL) together (Socio economic Classification):

Division approach regarding division of the social groups in further subgroups provides us the platform to further proceed and find out the accurate group of people where the burden is concentrated. To analyze further we have made the second stage of division with the combination of social caste group with economic status. As per this second tier of division we get the group of SC+BPL (SC only with those belonging BPL category), OBC+BPL(OBC only with those belonging BPL category), General/Open+BPL (General/Open castes with those belonging BPL category). The results with such classified groups are as follows.

In this second tier of division we can clearly identify the most vulnerable group as far as concern with this study. The SCs' with BPL category are the most vulnerable groups who are facing the highest exclusion. That means representative citizen within this group responded negative in respect of asking questions in survey (As they experienced to be worse off during the economic reforms) from single to multiple indicators.

The major determinants of difference among these three groups are because of the performance of indicator G, K and S. Among these three, G and K are about the working environment related indicators G is about 'Working days loss due to illness/unhealthy condition increased with compared to 90th' and, K is about 'larger working hours with higher supervision at working places with compared to 90th'. While 'S' is already discussed above that is related with 'No toilet facility at home'. The results show that the SCs with BPL are facing much more hurdles from the working environment and they are living with the condition of no toilet facilities at their house premises.

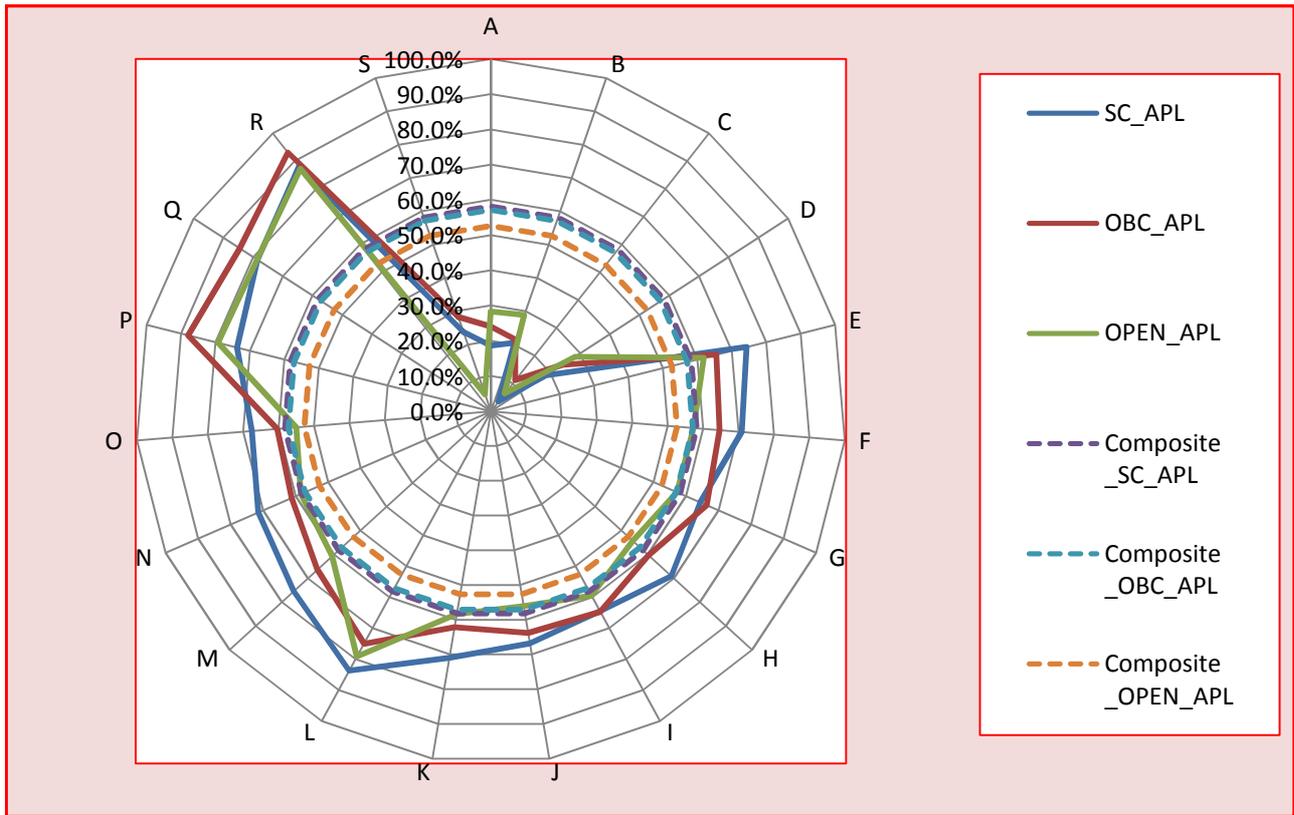


**Graph-2 MDLS by Caste category and economic status (BPL) together (Socio economic Classification)**

In this two tier division, we find that BPL SC group have reported the most exclusion in which people are reported with much more negative responses toward the asking questions in the survey, that indicate the group of SC with category BPL is the most vulnerable and facing the most hurdles. Same way within these social categories of SC, OBC and general/Open paper also compared their APL category as follows.

Caste category and economic status (APL) together (Socio economic Classification):

Within the same economic status of BPL we found some discrepancies for different social groups of SC, OBCs' and General/Open group, so that it would be more interesting to analyze the differences within various social groups with economic status of APL in following way.



**Graph-3 MDLS by Caste category and economic status (APL) together**

The economic category of APL shows that there are considerable variations among the social category for degree of exclusion. The SC with APL group reported higher degree of exclusion as we can see that they are reported in higher percentage with negative responses in survey, where as it is comparatively lower for OBC APL and it is lowest among all group is for General/Open with APL groups.

**Conclusions:**

The major findings of this research project are in the process of globalization the groups of SCs’ are facing lower improvement in their living standard where as the groups of Open or general castes and following by OBCs’ castes people observed with more and more improving condition during the economic reforms. The BPL within the SCs’ are facing much more difficulties than that of the people groups of BPL within the Open/ general category. The economic category of APL shows that there are considerable variations among the social category in respect of improvement of living standard sciences last two decade of economic reforms. In shots this paper focuses on the reality of caste influences of economic reforms in india.

In this second tire of division we can clearly identify the most vulnerable group as far as concern with this study. The SCs’ with BPL category are the most vulnerable groups who are facing the



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## **Role of Commerce Education on Entrepreneurship: A Descriptive Study**

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### **Abstract**

**Purpose:** *The purpose of this paper is to explore the role of commerce education on entrepreneurship among students.*

**Design/ Methodology/ Approach:** *The present study is a descriptive study.*

**Research limitations/ implications:** *The study has explored contribution of commerce education on entrepreneurship in the era of increasing unemployment among youth.*

**Originality/ Value:** *The paper has explored a positive relationship between commerce education and entrepreneurship of students which have been established in scholarly literature and findings and future research directions are highlighted.*

**Keywords:** Commerce education, Entrepreneurial Education, Education, Entrepreneurship, Entrepreneurial Intentions, students.



## **Role of Commerce Education on Entrepreneurship: A Descriptive Study**

### **1. Introduction**

Entrepreneurship has gained renewed attention by academicians and policy makers due to its critical role in providing innovation, creating new employment opportunities, and leading to increased economic and social wealth in the local economy (Wong et al. 2005; Altinay, Madanoglu, Daniele, Lashley, 2012; Malchow-Moller, Schjerning, & Sorensen, 2011). During the last few years, unemployment of young people has remained one of highest in comparison with other more vulnerable segments of the labor market and the unemployment rate in the age group from 15 to 29 has been increased (Eurostat, 2012). Both scientists and governments of different countries consider entrepreneurship education as one of the possible solutions to this problem. Back to 2004, the European Commission suggested to all EU members including entrepreneurship education into the national curriculum from primary school to university. Lithuania, together with other eight countries such as Denmark, Estonia, Sweden, the Netherlands and others, has launched specific strategies to promote entrepreneurship education (The European Commission, 2012). Improvement of entrepreneurial education is also highlighted by the World Bank (2008) as one of the vital factors to increase employment rate. According to Giacomini et al. (2011), "...entrepreneurship education is important because entrepreneurial activities are a vital component of economic growth, innovation and employment." (p. 220).

To mention with, scientists have carried out much empirical research trying to answer different questions related to both intentions to start-up business (Turker, Selcuk, 2009) like Why are some entrepreneurs more successful than others?, Why do some people foresee the profitable opportunities to introduce new goods/services to the market, but others do not? (Pruett, et. al., 2009), and the role of education for the people intending to start-up business, for example, How does education contribute to the people seeking to establish a company?, How can the theory about business be implemented in practice? and so forth (Edwards, et. al., 2012; De Jorge-Moreno, et. al., 2012).

The abundance and variety of the research on the factors of entrepreneurial intention propose that this field is important to both the politicians of different countries and scientists, researchers and educators who aim to strengthen the disposition of young people to the one of the forms of employment – business start-up – through education. The purpose of the article is to explore the role of commerce education on entrepreneurship among students in Ahmedabad.

### **2. Review of Literature**

#### **2.1 Entrepreneurship**

With growing academic interest in entrepreneurship, a lot of recent research has concentrated on the reasons for the apparent spurt in entrepreneurship. The Global Entrepreneurship Monitor (GEM) report in 2007 observed very high incidence of entrepreneurship throughout the world, particularly in Asia, with Thailand and India leading the way. Admitted, a lot of this entrepreneurship from the developing and underdeveloped countries was at a subsistence level and the result of lack of employment opportunities. Nonetheless, some of the major macro-level reasons for the current growth in entrepreneurship activity are discussed below:

- ❖ The activity of entrepreneurship helps to utilize the scarce means in the most effective



way.

- ❖ The activity of entrepreneurship helps to utilize the upgraded technology towards flexible specialization.
- ❖ The activity of entrepreneurship helps to encourage privatization and deregulation, which leads to effective use of limited means.
- ❖ Entrepreneurship encourages formation of New Business communities. (e.g. Business Exchange like alibaba.com)
- ❖ Entrepreneurship encourages innovation, innovation fill the gap between increasing demand in the market.
- ❖ The activity of entrepreneurship increases the flow of information.

## **2.2 Entrepreneurial Intentions**

The psychological theory of planned behavior (Ajzen,1991) proposes that planned behaviors like starting up a business are intentional and therefore can be predicted by intentions towards that specific behavior. Entrepreneurial intention can be defined as a state of mind that shift an individual's attention together with action towards self-employment rather than to organizational employment (Zerbinati& Al-Laham, 2007). Several researchers in the field of entrepreneurship have carried out empirical test to various dimensions of the theory of planned behavior where self-employment was introduced as the target behavior. The empirical results of these studies showed that certain attitudes are related and therefore can predict a person's intention towards becoming an entrepreneur (Krueger et al., 2000; Luthje and Franke, 2003).

## **2.3 Entrepreneurship and Commerce Education worldwide**

Interest in developing entrepreneurship education has been rapidly growing globally since entrepreneurship is valued as a source for economic prosperity in a country as well as competitiveness (Martinez, Levie, Kelley, Saemundsson and Schott, 2010). Several studies have examined the link between entrepreneurship education and entrepreneurial intention. The findings of the research by Dickson, George, Solomon and Weaver (2008) suggested that there is a positive link between entrepreneurship education, choice of becoming an entrepreneur as well as entrepreneurial success. Albert, Fournier, and Marion (1991) found that 25% of higher education students who completed an entrepreneurship support program ended up starting their own businesses. The comparative study by Saini and Bhatia (1996) revealed that entrepreneurs who took a training on entrepreneurship showed higher performance levels in sales and job creation compared with those who did not get a training at all. However, Mitchell and Co et al., 2006 argues that attending a course on entrepreneurship will not necessarily guarantee an entrepreneurial orientation, provide entrepreneurial abilities or result in students choosing entrepreneurship as a career. Entrepreneurship in Turkey has moved to the upper levels of political agenda and education of entrepreneurship both at senior secondary level as well as University level has become a priority item in public policy. Starting from 2009, the Turkish Ministry of Education has included entrepreneurship courses into their pool of elective courses to be offered. Entrepreneurship education among higher education institutions, especially business schools, has intensified. Many of these institutions in Turkey are offering courses on starting and financing businesses (Matlay, 2005).

## **2.4 Entrepreneurship and Commerce Education in India**

In India, entrepreneurial education has been included in the curricula of many business schools and engineering colleges; but there have been no significant attempts to include it in



school curricula. Assessing the effects of entrepreneurial education is difficult as its actual impact can be observed only over a long period. Policies aimed at developing entrepreneurial skills among potential entrepreneurs have been adopted across the world. Initiatives have been reported from Chile, Spain, Thailand, Australia and many other countries. In India, Entrepreneurship Development Institute of India (EDII) has been instrumental in rolling out a number of long-term and short term courses focused on entrepreneurial skills. A number of other institutes have also been involved in such activities. Many of these programmes are usually subsidized either by Small Industries Development Bank of India (SIDBI) or some government departments.

### **2.5 Commerce Education variables having impact on Entrepreneurship**

Entrepreneurial education can have the impact on personality entrepreneurial traits through:

- a. Self-efficacy is a power or capacity to produce a desired effect, and is one of the key factors of the entrepreneurial intention (Shook, Bratianu, 2010; Guerrero, et. al., 2008; Liñán, et. al., 2011). Sánchez (2011) states that self-efficacy is an important determinant of successful entrepreneurial behaviors. De Noble, et. al. (1999) measures entrepreneurial self-efficacy by the six factors: 1) risk and uncertainty management skills; 2) innovation and product development skills; 3) interpersonal and networking management skills; 4) opportunity recognition; 5) procurement and allocation of critical resources and 6) development and maintenance of an innovative environment. Other scientists (McGee, et. al., 2009) define self-efficacy through the five dimensions (searching, planning, marshalling, implementing people, and implementing finance).
- b. Risk taking is the tendency of an individual to take risks (Pillis, Reardon, 2007). The individuals who tolerate higher risk are more inclined to entrepreneurship while the ones who tolerate lower risk are less inclined to entrepreneurship.
- c. Proactiveness or the propensity to act is associated with entrepreneurial behavioral intentions. Segal, et. al. (2005) identifies this personality trait with tolerance for risk.
- d. Behavioral control – it measures the individuals' perception of how easily and successfully they could establish and run a business, if they chose to start one (Kautonen, et. al., 2011).
- e. Need for achievement is one of the widely-spread indicators showing whether a person is inclined to entrepreneurship or not.
- f. Internal locus of control is associated with entrepreneurial success. The people who show strong self-control usually believe that the quality of life depends on their own actions, for example, education, hard work and so forth.
- g. Attitude towards business. The attitude of young people from developed and developing countries towards business was researched in more detail by Iakovleva, et. al. (2011). It was evaluated by the following factors: business advantages and disadvantages, the feeling of happiness from the performed activity, business as an interesting and attractive occupation. Liñán, et. al. (2011) describes the attitude towards business as individual associations (positive or negative) about an entrepreneur.

On balance, it can be stated that although in practice most individuals start and develop private business without proper education, they are looking for a particular form of learning (university studies, different kinds of training, seminars) in order to acquire or improve business knowledge that can be helpful to find more efficient business solutions, gain confidence in personal abilities and decisions. The results of the research have confirmed that the main factors of entrepreneurial intention can be developed during the study process.



### **3. Conclusions**

Assessing the effects of entrepreneurial education can be observed only over a long period. Entrepreneurial intention is influenced by the complex of the factors, but the main personality traits such as self-efficacy, risk taking, initiative for business start-up, favorable attitude towards business, behavioral control, need for achievement and internal locus of control can be developed acquiring education. This can foster the entrepreneurial spirit through entrepreneurial education and have an effect on the perception for becoming an entrepreneur (Schulte, 2004). Considering such results entrepreneurship education programs should be designed with equal importance to theoretical and developing network component of entrepreneurial education along with other components. Thus, the commerce education institutes are considered to be the facilitators of an entrepreneurial culture; resulting a strong focus on entrepreneurship education that will be useful in promoting entrepreneurial intentions and culture (Morris et al. 2013). Therefore, it is important for teachers of the entrepreneurship to focus on imparting theoretical knowledge to potential entrepreneurs (Fiet, 2001) and development of social network through entrepreneurship education programs along with other components.

#### **3.1 Limitations of the study**

The study recognizes its limitation of being conceptual.

#### **3.2 Future scope of the study**

The various factors identified for the study can be used as input for future empirical studies and institute based studies.

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