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From the Chief Editor's Desk

On behalf of International Journal for Management Research (IJMR) I extend my warm welcome to all. International Journal for Management Research intends to identify the latest trends and practices in the field of management as well as Social Science.

Scanning the issue we observed that the article titled "Impact of Awareness on the perception of Customers Towards presumptive Tax System " written by CA Biswajit Rout,Dr. B K Sundaray and Mangal Kumar Pradhan is based on a survey carried to find out how taxpayers understand the system and perceive the presumptive tax system. .The next article on "Economics of Milk Production in Organized and Unorganized Diary Sectors in Odisha" written by S.Mahanta,G P Mohanty and Prof.Sanat Mishra studies the economics of milk production both in organized and unorganized diary production system in the coastal belt of Odisha .Dr. C.R.Mishra through his article "Financial Inclusion and Empowerment of Poor in India" has made a critical review of evidence about the low income people's financial savings and the role of commercial banks. The article on " Legal Framework of Mergers and Acquisitions in India" written by Dr.Rabindra K Swain and Debasish Pahi explains the legal framework governing the Mergers and Acquisitions in India.Prof.Niranjan Mohanty in his article "Knowledge Management: A Key to Quality Assurance in Higher Education" has explained the importance of higher education in the development of Human Resources in a populated country like India.Prof.S.D.Dash,P.K.Rout and S.Mishra in their case study Nandini explained how the productivity and health status of crossbred cows could be enhanced through ICT.

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Impact of Awareness on the perception of Customers Towards presumptive Tax System

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ABSTRACT

Presumptive taxes are usually employed to simplify tax procedure particularly in relation to compliance burden on taxpayers with very low turnover and the corresponding administrative burden of auditing such taxpayers. This kind of tax makes sense in cases where the otherwise desirable tax base is difficult for the tax authorities to measure, verify, and monitor and helps in combating tax avoidance or evasion. Presumptive tax scheme were started in India with the passing of the Financial Act 1997, which made the presumptive taxation operative retrospectively from the assessment year 1994-95 for the business dealing with civil construction, hiring leasing or plying goods carriages and later for retail business. Nearly all these schemes have been operative for more than two decades and have been an integral part of the income tax system in India. However, not much effort have been made to approach the tax payers to find out whether presumptive tax schemes have really been comprehended by then and whether they are aware and convenient with these schemes.

This study is an attempt in this direction and is based on a survey carried out to find out how taxpayers understand the system and perceive the presumptive tax system. The scope of this study has been limited to understanding the awareness and perception of persons engaged in the business of civil construction and retailers about the system of presumptive tax applicable to them. The finding of the survey point out the deficiencies in the awareness of the taxpayers highlight their perceptions regarding the system and lead to suggestive policy prescriptions for better efficacy of the system.

Key words: Presumptive tax system, tax burden, turnover, gross receipts

1.INTRODUCTION

There are many ways to tax individuals and enterprises. Taxes may be levied on consumption (e.g., value-added tax, excises), income (e.g., profit tax, personal income tax), or wealth and assets (e.g., land tax, real estate tax). In fact, the tax system in most countries is a combination of these different types of taxation. Developed countries tend to tax individuals and enterprises according to relatively complex structures, which utilize sophisticated accounting, record keeping, and tax administration in order to balance the various goals of taxation including efficiency and equity. However, some individuals and enterprises remain outside of the tax system through use of different types of tax evasion or tax avoidance. In many cases, it is easier for them to remain outside of the tax net for the simple reason that they can remain inconspicuous to tax authorities. For these types of entities, complicated and administratively burdensome tax systems further discourage compliance with the tax laws. These factors have led many countries to adopt specific tax regimes to counter these problems. Presumptive taxation has traditionally been used as a way to get some tax revenue from taxpayers who might otherwise go completely untaxed. These systems calculate the tax base via easy-to-obtain indicators or other methods, instead of relying on taxpayer self assessment.

Presumptive taxation is employed primarily when specific groups of taxpayers are hard to tax and administrative resources are scarce. This type of taxation is considered as optimal method of curbing widespread non-compliance without employing excessive government resources. At the same time, it provides taxpayers with a simplified option for tax compliance without requiring full financial transparency.

On the basis of the recommendations of the chelliah committee report, presumptive tax schemes were started in India with the passing of the financial Act 1997, which made the presumptive taxation operative retrospectively from the assessment year 1994-95 for the business dealing with civil construction, hiring leasing or plying goods carriages and later for retail business. The salient features of these schemes are presented in table 1. There are also some presumptive tax schemes exclusively for non-residents. These had come into effect much earlier. Their salient features are separately mentioned in table.

Table 1: Presumptive Tax Slabs for resident assessee

Type of business	Section effective (AY)	Type of taxpayer	Tax base	Mode of computation of taxable income
Business	44AD	Individual, HUF, AOP, Partnership Company, cooperative Societies(Resident or Non Resident)	Gross Receipts from business not exceeding Rs. 1 crores p.a.	8% of gross receipts
Plying, Hiring or leasing Goods Carriages	44AE	Individual, HUF, AOP, Partnership Company, cooperative Societies(Resident or Non Resident)	Number of goods carriages not exceeding 10	Rs 5000 each p.m. for heavy Vehicle and Rs 4500 each p.m. for light Vehicle

Table 2: Presumptive Tax Slabs for Non-resident assessee

Type of Business	Section (Effective AY)	Type of taxpayer	Tax Base	Mode of computation of taxable income
Shipping Business	44B(1976-77) retro by FA 1997	Non-resident only	Receipt from carriage of passengers, livestock, mail or goods	7.5% of receipts
Exploration of Mineral Oil	44BB(1983-84)	Non-Residents only	Receipt from Provision of services or facilities for Prospecting/extraction/ production of Mineral Oils in India/ Outside India	10% of receipts
Aircraft Business(1988-89)	44BBA(N.A.)	Non-Residents only	Receipt from carriage of passengers, livestock, mail or goods	5% of Receipts
Civil Construction in Turnkey Power Projects	44BBB	Foreign Companies only	Receipts from such business	10% of receipts

In all the above schemes, assesses are exempted from compulsorily maintaining books of accounts under section 44AA and getting them audited under section 44AD. Further, when the presumed income has been determined at the specific rates, all deductions under section 30 to 38 will be deemed to be already allowed. These features bring in simplicity in the system and relive the taxpayer from computational complexities. It is always possible for assesses to declare higher income then the presumed income under these schemes. However if the assesses wish to a lower income than the presumptive income, then these benefits are removed, i.e., assesses have to comply with the provisions of sections 44AA and 44AB.

These schemes are similar to the scheme under section 44AD since the taxable income of assesses are determined on the basis of certain percentages of gross receipts. The main difference with the schemes mentioned in table 1is that there is no ceiling under gross receipts. However, the provisions of maintaining books of accounts under section 44AA and getting them audited are exempted for businesses under sections 44B and 44BBB.

2. LITERATURE REVIEW

The term presumptive taxation covers a number of procedures under which the `desired' base for taxation (direct or indirect) is not itself measured but is inferred from some simple indicators which are more easily measured than the base itself (Ahmad & Stern, 1991). It involves the use of indirect means to ascertain tax liability, which differ from the usual rules based on the taxpayer's accounts (Victor Thuronyi, 1996).

Rajaraman (1995) briefed that the central idea of presumption to make the potential taxpayers capable of determining self-declaration independently. In so doing, the presumptive approach improves the technological capabilities of the tax administrators to handle the large numbers of taxpayers without the self-defeating incremental cost of attempting to do so within the existing system.

Presumptive techniques may be employed for a variety of reasons. One is simplification, particularly in relation to the compliance burden on taxpayers with very low turnover and the corresponding administrative burden of auditing such taxpayers. A second is to combat tax avoidance or evasion which works only if the indicators on which the presumption is based are more difficult to hide than those forming the basis for accounting records. Third, by providing objective indicators for tax assessment, presumptive methods may lead to a more equitable distribution of the tax burden,when normal accounts-based methods are unreliable because of problems of taxpayer compliance or administrative corruption. Fourth, rebuttable presumptions can encourage taxpayers to keep proper accounts, because they subject taxpayers to a possibly higher tax burden in the absence of such accounts. Fifth, presumptions of the exclusive type can be considered desirable because of their incentive effects—a taxpayer who earns more income will not have to pay more tax. Finally, presumptions that serve as minimum taxes may be justified by a combination of reasons (revenue need, fairness concerns, and political or technical difficulty in addressing certain problems directly as opposed to doing so through a minimum tax) (Thuronyi, 1996).

In developed countries, the transition from presumptive to actual income-based taxation paralleled the shift from agricultural to industrial economies. Economic advancements replaced self-employment in farming and small-scale trade with concentrated employment in fewer and larger entities such as governments and large corporations. Whereas tax liability was formerly derived from indices such as estimated crop yield of agricultural lands, it gradually became a factor of actual income received from salary and wages. Movements towards more 'modern' forms of tax administration emerged as businesses became more sophisticated and financial transparency increased. As accounting practices became more prevalent, self-assessment of tax liability and withholding tax at source inevitably followed.

The extent to which presumptive taxes are used varies greatly from country to country. Some countries (e.g., the United States) employ almost no presumptive taxation, while others (e.g., France) use presumptive taxes extensively.Presumptive income taxation is employed primarily in economies where 'hard-to-tax' taxpayers comprise the majority of the population and administrative resources are scarce. In these countries, most taxpayers lack the financial transparency that allows for effective taxation by the government. The result is that governments estimate or presume the appropriate income on which taxes should be levied. Presumptive taxation is considered an optimal method of curbing widespread non-compliance without employing excessive government resources because it addresses the concerns of both taxpayer and tax authority. Presumptive taxation provides taxpayers with a simplified option for tax compliance without requiring full financial transparency (German Economic Team)

Presumptive tax has traditionally been used as a way to get some tax revenue from taxpayers who might otherwise go completely untaxed. This method of taxation can accomplish two things: it can reduce the cost of compliance by the taxpayer as its tax base is easier to calculate than that of the personal income tax or profit tax, and, once the system is determined, it reduces the costs of tax administration.Presumptive taxation is often regarded as a stepping-stone to the regular tax system, such that a taxpayer would be subject to this simplified regime for a limited period of time and then become part of the regular tax system. The purpose of presumptive taxation is to provide alternative methods of assessing taxpayers who do not keep adequate accounts. Hence, presumptive taxation should replace those taxes that are based on bookkeeping, but no others. (German Economic Team)

3. OBJECTIVE OF THE STUDY

This study is an attempt to find out how taxpayers understand the system and perceive the presumptive tax system. Specifically, the objectives are:

- To know the awareness of the assessee about the presumptive tax system.
- To evaluate the perception of taxpayers towards PTS
- To study how the taxpayer feel about the role of IT Department for promoting PTS
- To suggest measures for improving the awareness and effectiveness of PTS

4. SCOPE OF THE STUDY

For the purpose of the study, only one scheme of presumptive taxes, i.e. the scheme applicable for civil contractors, and retailersspecified under section 44AD was taken. This scheme is applicable to developers, builders and contractors who are engaged in the construction or repairs of buildings dams, bridges roads, electrical fittings, plumbing job, landscaping etc and retailers engaged in different trades . This section was taken on the basis of a pilot survey which found that contractors and retailers were more responsive when approached with questionnaires and reliable answers could be obtained from them mainly relative to the gross receipts. The scope of the study was therefore restricted to presumptive taxation for civil contractors and retailers. Other presumptive tax schemes were left out of the purview of this study considering the time and cost constraints in survey.

5. METHODOLOGY

A questionnaire survey was conducted in November-December 2013. The population for this study comprised of taxpayershaving business of contractor and retailers in Bhubaneswar, Odisha. A total of 110 questionnaires were administered to potential respondents. Out of which 92 responses were received, yielding a response rate of 83.6 percent. The questionnaire was designed to collect the biographical information such as gender, occupation, years of business, annual income and nature of tax payment of the respondents. In addition, they were asked to give their opinion on the various factors related to presumptive tax system on a five point Likert scale ranging from 1 to 5 : 1=Strongly Disagree, 2= Disagree, 3= Indifferent, 4=Agree and 5=Strongly Agree. The responses were well recorded and systematically analyzed to draw a clear picture on the study.

6. DATA ANALYSIS

Table 3: Demographic Profile of Respondents

Items		**Frequency**	**Percent**	**Cumulative Percent**
Type of Respodents	Owner	74	80.4	80.4
	partner	18	19.6	100.0
Gender	Male	86	93.5	93.5
	Female	6	6.5	100.0
Occupation	Contractor	64	69.5	69.5
	Retailer	28	30.5	100.0
Annual Income	Less than 25 Lakhs	62	67.4	67.4
	25 - 50 Lakhs	24	26.1	93.5
	50 - 100 Lakhs	4	4.3	97.8
	More than 100 Lakhs	2	2.2	100.0
Years of Occupation	Less than 5 Yrs	50	54.35	54.35
	5 - 10 Yrs	32	34.80	89.15
	More than 10 Yrs	10	10.85	100.0
Taxpayer	Yes	92	100.0	100.0
	No	0	0	100.0
PTS User	Yes	12	13.0	13.0
	No	80	86.0	100.0

Table-3 shows the distribution of respondents' sex, occupation, years of occupation, annual income level, and types of taxpayer. Most of the respondents fall in the owner category as it was indicated 80.4 percent of total respondents. The gender distribution of respondents was predominantly male, of which 93. 5 percent were male and 6.5 percent were female. It was found that the income level of more persons coming under less than 25 Lakhs, which was around 67.4 percent of the total respondents. It was further observed that 69.5 percent of the respondents were contractors and rests of the respondents were retailers. The majority of respondents (54.35) were having business experience of less than five years. Though all the respondents were taxpayers but only 13 percent were adopting Presumptive tax system. It implies that majority tax payers were using the normal tax system for income tax payment.

7. FACTOR ANALYSIS

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.547
Bartlett's Test of Sphericity	Approx. Chi-Square	1259.635
	df	91
	Sig.	.000

From the above table, it is found that the value of KMO statistics is greater than 0.5, indicating that factor analysis can be employed for the given set of data.

For the study, four factors having eigen-values greater than one were extracted. The eigen-value of the all factors along with the cumulative percentage of the variance is shown in Table -4.

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.273	37.668	37.668	5.273	37.668	37.668
2	2.229	15.919	53.586	2.229	15.919	53.586
3	1.832	13.089	66.675	1.832	13.089	66.675
4	1.335	9.535	76.210	1.335	9.535	76.210
5	.976	6.969	83.179			
6	.707	5.051	88.230			
7	.576	4.115	92.346			
8	.348	2.484	94.830			
9	.295	2.107	96.937			
10	.243	1.738	98.675			
11	.086	.617	99.292			
12	.057	.407	99.699			
13	.034	.241	99.940			
14	.008	.060	100.000			

Extraction Method: Principal Component Analysis.

The result of the factor analysis using principal component method shows that 76.210% of the total variance is explained by classifying these 14 variables into 6 components or factors. The percentage of the total variance which is used as an index to determine how well the factor solution accounts for what the variables together represent.

The first factor F1 is the most important factor which explains 37.668% of variance before rotation. The second factor F2 is the second major factor which explains about 15.919% of the variance of the variables. The third factor F3 explains about 13.089% of the variation.Finally the fourth factor F4 explains about 9.535% of the variations.

Table -XX gives the factor loading of the variables under each of the five extracted factors. In order to interpret the results, a cut-off point of 0.5 is decided for each variable to group them into factors by forming a rotated component matrix.

Table 5: Rotated Component Matrix[a]

Elements	Component			
	Understanding level	Initiatives for Awareness	Perceived Difficulties	Perceived Knowledge
Formal Knowledge about PTS	**.916**	.232	.014	-.120
Understanding Level about PTS	**.940**	.173	.063	-.108
Understanding level about rules & regulation of PTS	**.671**	.411	-.112	.164
Understanding PTS is easier than IT	**.818**	.180	-.238	.146
PTS makes computation of Tax Easier	.477	-.076	.101	**.553**
PTS helps in record keeping for tax computation	-.090	-.062	.124	**.915**
In PTS books of account is needed for tax calculation	.171	-.008	**.738**	.398
Technical difficulties in handling Tax matters	.008	-.110	**.865**	-.167
Fail to handle some issues due to lack of knowledge	-.328	-.060	**.811**	.164
I take the help of tax professionals	-.392	**-.536**	.253	-.360
IT dept takes initiates for awareness	.055	**.907**	.059	.016
IT dept organizes Seminars related to PTS	.282	**.886**	-.044	-.060
Frequent advertisement about PTS	.388	**.775**	-.002	-.240
More awareness to be developed for PTS	-.056	**-.767**	.168	.006

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

F1 can be renamed as "**understanding level**" as it contains variables like Formal Knowledge about PTS(.916), Understanding Level about PTS(.940), Understanding level about rules & regulation of PTS (.671) and Understanding PTS is easier than IT (.818).

F2 can be renamed as "**Initiatives for Awareness**" as it contains variables namely, I take the help of tax professionals(-.536),IT department takes initiates for awareness(.907),IT dept organizes Seminars related to PTS (.886), Frequent advertisement about PTS(.775) and More awareness to be developed for PTS(-.767).

F3 can be renamed as "**Perceived Difficulties**" as it contains variables like, In PTS books of account is needed for tax calculation (.738),Technical difficulties in handling Tax matters(.865) and fail to handle some issues due to lack of knowledge(.811).

F4 can be renamed as "**Perceived Knowledge**" as it includes PTS makes computation of Tax Easier(.553) and PTS helps in record keeping for tax computation(.915).

8. CONCLUSION

It can no longer be denied that presumptive tax has been employed for simplification, particularly in relation to compliance burden on taxpayers with very low turnover. Efforts of the tax authorities have been fruitful in incorporating a variety of presumptive tax schemes for different types of business activities for residents and non-resident Indians. The effectiveness any tax scheme depends on its comprehension and acceptance. However, the study reveals presumptive tax scheme for civil contractors has not generated much awareness among the taxpayers. The sources of information are largely informal and the contractors are rarely made aware of this system through wide publicity in media by the tax authorities. This system defeats the basic canons of taxation as unawareness about simple tax systems leads to the perception of inconvenience and practice of noncompliance. Taxpayers who are already aware of the system and those who have been made aware of the system opined that this simple system should be widely publicized by the tax authorities.

The aspect of publicizing presumptive tax schemes through advertising in the media therefore needs immediate attention of the tax authorities. The Directorate of income-tax (RSP & PR) which is mainly responsible for conducting research on tax matter, compilation of economic and administrative statistics, printing, publication and organizing publicity and taxpayers' education should enhance its activities in the following areas:

- Organize a sustained publicity campaign to promote the presumptive tax scheme(PTS) throughout the country.
- To reach the grass root level, suitable media such as newspapers, magazines, brochures, and posters should be used on a national scale.
- Efforts should be made to develop de-centralized approach PT publicity, especially through word-of mouth publicity and counseling by income tax personnel.
- Different Taxpayers' Awareness Programme can be organised in various places, TV channels to increase the knowledge on Presumptive tax system.

- More seminar and workshops have to organize for the awareness programme on PTS.

Contractors and retailers,who perceive the presumptive tax system to be simple, did not find the filing of returns to be simple and more dependent on tax consultants. The problem is that returns for presumptive tax under sections 44AD, and 44AE have to be made in the ITRs (ex. ITR 4 and ITR 7). These return forms have made details to fill in regarding income from other heads and seems to be complicated to the contractors. But in recent time the difficulties are removed for both the assassees for filing the return in ‘SARAL’ 4S forms which is easy and handy for the Income tax filing purpose.

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Economics of milk production in organized and unorganized Dairy sectors in Odisha

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ABSTRACT

The present research was undertaken to study the economics of milk production both in organized and unorganized dairy production system in the coastal belt of Odisha. The housing conditions in both the sectors with respect to type of cow shed, flooring, ventilation, drainage, protection from incremental weathers were studied. Considering both fixed and variable expenses involved in milk production; cost per litre of milk was arrived at Rs. 11.32 and Rs. 9.71 in organized and unorganized sectors, respectively. Net profit as per OMFED pricing policy was Rs. 5.56 per litre and Rs. 7.00 per liter in organized and unorganized sector, respectively. Net profit as per actual sale price was Rs. 9.82 per liter in case of organized and Rs. 12.80 per liter in case of unorganized sector. Net profit cow per year as per OMFED price of milk was found to be Rs. 9117.70 in case of organized sector and Rs. 18,978.33 in case of unorganized sector. Net profit per cow per year as per local sale price of milk was calculated to be Rs. 18,169.70 in case of organized sector and Rs. 34,426.80 in case of unorganized sector.

Key Words: Milk Production,Organised and unorganised Sector, Costs of Milk Production,Profit in Organised and unorganised Sector

1. INTRODUCTION:

In the state of Odisha, in order to achieve self reliance in milk production and improving the per capita availability of milk, crossbreeding programme had been undertaken through artificial insemination with superior exotic germplasm. Along with crossbreeding programme, scientific management practices in dairy sectors had been adopted to sustain productivity of these crossbred animals (Perspective Plan in ARD sector 2010-20). Broadly, dairy farming could be categorized under two types based on the institutional management system viz. ‘organized’ and ‘unorganized’ sectors. The dairy farms which were established by Government Departments or under the aegis of Government agencies, under the direct / indirect control and management of Government; followed specific rules and regulations i.e.“standard operating procedures” (SOPs) relating to scientific dairy management practices, marketing, labour standards were considered in this study as ‘organized’ units. The farmers, who maintained their cows with the sole intention of earning livelihoods and/or profit and hardly follow the standard operating procedures laid down for ‘organized’ dairy units and purely under private control and management system were categorized as ‘unorganized’ dairy units. However, these ‘unorganized’ units followed the practices dependent upon suitability of production sustenance, and marketing behavior and with likelihoods of wide variability amongst them. For the purpose of the study, it might be hypothesized that there would be differences in ‘economics of production’ under the ‘organized’ vis-à-vis ‘unorganized’ systems of rearing and management. So critically studying the input factors and performance factors, a conclusion might be drawn; as under which inputs, the cows performed relatively well and such methods / inputs would be advised to farmers to maintain the dairy cows in a better way. In this context an attempt had been made to study the economics of milk production under the two sectors of management.

2.MATERIALS AND METHODS

The study was carried out in the Department of Livestock Production and Management, College of Veterinary Science and Animal Husbandry, Bhubaneswar from March 2010 to July 2010. The experimental animals were selected from both organized and unorganized sectors. Organized sector comprised of 10 crossbred cows of Instructional Livestock Farm, OUAT, Bhubaneswar, 20 crossbred cows of Livestock Breeding and Dairy Farm, Khapuria, Cuttack and 20 crossbred cows of Livestock Breeding and Dairy Farm, Remuna, Balasore. Unorganized sector comprised of the dairy farmers around Bhubaneswar basically the traditional *goalas* (milkmen); who maintained the crossbred cows. Three farmers were purposively selected because they maintained records of the cows and thus, 50 crossbred cows were selected amongst ‘unorganized’ sector, for the study. In organized sector balanced concentrate feed was given to the cows. The feeding rate was 0.5 kg. per 100 kg body weight and 1kg. of feed for every 2.5 liters of milk production per day. Green fodder supplied in chaffed manner at the rate 20kg/cow. In unorganized sector, wheat bran 400g. and 200g.of gram chuni per litre of milk were fed per day per cow along with 50 gm. salt along with 20 kg. of paddy straw were fed per cow per day. Basing on information collected from both the sectors and standards laid down for economic analysis, calculation was done for arriving at cost per liter of milk production in both sectors.

Cost per liter of milk production was calculated using the formula as given hereunder;

$$\frac{\text{Average expenditure in INR per day per cow}}{\text{Average quantity of the milk produced per day per cow}}$$

For calculation of above the following parameters were taken.

A. Fixed cost with depreciation

(i) Cost of animal @ Rs.15000.00 per cow with a depreciation of 12.5% per annum.

(ii) Cost of Shed- In organised sector animals were provided with pucca shed with asbestos roof, pucca floor with manger, gutter, each cow provided with 50 sq.ft. floor space. The cost comes to Rs. 220/ sqft. with depreciation of 5%.

In case of unorgnised sector, pucca floor, no side wall, thatched roof, floor space- 50 sq.ft. per animal. The cost calculated as Rs.80/sq.ft. with depreciation of 10%

(iii) Equipment cost Rs.900/cow with depreciation of 20% both in organized sector and unorganized sector.

B. Variable cost

(i) Feed and fodder- In organised sector, procurement of balanced concentrate feed at a fixed price of Rs.12.90/kg. Fodder used as cultivated in captive @ Rs. 0.50/kg. and fed @ 20kg/ head/day.

In the Unorganised sector, the cost of the inputs were, wheat gram @ Rs.12/kg, Gram chuni @ Rs.12/kg. at the ratio of wheat gram and gram chuni 2:1 with quantity of feed given 600gm. per litre milk produced. On top of that paddy straw fed as dry fodder @ 20 kg./head/day @ Rs.0.50/kg.

(iii) Labour- The total labour utilized for a cow in a day was one man hour. The cost of one labour for 8 hours work was Rs 90.00. So in the organized sector, the cost of labour input per cow per day was Rs. 11.25. But in case of unorganised sector, no hired outside labour was utilized, only family labour was used in the farm operation. But taking into consideration different activities performed in an unorganized farm, a crossbred cow would also require the same one man hour of labour / day, hence the same amount of Rs.11.25 had been factored into the cost of production as done for the organized sector.

(iv) Veterinary aid: In both organized and unorganized sectors, the amount spent on different health problems of cows was assessed to be Rs. 600 / cow / annum.

C. Gross cost = A +B = fixed cost + variable cost.

D. Gross return = receipt from sale of milk + receipt from sale of manure.

Assuming each cow produces 30 kg of manure per day and manure sold at the rate of Rs. 0.17/kg.

Basing on the above parameters as mentioned above, calculation was done for both the sectors. The statistical analysis of experimental data was carried out as per the methods suggested by the Snedecor and Cochran(1967).

3. RESULTS AND DISCUSSIONS

The price per litre of milk as per the pricing standard of Orissa Milk Federation (OMFED) was presented in Table 1, for both organized and unorganized sectors. In organized sector, the price was calculated to be Rs. 16.28 and that of in the unorganized sector Rs.16.20. The lower price per litre of milk in unorganized sector was attributed to lower fat content. Gross cost per liter of milk production was shown in Table 2. The gross cost per liter of milk was calculated to be Rs.11.32 and Rs.9.71 in organized and unorganized sectors respectively. The lower cost per liter of milk production in unorganized sector was due to lower cost of shed, lower cost of feed. The cost of production of one liter milk amounted to Rs 6.63 in organized sector, as against Rs 6.89 in unorganized sector as reported by Sudheer et al. (1999). Animal feed cost, labour charges, veterinary charges, depreciation and interest (on fixed and working capital) per cow was 57.32, 19.5, 2.25, 8.42 and 9.36 percent respectively as reported by Borodoloi et al. (1999). Gross return per liter of milk was shown in Table 3. The higher net return per liter in case of unorganized sector was due to lower feed cost and higher productivity. Net return per cow per year was presented in Table 4. Net profit per cow per year as per OMFED price of milk was found to be Rs. 9117.70 in case of organized sector and Rs.18,978.33 in case of unorganized sector. Net profit per cow per year as per local sale price of milk was calculated to be Rs.18,169.70 in case of organized sector and Rs. 34,426.80 in case of unorganized sector. The higher return per cow per year in case of unorganized sector was due to lower dry period, higher average daily milk yield and lower cost per liter of milk production. Both the sectors sale liquid milk as 'on whole' basis. In organized units the price was approved by regulatory bodies and found to be Rs. 20.00 per liter and in unorganized units as per the study, this was Rs.22.00 per liter. Cost per liter of milk production was calculated to be Rs 11.32 and Rs 9.71 in organized and unorganized sectors, respectively. Net profit as per OMFED pricing policy was Rs. 5.56 per liter and Rs. 7.00 per liter in organized and unorganized sectors, respectively. Net profit as per actual sale price was Rs. 9.28 per liter in case organized and Rs. 12.80 per liter in case of unorganized sector. The less cost per liter in case of unorganized sector was attributed to less cost per kg of concentrate feed, low-cost housing, more productivity, more vigilant farming activities due to personal involvement.

Table 1. Pricing of milk as per standards of OMFED in two sectors.

Constituents of milk	Approved price per kg. in INR.	Organized sector		Unorganized sector	
		Constituent available / litre	Total price per litre (in INR)	Constituent available / litre	Total price / litre (in INR)
Fat	155.20	48gm.	7.44	45 gms	6.98
SNF	103.47	85.5gms	8.84	89.2gms.	9.22
Total price / litre (in INR)			**16.28**		**16.20**

Table 2. Cost per liter of milk production in two sectors.

Items of cost and return	Organized sector (INR)	Unorganized sector (INR)
A. Fixed Cost		
i. Animal	0.61	0.54
ii. Shed	0.17	0.10
iii. Equipment	0.05	0.05
Sub-total	**0.83**	**0.69**
B. Variable Cost		
i. Feed cost	7.79	6.70
ii. Fodder cost	1.17	1.02
iii. Labour cost	1.33	1.14
Sub-total	**10.29**	**9.02**
C. Gross Cost per liter (A+B)	**11.32**	**9.71**

Table 3. Gross return per liter of milk.

(a) As per price standard of OMFED (in INR)

(i) From milk	16.28	16.20
(ii) From manure	0.60	0.51
Total Gross Return	**16.88**	**16.71**

(b) As per Local sale (in INR)

(i) From milk	20.00	22.00
(ii) From Manure	0.60	0.51
Total Gross Return	**20.60**	**22.51**

(c) Net profit per liter in two sectors (In INR)

Items of cost and return	Organized sector	Unorganized sector
As per Price standard of OMFED	5.56	7.00
As per local sale	9.28	12.28

Table 4. Net profit per cow in two sectors.

	Items	Organized Sector (in INR)	Unorganized Sector (in INR)
As per pricing standard of OMFED	a) Net profit per local	16080.68	22724.27
	b) Total expenditure during dry period per cow	5245.83	3745
	c) Balanced profit (a-b)	10834.85	18978.33
	Profit/day	24.98	47.34
	Profit /year	9117.7	17279.1
Pricing as per local sale	a) Net profit per cows in lactation	26839.69	41552.94
	b) Total expenditure during dry period.	5245.83	3745.24
	c) Net profit (a-b)	21593.86	37807.02
	Profit / day	49.78	94.32
	Profit/year	18169.7	34426.8

4. SUMMARY AND CONCLUSION

Of late, the dairy farmers of unorganized sector had started keeping superior dairy animals with relatively lesser investment on housing coupled with economical feeding practices in comparison with organized sector. But, they had been paying adequate attention towards up-keep of cows. In the system of rearing, there had been a paradigm shift from the erstwhile subsistence mode to more commercial mode underscoring the maximization of profit. In the changing circumstances, expenses on feed and fodder contributed maximum towards cost of milk production of crossbred cows. The cows in unorganized farms maintained under thatched roof and open sided housing system were more found to be more comfortable under hot and humid climatic conditions of coastal Odisha, compared to rearing of cows maintained under asbestos roof and concrete floor cow sheds with closed side wall. No significant difference was observed in the study about performance of the crossbred cows in organized and unorganized sectors but on the contrary higher profit was received in unorganized sector, which was due to low-cost housing, feeding and sale of milk in higher price. Thus, the study explicitly suggested that dairy fanning could be profitably pursued with crossbred cows under low-cost housing and economic feeding.

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Financial Inclusion and Empowerment of Poor in India

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ABSTRACT

The purposes of the study are to provide a critical review of evidence about the low-income people's financial savings & the role of commercial banks measurement, the programs used to promote their saving capability & aware their knowledge about financial product, services and the information uncovered about the programs by evaluations. Financial knowledge & saving is the most important for financial inclusion. Financial product knowledge has been proposed widely as an effective approach to preparing people to manage their finances. Financial capability includes both the ability to act (knowledge, skills, confidence, and motivation) and the opportunity to act (through access to quality financial products and services). The data required for the study have collected from the secondary sources. There is a need to cover more people under financial inclusion who deserve and extremely in need of finance. The challenges In particular are, to introduce innovations in identifying such people, re-engineering of financial products as per the requirements, risk assessment, reduce transaction costs, devise new credit delivery channels and use information technology to make financial inclusion a viable model.

.Keywords

Financial Inclusion, Role of commercial bank, Poverty Alleviation, Economic development, Knowledge about financial product & services.

1.INTRODUCTION

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.

Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction and Social cohesion. This has to become an integral part of our efforts to promote inclusive growth. In fact, providing access to finance is a form of empowerment of the vulnerable groups. Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance and payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty.

"Inclusion" requires working at every level of the value chain and not just credit / loan finance. In other words, it calls for the delivery of bundled financial services integrated with the overall Livelihoods framework. "The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost"

- The Committee on Financial Inclusion

(Chairman: Dr. C. Rangarajan, 2008)

"The process of ensuring access to appropriate financial products and services needed by Vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream Institutional players."

2.LITERATURE REVIEW

Banks play an important role in meeting credit need of people. More studies have attempted to analyze the role of commercial banks in financial inclusion for sustainable development. The RRBs and commercial banks in the economic development and relation with other developmental programmes. An attempt in this section has been made to review some important research studies. Gundannavar, V.R. (1992) has highlighted the role of banks in implementing social banking schemes to keep pace with changing social needs. He has strongly opposed any move to reduce resources allocation to priority sectors, which will have an adverse impact on the agricultural credit. He has suggested to increase higher interest rate on commercial lending and to continue concessional rate of lending to priority sectors.

Barman, K.K. (1994) has made an analytical study on the implications of financial sector reforms on rural credit delivery system. He has found that implications are of wide spread; on interest rate of agricultural loans, lending rates, priority sector lending, reserve requirements and institutional restructuring.

Rangarajan, C. (1996) has identified three to four major factors which would have impact over the future banking operation including progressive de-regulation of interest rates, a diversified competitive market place, market determined exchange rate mechanism and technological progress. He suggested the banks to provide credit to agriculture and allied sector as provision of credit to high-tech agriculture which is almost equal to providing credit to industry.

Karmarkar, K.G.(1997) has highlighted the role of Micro financing (SHGs) on the rural credit delivery system in the state of Orissa with example of successful projects in the different parts of the state. He has suggested for active participation of banks and other development agencies to promote micro financing in large scale to accelerate the pace of rural development.

Biswal, D. and Dash, H. (1997) have attempted to study the recovery phenomenon of rural bank credit in Orissa. The banks in financing rural development are of the view that poor recovery and mounting overdue are the major huddles faced by them. They have suggested for adequate development of rural infrastructure in the state to improve the income and financial condition of rural poor which in turn will improve the recovery performance of banks in the state.

Verrashekharappa (1997) in his work on “Institutional Finance for Rural Development” has highlighted the importance of institutional finance on farm sector in a changing perceptive. Taking into account the transaction cost, utilization of loan, repayments and over dues, he has advocated for policy implications to be implemented more cautiously to reduce the gap between bank credit and farm sector and to remove the size of landholding as collateral security against farm credit.

Shetty (1997) in his studies that the ‘social banking’ policies being followed by the country resulted in widening the ‘geographical spread and functional reach’ of commercial banks in rural area in the period that followed the nationalization of banks.

NABARD (1999) remarked that the despite having a wide network of rural bank branches in India which implemented specific poverty alleviation programmes that sought creation of self employment opportunities through bank credit, a very large number of the poorest of the poor continued to remain outside the fold of the formal banking systems.

Vaidya, B.V. (2002) has made a comprehensive effort to highlight some of the aspects of rural development of the country under the policy of liberalization and globalization, including economic aspect, agricultural aspect, industrial aspect, infrastructural aspect and management aspect. From his analysis, he has drawn the conclusion that a comprehensive methodology will be necessary for rural development which is the bed-rock of development for the whole country.

To Beck & De la Torre, (2006) financial inclusion should signify access to a range of different financial services, the percentage of people in a given area with access to a bank account is the typical measuring stick for breadth of financial services.

Transact the national forum for financial inclusion, (2007) Financial inclusion is a state in which all people have access to appropriate, defined financial products and services in order to manage their money effetely. It is achieved by financial literacy and financial capability on the part of the consumer and financial access on the part of product, services and advice suppliers

Ansari (2007) in her study reveals that reaching the poorest and whose credit requirements were very small, frequent and unpredictable, was found to be difficult. Further, the emphasis was on providing credit rather than financial products and services including savings, insurance, etc. to the poor to meet their simple requirements. Therefore, need was felt for alternative policies, systems and procedures, savings and loans products, other complementary services and new delivery mechanisms, which would fulfill the requirements of the poorest

World Bank (2008) financial inclusion is also influenced by specific credit needs of various segment people arises for a number activities such as housing, microenterprises, agriculture difficulties in accessing formal sources of credit, the poor individuals and small savings or internal resources to invest in housing, health and education, and opportunities

Michael Chibba (2009) noted that Financial Inclusion is an inclusive development and Poverty Reduction strategy that manifests itself as part of the emerging FI-PR-MDG nexus. However, given the current global crises, the need to scale-up Financial Inclusion is now perhaps more important as a complementary and incremental approach to work towards meeting the MDGs than at any other time in recent history.

Finance Minister Pranab Mukherjee (2010) said financial inclusion was a key determinant of sustainable and inclusive growth which could unlock the vast hidden potential of savings consumption and investment propensities of the poorer sections of society.

Joseph Massey (2010) said that, role of financial institutions in a developing country is vital in promoting financial inclusion. The efforts of the government to promote financial inclusion and deepening can be further enhanced by the pro-activeness on the part of capital market players including financial institutions. Financial institutions have a very crucial and a wider role to play in fostering financial inclusion. National and international forum have recognized this and efforts are seen on domestic and global levels to encourage the financial institutions to take up larger responsibilities in including the financially excluded lot.

Oya Pinar Ardic et al (2011) explained that using the financial access database by CGAP and the World Bank group, this paper counts the number of unbanked adults around the world, analyses the state of access to deposit and loan services as well as the extent of retail networks, and discusses the state of financial inclusion mandates around the world. The findings indicate that there is yet much to be done in the financial inclusion arena. Fifty-six percent of adults in the world do not have access to formal financial services

3.NEED FOR THE STUDY

The economy is presently in a phase of rapidly rising income, rural and urban, arising from an expansion of extant economic activities as well as the creation of new activities including corporate profitability which has exhibited sustainable trends and increasing consumer incomes thereby riding on the growth momentum. All of these developments suggest that the demand for financial services, both for savings as well as production purposes, will be greater than has been the case in the past, and there will be many new entrants in need of financial services who have not hitherto been served. Financial inclusion as a topic has attracted global attention in the recent past. For our own country where almost 70 percent of population lives in the rural areas and engages in agriculture and allied activities, financial inclusion assumes paramount importance indeed, and is an utmost necessity for a country where a large number of the world’s highest poverty stricken population resides. The bank provides a no frills Savings Bank Account to all members of the lower income groups. As a next step, small overdraft facilities are allowed in the Savings Bank Accounts in order to cater to the account holder’s general purpose or consumption needs. Those who are engaged in income generation activities were provided with general credit card facility with a flexibility of roll over facility. Opening no frills account with a small overdraft or GCC is only the first step in building the relationship which would require sustained efforts to ensure that the banking relationship with the customer is fashioned to meet his needs. The technology should have a clear focus on relatively unbanked and under reserved areas rather than competing aggressively in already well served areas. There is a clear need to vastly increase the numbers served by existing branches for saving, loan and remittances. It is hoped that the new KYC norms for male value accounts will go a long way in ensuring this. The financial services for rural areas will need to be supplemented by organizing support for ancillary activities and knowledge dissemination. Farmers training centers, village knowledge centers, RUDSET as set up by a few banks will need multiplication for ensuring sustainable development. With the gradual mushrooming of SHG programmers in the rural areas, there is a need for scaling up to cover productive loans while ensuring that the process of group formation and capacity building is given sufficient time to allow social capital and democratic processes to take root.

4.OBJECTIVES OF THE STUDY

- To explain the role and importance of financial inclusion in Indian Financial System.
- To analyze the different approaches of financial inclusion.
- To examine the role of banking system in extending banking services for financial inclusion.
- To enumerate the achievements and problems of SHG microfinance in including the excluded section of the society.
- To suggest some policy prescriptions

5.STATEMENT OF THE PROBLEM

Financial exclusion is excluding people without of affordable credit, savings, insurance assets and money and bank advices. The financial excluded section largely comprises marginal framers, landless laborers, self employed and unorganized sector enterprises, urban slum dwellers, migrants, ethnic minorities and socially excluded groups, senior sector and women. To achieve greater financial inclusion, financial services should reach the poor of socially excluded group’s particularly poor people micro finance banks and other financial institution has played a vital role in filling up this gap. This study helps us to know the financial inclusion position, awareness level, towards no frills account and saving and credit behavior of the low income groups.

6.RESEARCH DESIGN AND METHODOLOGY

The research shall focus on the problems they face with regard to basic banking needs and identify a range of particular difficulties likely to be faced relating to the use of bank accounts, products and services. The study is analytical and exploratory in nature and makes use of Secondary data. The data of the study has been collected mostly from the secondary sources. The secondary data have been collected from various publications and different government and non-governmental sources. The data collected from secondary sources have been suitably edited, analyzed and interpreted according to requirement of the study. The purposes of the study are to provide a critical review of evidence about low-income and at-risk people on how their financial capability is measured, what programs are used to promote their financial literacy, and what evaluations of the programs uncover about them.

Recent Strategies for commercial Banks

Specific focus on financial inclusion commenced in November 2005, when the Reserve Bank of India advised banks to make available a basic banking 'no-frills' account. This was accompanied by the simplification of know your customer (KYC) procedure for such accounts.

A decentralized strategy has been adopted for ensuring financial inclusion. Initially, SLBCs in each State identifies one district for 100 per cent financial inclusion and thereafter it replicates it in other districts. So far, SLBCs have reported having achieved 100 per cent financial inclusion in 68 out of the 611 districts in the country. As many as 12 million "no frills" accounts have been opened till date.

Other important strategies include strengthening of Regional Rural Banks, special programmes and interest subvention initiatives of Government, recapitalization and reform package for rural cooperative credit structure, modified prudential accounting norms for agricultural loans, measures for stepping up credit to micro, small and medium enterprises (MSME) sector and consultative approach to regulation of urban cooperative banks.

Financial freedom is not measured by how much money one earns while working, accumulating riches and buying means of comfort. Rather, it is more about having a wide set of options to choose from. Till about 20 years ago, one could count on the finger tips the number of successful business start-ups. With low-risk appetite, financial management was a placid activity. The reason: there was very little freedom in the choice of financial instruments.

While the rising number of business start-ups mirrors the freedom to choose when to work and freedom to do what one likes, there is also the larger question of freedom to 'borrow' one's way out of abject poverty. India is replete with stories of young girls dropping out of school and married off soon after by poor parents. Financial inclusion has a direct correlation with overall economic growth - a useful guide in times of crippling slowdown. In its conventional definition, financial inclusion means making available banking services at an affordable cost to low-income and disadvantaged groups of people. Any such blueprint, besides covering the rural poor, should also seek to bring within its ambit the large number of poor women in towns and cities who remain outside any formal banking network. Access to banking services is critical for the economic empowerment of women in a country such as India. According to the World Bank's Global Financial Inclusion Index (Global Findex) database more than 1.3 billion women worldwide remain largely outside the formal financial system. Only 26% of women in India admit to having a bank account. Per capita credit in the case of women is 80% lower than in the case of men.

Finance minister P Chidambaram has rightly pointed out the reasons for setting up a bank that predominantly serves women - from self-help groups to the small business women and from the working woman to the high net worth individual. Access to banking services also has another major significance: prevention of financial frauds. There have been increased incidences of firms operating between the regulatory boundaries at their will, defrauding investors in the name of emu farming, plantations, and pyramid formations and experts say that all such schemes fall under India's rapidly growing unregulated "shadow banking" area.

Seen in this light, the setting up of the **Bharatiya Mahila Bank** is more than a welcome step. More such initiatives are needed as the hard-earned money of too many innocent and financially uninitiated people is at stake. **Bharatiya Mahila Bank** will help improve financial inclusion.

Initiatives for financial inclusion in India

The broad strategy for financial inclusion in India in recent years comprises the following elements: (i) encouraging penetration into unbanked and backward areas and encouraging agents and intermediaries such as NGOs, MFIs, CSOs and business correspondents (BCs); (ii) focusing on a decentralized strategy by using existing arrangements such as State Level Bankers' Committee (SLBC) and district consultative committee (DCC) and strengthening local institutions such as cooperatives and RRBs; (iii) using technology for furthering financial inclusion; (iv) advising banks to open a basic banking 'no frills' account; (vi) emphasis on financial literacy and credit counseling; and (vii) creating synergies between the formal and informal segments.

The Role of commercial banks in financial services

The basic concept of financial services is having a saving or current account at any bank. Now-a-days the banking system has become more dynamic and there is an increasing trend in the number of depositors in bank. But financial services have not accessed to low income groups in Rural and urban areas, because they have no awareness about the financial product and services and the financial organization have not become able to provide any banking services to the poor people. So the Government of India, Reserve bank of India and NABARD together have initiated a number of the following programs in India Like 1-Self Employment program 2-SHG-Bank linkage program 3-Post offices program 4-Village development program 5-Kissan credit card (KCC)All these programs are poverty alleviation schemes of the Government and the Reserve bank of India has initiated several measures to achieve the financial inclusion such as facilitating "No frill" account for low deposits and credit. All these programs were implemented in a proper way but success was achieved .Those successful banks, who focused on the rural and urban sector by providing financial services, now they are planning to open saving and current account which was not sufficient for financial services. Majority of the people did not know about the process of opening the accounts and could not get the passbook. In this stage actually awareness should be built first and linked to a bank by opening of accounts.   The major point, opening of a bank account is meaningless for rural poor because the distance of the bank branches is a major problem and the people have not enough the money to operate deposit accounts. Financial services need to be measured not just by the number of saving accounts holders but also by the extent of awareness about the various banking services and products as well as their effective use by them. A self-help-group (SHGs) comprises 15 to 20 members .The program rekindled the basic human train of self worth of every member in a group by handling saving and internal lending , the groups nature to acquire credit worthiness for themselves and earn confidence of banks for loners by providing trust as collateral. In the other cases the SHGs should be used to get people used to banking facilities. There are other conditions like employments that generate income, access to natural resources wages employment, education and so on that help in linking people to financial institution. The last step referring to operating system of SHGs for the mobilization of saving with banks and bank lone disbursement to SHGs, repayment of lone, building up leadership and establishing linkage with banks and ultimately examining the social benefits derived by the members. Any policy or programmed for delivering financial support services to the poor aims at improving their standard of living and helping them to cross the poverty barrier. The importance of banks providing deposit and credit facilities to poor people. So banking awareness needs to be created for better financial inclusion. Financial inclusion may be successful if the priorities will be given upon the daily transaction of accounts (saving and current) and loans facilities, insurance, education loan etc. Finally it provides appropriate financial services and increases the economic opportunities for the poor and low income people, which will lead towards positive results in social progress and economic development of our country.

Role of Banking Sectors on Financial Inclusion development in India:

The number of commercial Banks in a country provides an opportunity for the people of that country to participate in the formal financial system and to utilize financial services of formal financial system. Larger the number of commercial banks, larger the scope for bringing people in to formal financial system provided if banks provide suitable financial products and services.

Table – 1: Number of Commercial Banks in India

Banks/Years	2008	2009	2010	2011	2012	2013
Number of commercial banks	173	170	167	167	173	155
Scheduled commercial bank	169	166	163	163	169	151
Of which RRBs	90	86	82	82	82	64
Non scheduled commercial bank	4	4	4	4	4	4

Source: Statistics relating to commercial banks at a glance RBI

The table: 1 shows that the number of commercial banks in India between march 2008 and 2013, it clearly states that the in the year 2008 it was 173, in the year 2009 it was showing a slight decreasing trend (170) the same trend followed by the year 2010 it shows that 167 commercial banks in India, the same trend followed by the next year(2011) also, but in the year 2012 it has been increased to 173, unfortunately in the year 2013 again it has come down to 155. In case of scheduled commercial bank also showing as the decreasing trend from the year 2008- 2013, the same trend followed by the RRBs also, but the trend of the Non scheduled bank is the steady trend since 2008 to 2013.

Showing the number of commercial banks in India between (2008 and 2013)

Table -2 Number of bank offices in India:

Areas/Years	2008	2009	2010	2011	2012	2013
Rural	30927	31598	32529	33868	36503	39439
Semi-Urban	18027	19337	21022	23299	26144	28691
Urban	15566	16726	18288	19046	20650	21720
Metropolitan	14267	15236	16364	17806	19080	19961
All India level of bank offices	78787	82897	88203	94019	102377	109811
Trend percentage	100.00%	105.20%	111.95%	119.33%	129.94%	139.37%
Actual increase percentages	Base	5.20%	11.95%	19.33%	29.94%	39.37%

Source: Statistics relating to commercial banks at a glance RBI

Note: Number of bank offices includes Administrative Offices. 2) Classification of bank offices according to population, for years is based on 2001 census. Table: 2- explains about the number of bank offices in India from 2008 – 2013, it clear from the above table that the number of bank offices have been increased since 2008 to 2013, the increasing trend is as 5.20 per cent, 11.95 per cent, 19.33 per cent, 29.94 per cent and 39.37 per cent for the years 2009, 2010, 2011, 2012, 2013 respectively.

Table: 3- Aggregate deposits and credit level of scheduled commercial bank (Rs. billion)

Deposit and credit /Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Demand deposits	26726.30	33110.25	38472.16	45662.64	52837.52	60881.55
Time deposit	5243.10	5230.85	6456.10	6417.05	6253.30	6622.99
Aggregate deposit	31969.40	38341.10	44928.26	52079.69	59090.82	67504.54
Bank credit	23619.13	27755.49	32447.88	39420.83	46118.52	52604.59
Percent of credit allowed	73.88%	72.39%	72.22%%	75.69%	78.04%	77.93%

Source: Statistics relating to commercial banks at a glance RBI

Note: Aggregate deposits, bank credit of Scheduled Commercial Banks in India are as per "Form-A" return under Section 42(2) of the Reserve Bank of India Act, 1934

From the above table -3- it is pragmatic that the deposit level and credit level are increasing style for all the years, in case of aggregate deposit level in the year 2008,it was 31969.40 billion rupees where as in 2013 it has mount up to 67504.54 billion rupees as the same style the credit also shows the increasing style in the year 2008 it was 23619.13 billion rupees ,in the year 2013 it has rose up to 52604.59, but in case of the credit allowed through it shows both increasing and decreasing style of all the year but the decreasing level of percentage is very low as the final result it shows as the increasing trends

Table -4- Total number of ATMs:

Number of ATM &Years	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Number of ATMs	34789	43651	60153	74505	95686	114014
Trend percentage	100.00%	124.47%	172.91%	214.16%	275.04%	327.73%
Increase level of ATMs	Base%	24.47%	72.91%	114.16%	175.04%	227.73%

Source: Statistics relating to commercial banks at a glance RBI

The above table -4- be evidence for the total number of ATMs for the study period between 2008 and 2013, it shows that all the year the ATMs numbers are increasing in a good difference, the ercentage of the increasing also very high for all the years, it evidence the growth percentage as 24.47 per cent, 72.91 per cent, 114.16 per cent, 175.04 per cent, 227.73 per cent, for the years 2009, 2010,2011,2012,2013, respectively.

7. FINDINGS;

From the above analysis the following findings have been identified:

- Number of commercial bank, scheduled commercial bank, RRBs and non scheduled commercial banks number are reduced during the period between 2008 and 2013.

- Total number of the bank offices have been increased in almost all the areas (urban, semi-urban, suburban, rural and metropolitan) the increasing trend also shows the high rate of increasing during the study period between 2008 and 2013,,

- Aggregate deposits and credits granted are all the years increasing, the granting credit By the banking sectors shows the increasing trend forever , the per cent rate also very High year to year,

- Numbers of ATMs machine installations are showing that the banking sectors are installing the ATMs in almost all the places on campus and off campus.

Suggestions and recommendations:

Based on the above findings the followings suggestions and recommendations have been suggested for the further improvements of the financial inclusion services of the banking sectors in India,

1- Number of commercial bank may be increased in India, though maximum population in India are using the banking services, if the banking sectors opened banks in the remote and rural areas all the people can utilize the services of the banking sectors at the level best for the improvement of the life standard of the themselves,

2- The banking sectors have to liberalized the security level of the borrower to borrow money from the bank in an easiest way, they banking sectors have to announce the new schemes offered by them to all the citizen of India for the proper utilization of the fund, 3- Though many of the banks are providing the technical services to the customers, most of the customers are not aware of the services provided by them, hence the banking sectors have to create the awareness to the members and the customers about the services provided by them, hence the banking populations can use all the financial and non-financial services of the all the banks in India ,

4- All the banks are installing the ATMs in all the places, but some time the RBI is changing the policies and instructions for the using of the ATMs, many of the ATMs are not in good conditions for immediate use, some time it says that, sorry the operations are failed, many ATMs some time it is giving the receipts rather money, there may be a high technical implementations for the smooth use of the ATMs and proper training to the guardian of the ATMs center and to give the practical knowledge to the rural and remote customers regarding the usages and the services available in the banking sectors.

8. CONCLUSION

Financial inclusion becomes a major pre-requisite to poverty alleviation. Reserve Bank of India’s vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on information technology. However, improper repayment need for additional workforce, time consumption, high cost and illiteracy are continued to be a road block to financial inclusion in many areas. Consequently, many banks are not adopting full fledged financial inclusion plan. The banks should step up to over all these problems and to disseminate its service to remote area. The banks should encourage the people to access banking services by ways of no frills account, financial inclusion campaign and business correspondent. The government should encourage the banks to adopt financial inclusion by means of financial assistance, advertisement and awareness programme etc. to achieve the Inclusive Growth.

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Legal Framework for Mergers and Acquisitions in India

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ABSTRACT

India is a popular destination for investors seeking acquisition targets. However, the legal framework governing inbound acquisitions in India can be complicated. Historically, India's economy was state planned and largely closed to outside investment. Although market reforms have made acquisition of Indian companies by foreign investors possible, there remains a myriad of laws, rules, regulations, and agencies that govern every merger and acquisition transaction in India. This study provides an overview of mergers and acquisitions in India and highlights the key legal issues faced by transferee companies.

Key Words: Mergers and Acquisitions, Legal Framework, Transferor Companies, Transferee Companies.

1. INTRODUCTION:

In today's globalized economy, competitiveness and competitive advantage have become the buzzwords for corporate around the world. Companies for entering new markets, asset growth, garnering greater market share/ additional manufacturing capacities, and gaining complementary strengths and competencies, and to become more competitive in the market place, are increasingly using Mergers and Acquisition. If we were to trace M&A activity throughout history, we can observe such themes. As there building efforts started after World War II, M&A activity was driven by the need for business entities to achieve economies of scale, both from a geographical and product offerings perspective. In addition, the theme of "diversification" gave impetus to business entities acquiring businesses outside of their direct focus so as to mitigate the impact of the economy on their business portfolio. The Indian economy has undergone a major transformation and structural change following the economic reforms introduced by the

Government of India in 1991. Since then, the M&A movement in India have picked up momentum. M& A emerged as one of the most effective methods of such corporate restructuring and have, therefore become an integral part of the long term business strategy of corporate in India.

Figure 1: Volume of merger and acquisition in worldwide

Source: IIMA (Institute of Mergers, acquisitions and Alliances)

The main motive behind the Merger and acquisitions (M&As) is to create synergy, that is one plus one is more than two and this rationale beguiles the companies for merger at the tough times. Merger and Acquisitions (M&As) help the companies in getting the benefits of greater market share and cost efficiency. Growth is always the priority of all companies and confers serious concern to expand the businessactivities. Companies go for Merger and Acquisitions (M&As) for achieving higher profit and expanding market share. Merger and Acquisitions (M&As) is the need of business enterprises for achieving the economies of scale, growth, diversification, synergy, financial planning, Globalization of economy, and monopolistic approach also creates interest amongst companies for Merger and Acquisitions (M&As) in order to increase the market power.

2. LITERATURE REVIEW:

In general, the literature on mergers predicts that an industry that is active in mergers will experience an increase in profitability. However, there is not a general agreement as to whether the participating firms in a merger enjoy higher profitability that the non-participating firms. Stigler (1950) suggested that the non-participating firms may benefit more than the merger participating firms, a point that Salant, Switzer and Reynolds (1983) showed in a simple Cournot model. The main reason that drives the result in the Salant, Switzer and Reynolds (1983) paper is that the new merged entity is indistinguishable from the merger non-participating firms. Deneckere and Davidson (1985), Perry and Porter (1985), and Farell and Shapiro (1990) suggest ways that the merged entity is bigger in one way or another from the non-participating firms, resulting in a reversal of the Stigler suggestion.

Several other papers have studied the stock market valuation effects of mergers. Their focus is on the effect of the merger on the joint returns of bidder and targets (Bradley, Desai and Kim, 1988; Jensen and Ruback, 1983; Schwert, 1996; Jarrell, Brickley and Netter, 1988). Results are mixed. Eckbo (1983), Mitchell and Mulherin (1996), and Moon and Walkling (2000) find that rivals of acquisition targets earn significant abnormal returns. The relationship between legal variables and corporate valuation has been analyzed in La Portaet. al. (2002) and Daines (2001).

La Porta et al. (2002) show that measures of shareholder protection -- legal origin of the country, and indexes of specific legal rules – are positively related to firm's Tobin's Q. Daines (2001) shows that the market assigns a higher value to the assets of firms incorporated in Delaware. Finally, ours has the same flavor as the paper by Andrade et al. (2001), which only considers U.S. acquisitions in its analysis of the reasons why companies merge. However, Andrade et al. (2001) focus on the distribution of wealth that is created in a merger only between the merger participants, and not on the effect of merger activity on corporate valuation at the country level. My paper also relates to the literature on cross-border and international mergers.

Gugler et al. (2000) analyze the effect of mergers on a sample of 14,000 mergers from more than one hundred countries. They find that 27% of all the acquisitions they consider result in both a loss of efficiency and an increase in market power for the merging firms. Harris and Ravens craft (1991) find that U.S. targets of foreign acquirers have significantly higher wealth gains than do targets of U.S. firms. Finally, Brady and Feinberg (2000) find that the enforcement of the European regulation has substantial price effects on the stocks of companies affected.

3.OBJECTIVES OF STUDY:

- To study the theoretical insight of merger and acquisition
- To take on board and thrash out the various stringent laws present in connection with merger and acquisition.

4.RESEARCH METHODOLOGY:

- **Data Sources:**

The data are collected from secondary sources and all the information is secondary in nature. Various websites, articles, newspaper and journals are used for collection of data.

- **Tools and Techniques:**

As the study is descriptive in nature and in relation to various laws, so no statistical tools are used for this study. Only chart and figures are used to depict information.

- **Study Period.**

My study covered last 30 years merger and acquisition volume of the world and last 15 years mergers and acquisition volumes of India.

- **Limitation of the Study**

1. Only secondary data are used for study

2. No questionnaire has been prepared for this study.

3.MERGERS AND AMALGAMATIONS:

Mergers and acquisitions are manifestations of an inorganic growth process. While mergers can be defined to mean unification of two players into a single entity, acquisitions are situations where one player buys out the other to combine the bought entity with itself. It may be in form of a purchase, where one business buys another or a management buyout, where the management buys the business from its owners.

Merger

When two or more companies decide to combine their business by forming a single company it is called merger. A merger can take place either as an amalgamation or absorption.

Amalgamation

This involves fusion of two or more companies where the companies lose their individual identity and a new company comes into existence to take-over the business of companies.

Types of Merger and Acquisition

- Types of M&A by functional roles in market

The M&A process itself is a multifaceted which depends upon the type of merging companies.

- A horizontal merger is usually between two companies in the same business sector. The example of horizontal merger would be if a health care system buys another health care system. This means that synergy can obtained through many forms including such as; increased market share, cost savings and exploring new market opportunities.

- A vertical merger represents the buying of supplier of a business. In the same example as above if a health care system buys the ambulance services from their service suppliers is an example of vertical buying. The vertical buying is aimed at reducing overhead cost of operations and economy of scale.

- Conglomerate M&A is the third form of M&A process which deals the merger between two irrelevant companies. The example of conglomerate M&A with relevance to above scenario would be if health care system buys a restaurant chain. The objective may be diversification of capital investment.

- **Arm's length mergers**

An arm's length merger is a merger: 1. approved by disinterested directors and 2. Approved by disinterested stockholders:

″The two elements are complementary and not substitutes. The first element is important because the directors have the capability to act as effective and active bargaining agents, which disaggregated stockholders do not. But, because bargaining agents are not always effective or faithful, the second element is critical, because it gives the minority stockholders the opportunity to reject their agents' work. Therefore, when a merger with a controlling stockholder was: 1) negotiated and approved by a special committee of independent directors; and 2) conditioned on an affirmative vote of a majority of the minority stockholders, the business judgment standard of review should presumptively apply, and any plaintiff ought to have to plead particularized facts that, if true, support an inference that, despite the facially fair process, the merger was tainted because of fiduciary wrongdoing.″

- ♦ **Strategic mergers**

A Strategic merger usually refers to long term strategic holding of target (Acquired) firm. This type of M&A process aims at creating synergies in the long run by increased market share, broad customer base, and corporate strength of business. A strategic acquirer may also be willing to pay a premium offer to target firm in the outlook of the synergy value created after M&A process.

- ♦ **Acqui-hire**

The term "acqui-hire" is used to refer to acquisitions where the acquiring company seeks to obtain the target company's talent, rather than their products (which are often discontinued as part of the acquisition so the team can focus on projects for their new employer). In recent years, these types of acquisitions have become common in the technology industry, where major web companies such as Facebook, Twitter, and Yahoo! have frequently used talent acquisitions to add expertise in particular areas to their workforces.

TOP TEN MERGER AND ACQUISITION IN INDIA

- Tata Steel's acquisition of European steel major Corus for $12.2 billion.
- Vodafone's purchase of 52% stake in Hutch Essar for about $10 billion.Essar group stillholds 32% in the Joint venture.
- Hindalco‘s(Aditya Birla group) acquisition of Novellis for $6 billion.
- Ranbaxy's acquisition by Japan's Daiichi for $4.5 billion.
- ONGC‘s acquisition of Russia based Imperial Energy for $2.8 billion.
- NTT DoCoMo-Tata Tele services deal for $2.7 billion.
- HDFC Bank‘s acquisition of Centurion Bank of Punjab for $2.4 billion.
- Tata Motors‘s acquisition of luxury car maker Jaguar Land Rover for $2.3 billion.
- Suzlon Energy's acquisition of Repower for $1.7 billion.
- Reliance Industries taking over Reliance Petroleum Limited (RPL) for 8,500 crore or $1.6 billion.

Why M & A

- Horizontal growth for enlarged markets & optimum utilization
- Vertical combination to economize cost and reduce tax burden

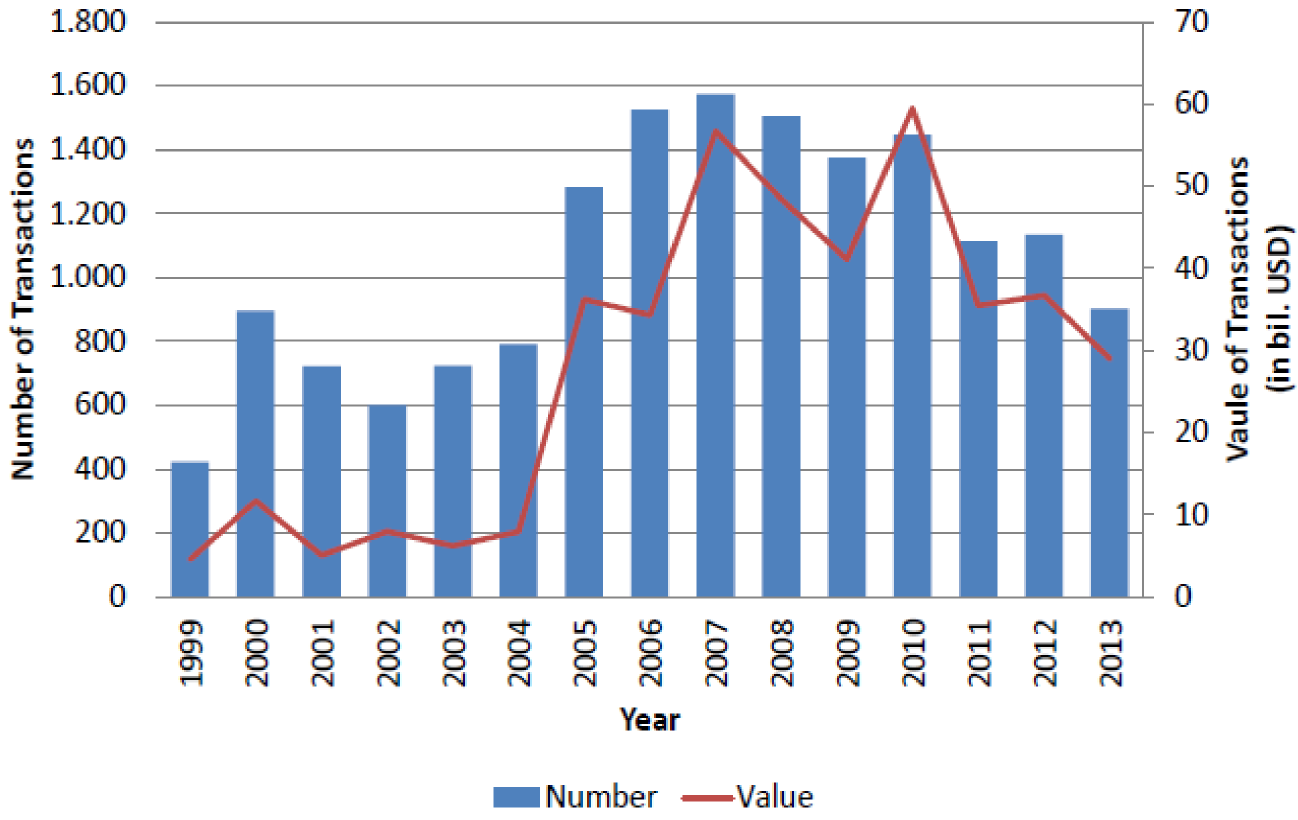
- Diversification of Business
- Combination of management, financial and human resources and synergies
- Improve dividend yield, earnings, book value of entities and cash flow of the entities.
- Attraction to foreign investors
- Financial Restructuring and
- Tax Planning

Indian enterprises were subject to a strict control regime before 1990s. This had led to the haphazard growth of Indian corporate enterprises during that period. The reforms initiated by the Government post 1991, have influenced the functioning and governance of Indian enterprises which has resulted in adoption of different growth and expansion strategies by the corporations. In that process, M&As have become a common phenomenon. M&As are not new in the Indian economy. In the past also, many companies have used this mechanism to grow and now Indian corporate enterprises are refocusing on the lines of core competence, market share, global competitiveness and consolidation. This process of refocusing has been further hastened by the arrival of foreign competitors.

Objective of Indian corporate for M&A

Objective Behind the M&A Transaction	Responses(in %)
To improve revenues and profitability	33
Faster growth in scale and quicker time to market	28
Acquisition of new technology or competence	22
To eliminate competition and increase market share	11
Tax shields and investment savings	03
Any other reason	03

Source: Grant Thomton(India), The M&A and Private Equity Scenario,



Source: Thomson Financial, Institute of Mergers, Acquisitions and Alliances (IMAA) analysis

4. MERGER & ACQUISITION LEGAL CONSIDERATIONS IN INDIA:

India is a popular destination for investors seeking acquisition targets. However, the legal framework governing inbound acquisitions in India can be complicated. Historically, India's economy was state planned and largely closed to outside investment. Although market reforms have made acquisition of Indian companies by foreign investors possible, there remains a myriad of laws, rules, regulations, and agencies that govern every merger and acquisition transaction in India. This memorandum provides an overview of mergers and acquisitions in India and highlights the key legal issues faced by foreign acquirers of Indian companies.

THE COMPANIES ACT, 1956

The Act lays down the legal procedures for mergers or acquisitions:-

- **Permission for merger: -** Two or more companies can amalgamate only when the amalgamation is permitted under their memorandum of association. Also, the acquiring company should have the permission in its object clause to carry on the business of the acquired company. In the absence of these provisions in the memorandum of association, it is necessary to seek the permission of the shareholders, board of directors and the Company Law Board before affecting the merger.
- **Information to the stock exchange: -** The acquiring and the acquired companies should inform the stock exchanges (where they are listed) about the merger.
- **Approval of board of directors: -** The board of directors of the individual companies should approve the draft proposal for amalgamation and authorize the managements of the companies to further pursue the proposal.
- **Application in the High Court: -** An application for approving the draft amalgamation proposal duly approved by the board of directors of the individual companies should be made to the High Court.
- **Shareholders' and creators' meetings: -** The individual companies should hold separate meetings of their shareholders and creditors for approving the amalgamation scheme. At least, 75 percent of shareholders and creditors in separate meeting, voting in person or by proxy, must accord their approval to the scheme.
- **Sanction by the High Court: -** After the approval of the shareholders and creditors, on the petitions of the companies, the High Court will pass an order, sanctioning the amalgamation scheme after it is satisfied that the scheme is fair and reasonable. The date of the court's hearing will be published in two newspapers, and also, the regional director of the Company Law Board will be intimated.
- **Filing of the Court order: -** After the Court order, its certified true copies will be filed with the Registrar of Companies.
- **Transfer of assets and liabilities: -** The assets and liabilities of the acquired company will be transferred to the acquiring company in accordance with the approved scheme, with effect from the specified date.
- **Payment by cash or securities: -** As per the proposal, the acquiring company will exchange shares and debentures and/or cash for the shares and debentures of the acquired company. These securities will be listed on the stock exchange.

INDUSTRIAL DEVELOPMENT AND REGULATION ACT, 1951

- High court can order appointment of anyone to take over the management of the entity for running or restarting.
- License of the amalgamating company shall automatically be transferred to amalgamated company.

SICK INDUSTRIAL (SPECIAL PROVISIONS) ACT, 1985

- Not applicable to non-industrial company and small scale or ancillary undertaking.
- Section 18 empowers BIFR to sanction the merger of a sick company with another company & vice versa considering the employee's views.

SECURITY EXCHANGE BOARD OF INDIA (SEBI), 1992

Regulation 3 of SEBI regulations provides for the non-applicability of takeover provisions to Amalgamations effected u/s 391 to 394 of companies act and Sick Industrial units u/s 18.

INCOME TAX ACT, 1961

Various section of the Income tax act 1961 effect a merger or acquisition. The application of sections varies from transactions to transactions.

- Transferor Company can claim **Capital gains exemption** u/s 47(vi)
- WDV of **depreciable assets** of Transferor Company as on the appointed day to be added to the respective block of Transferor Company. Other Assets can be taken at actual cost – Expl (2) to Section 43(6)(C).
- Depreciation claim to be split up between both companies. as per number of days
- Only accumulated business loss & unabsorbed depreciation can be transferred.
- Tax benefits u/s 10A, 10B, 80IA, 80IB shall be available continuously.
- Amalgamation expenses can be claimed as deduction equally over 5 years' period.
- No transfer for shareholders of transferor Company, hence no tax liability. Period for which shares are held in Transferor Company, to be considered for indexation.

ACCOUNTING STANDARD-14

Accounting Aspect of Merger and acquisition is dealt by Accounting Standard 14; issued by The Institute of Chartered Accountants of India (ICAI).

- Applicable for Amalgamation as defined in Companies Act, 1956. Not applicable for other ways of reconstruction and takeover.
- AS 14 is to be followed only for accounting in the books of transferee Co. For transferor Co. it has to be as per common principles.
- Consideration includes shares, securities, cash and other assets by means of which obligations are discharged.

Amalgamation in nature of merger: Pooling of Interest

- All Assets and liabilities of transferor taken over by transferee Co.
- Consideration paid in equity shares except for fractional shares
- Business of transferor co. to be carried on by transferee Co.
- Shareholders of at least 90% or more in the transferor Co. to become shareholders in transferee co.
- The Assets and Liabilities to be taken over at book values without making any adjustments by way of revaluation or otherwise.

Amalgamation in nature of purchase: Purchase method

- If any of the conditions regarding amalgamation in nature of merger is not satisfied then it is considered amalgamation in nature of purchase: Purchase method

THE COMPETITION ACT, 2002

The Act regulates the various forms of **business combinations** through**Competition Commission of India**(CCI). Under the Act, no person or enterprise shall enter into a combination, in the form of an acquisition, merger or amalgamation, which causes or is likely to cause an appreciable adverse effect on competition in the relevant market and such a combination shall be void. Enterprises intending to enter into a combination may give notice to the Commission, but this notification is voluntary. But, all combinations do not call for scrutiny unless the resulting combination exceeds the threshold limits in terms of assets or turnover as specified by the Competition Commission of India. The Commission while regulating a 'combination' shall consider the following factors:-

Actual and potential competition through imports;

- Extent of entry barriers into the market;
- Level of combination in the market;
- Degree of countervailing power in the market;
- Possibility of the combination to significantly and substantially increase prices or profits;
    - Extent of effective competition likely to sustain in a market;
- Availability of substitutes before and after the combination;
- Market share of the parties to the combination individually and as a combination;
- Possibility of the combination to remove the vigorous and effective competitor or competition in the market;
- Nature and extent of vertical integration in the market;
- Nature and extent of innovation;
- Whether the benefits of the combinations outweigh the adverse impact of the combination.

Thus, the Competition Act does not seek to eliminate combinations and only aims to eliminate their harmful effects.

COMPANIES ACT, 2013 ("2013 ACT")

Company law in India is undergoing a complete overhaul and a new law was finally passed in 2013. However, only 98 sections of the new Companies Act, 2013 ("**2013 Act**") have been brought into force and the provisions relating to mergers covered in Sections 230 to 240 are yet to be notified. Until then, this court driven process will continue to be governed by Section

391-396A of the Companies Act, 1956 and the Companies (Court) Rules, 1959 (collectively referred to as "**1956 Act**").

Chapter XV of the 2013 Act deals with *"Compromises, Arrangements and Amalgamations."* In this chapter, the Act consolidates the applicable provisions and related issues of compromises, arrangements and amalgamations; however, other provisions are also attracted at different stages of the process. Amalgamation means an amalgamation pursuant to the provisions of the Act. In an amalgamation the undertaking comprising of property, assets and liabilities, of one (or more) company are absorbed by and transferred either to an existing company or a new company. Simply put, the transferor integrates with the transferee and the former loses its entity and dissolves without winding-up. The 2013 Act creates a new regulator, the National Law Company Tribunal ("**Tribunal**") who, upon its constitution, will assume jurisdiction (the High Courts will no longer have any jurisdiction) of the court for sanctioning mergers. Once the Tribunal is constituted, expected to be formed sometime this year, and related rules finalized, the provisions under the 2013 Act would be implemented.

The penalties for contravention of the provisions under the 1956 Act were a maximum of INR 50,000 (*approximately US$ 806*[17]) which applies to the company as well as officer-in-default. However under the 2013 Act, separate penalties have been levied on the company and its defaulting officer. To bring in more accountability, quantum for companies has been increased from the aforesaid sum to a minimum of INR 100,000 (*approximately US$ 1,612*) and maximum of INR 2,500,000 (*approximately US$ 40,322*). Defaulting officer(s) will also be punishable with imprisonment up to one year or with a minimum fine of INR 100,000 (*approximately US$ 1,612*) and maximum INR 300,000 (*approximately US$ 4,838*) or both.[18]Such stringent penal provisions will not apply to mergers of small companies and that of a holding company with its wholly-owned subsidiaries unless their merger is transferred to the Tribunal and approved by it.

5.CONCLUSION:

The study determines whether the regulatory policies of home country play a part in determining the success of mergers. Corporations venture into new countries to acquire local companies and establish a base to expand operations. They examine opportunities on the basis of policies, the strong and supportive political environment; economic growth, per capita disposable income, market size, share projections, competition, and brand equity among others. There have been many business friendly policies that have encouraged business in India including financial changes, taxation policies, greater compliance, and stress on business ethics. The liberalization policy has also attracted FDI as well as impacted M&A deals and valuations. Impact of taxation levels such as VAT is also a factor as rates differ between India.

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Knowledge Management: A Key to Quality Assurance in Higher Education

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1.INTRODUCTION

Higher Education is no doubt a powerful device in social reformations. Researchers have also proved that education is a high yielding investment in Human Resource development. HRD on a country like ours with its large population, human resource development should be assigned a key role in the development of strategic education, especially higher education plays an important role on this direction.

The quest for quality has been a common phenomenon of the entire history of civilization. It has become the driving force behind all human endeavours. The United Nation Development Programme (UNDP-2001) reported the qualitative development of human resources is very basic to all other developments. The most basic facilities available for capabilities for the human development are to lead healthy and long lives, to be knowledgeable, to have access to resources needed for a decent standard of living and to be able to participate in the live of the community.

The people throughout the world today are at the threshold of twenty-first century, which is marked by exponential acceleration of science and technology leading to actualisation and globalisation in all sectors of human living. The revolution of information and communication technology is putting new demands of new knowledge and skills. The humankind's repertoire of knowledge in all areas of study is undergoing rapid change through addition of new knowledge and modification of obsolescence of existing knowledge. In view of this, developing a band of learning individuals, armed with strong conceptual foundations and intuitive insight and capable of successfully meeting the new challenges and demands.

2.PRESENT SCENARIO :

It is observed that during the last quarter of the 20th century there is braking down of national frontiers in the areas of knowledge, communications, capital and technology. It brought an end for a separate segregated compartmentalised world and paved the way for connectivity for global economy.

In the globalisation economy, it advocates a speedy knowledge-based economy. In this process information is exchanged freely and quickly across the enterprises, institutions, industries and countries. In this knowledge driven society knowledge is not concentrated rather spread over. To gain knowledge, create knowledge and apply knowledge one should know knowledge (learning to learn) and skills (know how) and what type of knowledge is required to change the growth rate, quality of life and quality of environment around us. In order to gain the maximum advantage of knowledge the following four aspects are essentials.

3.ASPECTS OF KNOWLEDGE :

1. Knowledge
2. Knowledge economy
3. Knowledge worker
4. Knowledge management

Knowledge Economy, in which generation and exploitation of knowledge play the predominant role on the creation of wealth. India a growing country with large number of working age population should go for a radical change in upgrading its largest educational infrastructure.

Need of the time – Human society is undergoing through transition. Rapid changes are being taken place on the mindset of the people, in the field of natural and physical science also. Hence different branches of knowledge need rethinking, integrating and networking with changed dimensions. Teachers of higher education should be the learners of today and tomorrow with the changing situation of now technologies for its use and application in creating and applying knowledge and information.

Issue of Higher Education – India having the one largest educational infrastructure provides higher education to 11% for the age group. Quality assurance on higher education is very difficult to give a exhaustive definition. Quality means different things to different observers and interest groups, not all share the same perception of priorities for change. It generally signifies the degree of excellency and the totality of features and nature of the product, process and service from the educational point of view, quality is seen as a complex issue as education concerned with human being. The World Bank has also tried to define quality on their report “priorities and strategies for education (1995), the World Bank discussed the education policy issues and made the following observation concerning quality. There are two aspects of quality. The quality of the system as a whole and the quality of what the system offers to the learners or the students. Dakar FFA (Frame work for action) underlines that “quality is the heart of education and what takes place in class rooms and other learning environments is fundamentally important to the future well-being of children, young people and adults. Quality is one that satisfies basic learning needs and enriches the leaves of learners and their overall experience of living. Quality is performance in life that after the students leave the institution”.

Quality Improvement - Multipronged approach-covering enhancement of

I. Access and equality
II. College/Universities infrastructure
III. Teacher efficiency
IV. Suitable curriculum
V. Quality research
VI. Performance evaluation
VII. No political interferance

4.PROBLEMS AND SUGGESTIONS

1. Political Interferance – The political parties and leaders do not spend their attention towards solving political difficulties rather sometimes they are interfering in the normal administration of an educational institution.
2. Lack of finance – The required resources also plays an important role for smooth running of colleges and universities. The state government’s financial support to higher education sector is not sufficient for which University Grants Commission should provide adequate provision.
3. Research – The main objectives of higher education are research and teaching without research higher education is meaning less. Quality research is necessary at college and university level to achieve quality education.

4. Administrative difficulties – There are some administrative difficulties to achieve quality education like casual attitude towards higher education among responsible administration. Lack of co-ordination and non-payment of equally salary to equal work. So these types of problems should be solved at administrative level.
5. Defective curriculum and examination system – The aim of our education has became only to pass examination. It is the duty of the state government to provide suitable curriculum to their children at higher level. Performance evaluation should be made time to time to ensure quality in higher education.
6. Establishment of new educational infrastructure – The establishment new colleges and universities is necessary where the people living without any higher education in their locality. The government should take possible steps to establish new colleges and universities.

5.CONCLUSION

The paper is intending to explore the quality higher education a prospective issue through knowledge management in 21st century. Let us think and explore new dimension of higher education for a radical transformation of our subject matter of studies for transforming our youth with new knowledge and skills not for knowing but for applying and creating research in educational planning, management and training should be given special attention in our endeavour to improve quality education and achievements there to. To conclude the dream of quality education can come in to reality only when there is the transformation of knowledge to youth mass through quality inputs and quality education at higher education level be practised.

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Uses of ICT for Livestock Productivity and Health – *Nandini*, a case study

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India heads the list of livestock population in the world, but per animal productivity is amongst the lowest (http://dahd.nic.in). Low productivity is largely due to poor genetic make up of the livestock and traditional management including feeding practices followed by the farmers. The situation in some states including Odisha is very similar, attributing to inter-state variability in production and productivity.

It is worth mentioning that the burgeoning middle class society coupled with rise in income and increasing urbanization would be the key driver of change, in quality of food habits amongst the populace. The paradigm shift has been from cereal based protein to animal based protein that would trigger future livestock development in Odisha (Perspective Plan in ARD 2010-20). In contrast to demand, on the supply front the livestock rearing continues to operate predominantly under small holder production system. There are several inherent issues in public sector Animal Husbandry (AH) service delivery systems, which constrained the growth in productivity. The key constraining factors are;

(a) Institutional constraints:

i. One Veterinary Dispensary per 19,300 adult livestock

(Perspective Plan in ARD Sector 2010-20)

ii. Animals to be presented before Veterinarian for services

iii. Service delivery points often too far (one catering to 8-10 km)

iv. Farmer waits for the symptoms in animal seeking services

v. More priority given to treatment of animals than developmental AH services by the Directorate.

(b) Poor implementation of breeding policy:

i. No animal record for progeny testing and field performance

ii. No monitoring and performance analysis.

iii. Minimum usage of technological innovations.

***(c) Poor access to services and markets**:*

i. The livestock farmers do face the market challenge at individual level for services, inputs and outputs as well.

ii. Technological innovations like ICT application had bypassed Animal Husbandry sector.

The production and productivity in livestock mainly depend upon effective feeding, breeding and management practices of farmers along with overall health status of animals. During last few decades, efforts have been made to aware the farmers on productivity enhancement parameters. However, the preliminary survey result revealed that age at sexual maturity, peak yield and drying off of individual crossbred animals are neither recorded by the farmers nor by the department functionaries, as there is no scope for the same. Other parameters such as detection of repeat breeders, health coverage in livestock population and achievements with respect to AI, pregnancy diagnosis and birth of new born calves are recorded for report preparation by the extension functionaries. However, no scientific analysis and/or follow-up of critical cases are made by the service provider. On the contrary, these above parameters are the back bone for improvement in productivity of animals and thereby increased net income of the livestock keepers.

1. CONCEPT, VISION AND PLANNING OF PROJECT NANDINI:

The premise that shaped conceptualization of project 'Nandini' was that timely availability of field level information at the service provider level would ensure quality improvement in AH service delivery. In order to do so, the project envisaged to harness the advancement in Information & Communication Technology (ICT) for the benefit of dairy farmers. After assessing the results in field survey on above facts, a team of IT and veterinary professionals was constituted and the possible remedial measures were discussed. It was concluded that

i. If the services triggered to the intervention points can be made possible, then only the productivity would be enhanced even without changing other parameters such as feed and management. The ICT would only help for alarming the service provider to render service at right / optimum point of life cycle.

ii. Second important factor is the information on livestock production system. The actual or reliable data in this regard is necessary for effective planning towards improvement. There is no system till today for recording actual individual performance relevant to the economic importance of animal, which would further be used for generation of dependable data. Thus, development of strategy would be accurate and easier to trigger for enhanced livestock productivity.

So the project 'Nandini' was made on pilot basis with following objectives

i. Enhance productivity (reduce inter-calving period) and health status of crossbred cows through ICT

ii. Creation of real data for better monitoring and evaluation

2. MATERIALS AND METHODS

As no such steps were taken beforehand to render systematic services in livestock sector, UNDP sponsored the pilot project through the Department of Information Technology, Govt. of India. The entire work is executed by OeSL with active involvement of Animal Husbandry and Veterinary Services Department, Govt. of Orissa.

Two blocks viz. Jagatsingpur and Balikuda of Jagatsingpur district were selected for pilot implementation. The farmers at village level were appraised on the outcome of the project with their cooperation. GP level service providers (LIs, Gomitras, Milk cooperative personnel) and farmer leaders were trained on technical programme of the project. Emphasis was given on recording of first/real time data of individual animal. 60 enumerators were trained and were engaged in recording of individual data at village level, which was supervised by GP level officers. The whole training programme and data recording was monitored by the domain expert. Data recording process was not going smooth as the past experience of farmers with such data recording was little bitter without any output. Real information of the animal was the key to make the technical programme successful. However, it was well managed with the interventions and meetings of all stakeholders, particularly the Secretary, IT and Director, AH&VS. Total of 18000 crossbred cows belonging to 15000 farm families were enrolled with unique ID numbers having real stage information.

The software to obtain exclusive reports was developed in consultation with domain experts and IT professionals taking available literatures on average performance of CB cattle of Orissa into consideration.

The data thus collected was run in the software to generate unique ID number for individual cows and to-do list for each block, GP, village, farmer and animal. All veterinary dispensaries including Chief District Veterinary Office were computerised with internet connectivity. The to-do list was posted at respective service providers viz. VAS and LI. Besides, SMS alerts were also sent to respective farmers/service recipients. Services like Post partum oestrus, in time artificial insemination (AI), Repeat AI, Pregnancy Diagnosis, Peak yield, vaccination, de-worming, nutritional treatment measures and health coverage are alarmed through ICT intervention at both ends.

Information on the services rendered within 15 days were recorded in the system to generate the to-do list for next fortnight. Thus various report generation out of the software helps to assess and monitor the reproductive lifecycle of crossbred cows under the project.

3. RESULTS

The very vital points contributing to productivity were found to be age at sexual maturity, service period and calving interval, besides peak yield. Other parameters like pregnancy diagnosis, AI, drying off, parturition, spotting of repeat breeders, health coverage and preventive measures like vaccination and deworming were found to contribute in a passive manner. Implementation of the technical programme of the project revealed that, the average age at sexual maturity was found to be 622 days, which was not traced earlier. Only 20% of heifers attained puberty within 570 days, which is at par with the optimum performance of CB heifers else where. Similarly average peak yield was obtained at 102 days against no earlier record. The coverage of AI was recorded as 40-50% in project area, which was enhanced to 80% through interventions of ICT. Sporadic information on pregnancy diagnosis, drying off, parturition, repeat breeders and health coverage programmes were available with limited animals only, which have been fully tracked and enhanced (Table 1) with interference of the project.

4. DISCUSSION

Experience in implementation of project ‘NANDINI’ in a pilot basis highlights that,

i. The performance of individual animal at threshold level is neither known to farmer nor to the service provider due to lack of records.
ii. The skill and knowledge of service providers and knowledge of farmers on different important parameters are satisfactory, but in-time services are lacking.
iii. The interventions through alarming both ends helped the animal to seek required service at right point, which was delayed earlier.
iv. The vital information used till today towards developing strategy were mostly cooked ones, which are real now.

5. CONCLUSION

Use of ICT towards addressing the vital points in life cycle of cows is challenging and encouraging. A lot of interventions through development of management, use of improved technology and supplementation of inputs have been tried earlier which could not enhance productivity at desired level. Implementation of NANDINI through use of ICT may help the animal to receive desired service at right time, resulting in optimal performance in the life span of the animal. The long term outcome may be attributed to detect the elite animals at large and genetically outstanding males to achieve the objective of breeding policy of the region/state.

Table 1. Performance of crossbred cows in pre and post-project period

Parameters	Need/Optimum performance	Pre-project performance	Post-project performance
Age at sexual maturity	18 months	No scope	Full tracked 622 days N = 324
Artificial Insemination	100%	40-50%	80%
Peak yield	55-70 days	Not tracked	Full tracked 102 days N = 840
Pregnancy diagnosis	60-90 days/ 100%	20%	60%
Drying off	300 days/ 100%	Sporadic	100%
Parturition	Attend/record	30%	100%
Repeat breeders	100%	20%	90%

Deworming/Vaccination	100%	70-80%	100%
Health coverage	100%	40-50%	80%

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