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National Seminar on

CONTEMPORARY MACRO ECONOMIC ENVIRONMENTAL ISSUES

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RANI ANNA GOVERNMENT COLLEGE FOR WOMEN

TIRUNELVELI – 627 008, TAMIL NADU, INDIA

PREFACE

Rani Anna Government College for Women was started in the year 1970 by the Government of Tamilnadu. The college is affiliated to Manonmaniam Sundaranar University which provides education to socially downtrodden and economically deprived section of the society.

The college is situated at the outskirts of Tirunelveli on the Tenkasi road nearby Manonmaniam Sundaranar University with 40 acres of land. The college has 14 UG Departments, 12 P.G Departments with 4 M.Phil courses and 11 Research Departments. Seven UG Departments impart higher education through Tamil medium too. The college works on shift system.

The college is reaccredited with "A" grade by NAAC. The motto of our college is "Let the darkness of our mind depart and the rays of wisdom linger". The vision of our college is to impart education to students of economically backward, rural areas and weaker section. The college aims at improving the lives of rural girls and makes them women graduates as agents for social change.

The Department of Economics was started during the academic year 2013-2014 with under graduate courses both in Tamil and English medium. The P.G Department was started in the year 2015. There are nine members in the faculty of Economics with Ph.D. degree. There are 360 students at UG level and 50 students at PG level. We are imparting quality education to students.

This national level seminar aims at congregating experts, scholars and students to discuss about contemporary macroeconomic environmental issues. This seminar will give a lot of insight for the attendees in terms of understanding macroeconomic environmental issues and its application on Indian trade that are involved in Crypto Currency, Financial Resolution and Deposit Insurance, Goods and Services Tax, Demonetization and other recent issues. .

This journal is a good collection of research articles from all over the country. So far 110 papers related to the theme of the seminar are received from experts, professors, scholars and students of various colleges and universities.

We are much grateful to our respected Principal, HOD and beloved staff and students of our department for encouraging us to organize a seminar in the National Level.

Editors

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GOODS AND SERVICE TAX

Dr.E.Thangadurai
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GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

GST in India

In India, the idea of adopting GST was first suggested by the AtalBihari Vajpayee Government in 2000. The State finance ministers formed in Empowered Committee (EC) to create a structure for GST, based on their experience in designing State VAT. Representatives from the Centre and states were requested to examine various aspects of the GST proposal and create reports on the thresholds, exemptions, taxation of inter –state supplies, and taxation of services. The committee was headed by Asim Dasgupta, the finance minister of West Bengal. Dasgupta chaired the committee till 2011.

A task force that was headed by Vijay L. Kelkar the advisor to the finance ministry, indicated that the existing tax structure many issues that would be ministry, indicated that the existing tax structure had many issues that would be mitigated by the GST system, in 2004.

The finance minister, P.Chidambaram, said that the medium to long term global of the government was to implement a uniform GST structure across the country, covering the whole production-distribution chain. This was discussed in the budget session for the financial year 2005-2006.

The finance minister set 1 April 2010 as the GST introduction date. Parthasarathy Shome, the advisor to P.Chidambaram, mentioned the states will have to prepare and make reforms for the upcoming GST regime. The 1 April 2010 deadline for GST implementation was retained in the union budget for 2007-2008.

At the union budget session for 2008-09, the finance minister confirmed that considerable progress was being made in the preparation of the roadmap for GST. The targeted timeline for the implementation was confirmed to be 1 April 2010. Pranab Mukherjee, the new finance minister of India, announced the basic skeleton of the GST system. The 1 April 2010 deadline was being followed then as well.

The EC that was headed by Asim Dasgupta put forth the First Discussion Paper (FDP), describing the proposed GST regime. The paper was expected to start a debate that would generate further inputs from stakeholders.

The government introduced the mission –mode project that laid the foundation for GST. This project, with a budgetary outlay of Rs.1,133crore, computerized commercial taxes in states. Following this, the implementation of GST was pushed by one year.

The government led by the Congress party puts forth the constitution (115th Amendment) Bill for the introduction of GST. Following protest by the opposition party, the Bill was sent to standing committee for a detailed examination.

The standing committee starts discussion on the Bill. Opposition parties raise concerns over the 279B clause that offers additional powers to the Centre over the GST dispute authority in 2012.

P. Chidambaram and the finance ministers of states hold meeting and set the deadline for resolution of issues as 31 December 2012.

The finance minister during the budget session, announces that the government will provide Rs.9,000crore as compensation to states. He also appeals to the state finance ministers to work in association with the government for the implementation of the indirect tax reform in 2013.

India's new finance minister, Arun Jaitley, submits the Constitution (122nd Amendment) Bill, 2014 in the parliament. The opposition demanded that the Bill be sent for discussion to the standing committee.

Jaitley, in his budget speech, indicated that the government is looking to implement the GST system by 1 April 2016.

The Lok Sabha passes the Constitution Amendment Bill. Jaitley also announced that petroleum would be kept out of the ambit of GST for the time being.

The Bill is not passed in the RajyoSabha. Jaitley mentions that the disruption had no specific cause.

Jaitley says that he is in agreement with the Congress's demand for the GST rate not to be set above 18%. But he is not inclined to fix the rate at 18% In the future if the Government, in an unforeseen emergency, is required to raise the tax rate, it would have to take the permission of the parliament. So, a fixed rate of tax is ruled out.

The Ministry of Finance releases the draft model law on GST to the public, expecting suggesting and views. The Congress-led opposition finally agrees to the Government's proposal on the four broad amendments to the Bill. The Bill was passed in the RajyaSabha. The Honourable President of India gives his consent for the Constitution Amendment Bill to become an Act.

Four Bills related to GST become Act, following approval in the parliament and the President's assent.

- Central GST Bill
- Integrated GST Bill
- Union Territory GST Bill
- GST (Compensation to States) Bill

The GST Council also finalized on the GST rates and GST rules. The Government declares that the GST Bill will be applicable from 1 July 2017.

Tax Structure before GST

- Before the implementation of GST, taxation laws between the Centre and states were clearely demarcated. There were no overlaps between the fiscal powers, whatsoever. The Centre would levy tax on goods manufacture, except alcohol for consumption, narcotics, opium, etc.
- The States had the power to charge tax on the sale of goods.
- The Centre would levy the Central Sales Tax that was collected by the originating states.
- The Centre was also levying service tax on all types of services.
- Additionally, the Centre was charging and collecting additional duties of customs on goods that were imported into or exported from India. This tax was levied in addition to the Basic Customs Duty. This additional duty of customs is referred to as Countervailing Duty (CVD) and Special Additional Duty (SAD) and it counter balances excise duties, state VAT, sales tax, and other such taxes.

The introduction of the GST regime made amendments to the Constitution so that the Centre and states are empowered at the same time to levy and collect GST. This concurrent jurisdiction of the states and Centre also requires an institutional mechanism that ensures joint decisions are taken about the structure and operation of GST.

Benefits of GST

For business and industry

A robust and comprehensive e IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments etc would be available to the tax payers online, which would make compliance easy an transparent.

GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainly and ease of doing business. In the words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and producers across the country will also go a long way reducing the compliance cost.

For Central and State Governments

Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

GST will result in better tax compliance due to a roust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.

GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

Tetley, the finance Minister introduced the GST taxes to the people on the rates of proportional. But commodities prices raises, people totally against the GST. So the Govt. immediately formed the GST. Council. The Council decided to reduce the GST taxes ie,

178 goods 28% to 18%
13 goods 18% 12%
8 goods 12% to 5%
6 goods 18% to 5%
and 6 goods 5% to 0%

Luxury goods rate now 28% GST.

Silent feature of proposed GST Model

- Consistent with the federal structural of the country-CGST and SGST.
- CGST and SGST would be applicable to all transactions of Goods and Services except the exempted Goods and Services.
- CGST and SGST are to be paid to the account of center as well as state government separately.
- CGST and SGST are to be treated separately, normally taxes paid against the CGST shall allow to be taken as Input Tax Credit for CGST and same principal will be applicable for SGST.
- The administration of the CGST would be center and SGST with sate.
- Assessment, enforcement, scrutiny and adult would be undertaken by the authority witch is collecting and Tax.
- The different rates of taxes on goods and services are tabulated below.

Rate of GST vs. other Taxes

S.No.	Particulars	Goods	Service
1	Excise Duty	12.500% / 6%/12%	-
2	VAT12.50%/ 13.50%/14%	-	
3	CST (against Form C)	2%	-
4	Local Body Tax	40.100% to 8%	
5	Service Tax	-	14%

Conclusion

GST and its future aspects in Indian economy showing a signal of rapid growth of Indian economy. Goods and Service tax is a key for our GDP, this should be send a strong signal to the investors (Internal & External) that India's economy can overcome serous global issues and challenges. GST would help country to make 'One India rather than divide India' India is proposing to implement "dual GST". All transaction of goods and service made for the consideration would attract two levies-CGST (Central Good and Service Tax) and SGST (State goods and service Tax) Country's economic growth forecast, Indian economy is expected to register a growth of 7.5 percent to 8 percent in 2016-17 and nine per cent in 2018-19 and it will be depend upon the all economy factors. In an overview help to understand GST will or doing work in India and benefit for Indian economy as well as consumers and how much relief to the customer on tax burden point of view.

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DIGITALIZATION IN COMMERCIAL BANKS IS THE NEED OF THE HOUR - A STUDY WITH SPECIAL REFERENCE TO TIRUCHENDUR AREA

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Abstract

India is the fastest growing economy in the world. The Indian economy is the Seventh largest economy in the world measured by GDP and third largest by Purchasing Power Parity (PPP) after US and China. According to a Goldman Sachs report released in September 2015, India could grow at a potential 8 per cent on average during from fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanization and other structural reforms. Banking Industry is the most important contributor for the health of any economy is also strives to create delight customers through differentiated services with the help of technologies. Digitalization is the method of using technologies to transform the existing banking operations and helps new banks through their innovative, creative work processes, procedures, practices to take advantages of the opportunities inherent in the digital economy and in the digital era.

Digitalization is forcing banks to undergo the most extensive transformation in their history, says Holger Spielberg. In banking industry, digital is the new way to delight customers and to create new customers. With the help of digital banking, the banking industry can bring numerous innovations in their sector to retain their loyal customers. Digitalization is not an option for banking industry. It is inevitable because every industry is being digitized and banking sector is no exception. Hence an attempt is made to findout the role of digitalization in Commercial Banks on the title "Digitalization in Commercial Banks is the Need of the Hour - A Study with Special Reference to Tiruchendur Area is chosen.

Introduction

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Statement of the Problem

Digitalization is forcing banks to undergo the most extensive transformation in their history, says Holger Spielberg.In banking industry, digital is the new way to delight customers and to create new customers. With the help of digital banking, the banking industry can bring numerous innovations in their sector to retain their loyal customers. Digitalization is not an option for banking industry. It is inevitable because every industry is being digitized and banking sector is no exception. Hence an attempt is made to findout the role of digitalization in Commercial Banks on the title "Digitalization in Commercial Banks is the Need of the Hour - A Study with Special Reference to Tiruchendur Area is chosen.

Objectives of the Study

1. To know the demographic profile of sample respondents.
2. To know the reasons for digitalizing the banking transactions.
3. To examine the benefits of digitalizing the banking services.
4. To find out the obstaeles in the process of digitalization in the commercial banks
5. To offer suggestions based on the present study.

Methodology

Both Primary and Secondary data were used to collect the information regarding digitalization in Commercial Banks. Primary data were collected through Questionnaire. In Tiruchendur, four Public Sector Banks State Bank of India, Indian Overseas Bank, Indian Bank and Canara Bank are providing services to people who are residing and two Private Sector Banks - Tamilnad Mercantile Bank and Karur Vysha Bank are providing services to the people who are residing. From each bank, 20 customers were selected at random by adopting Convenient Sampling Method to collect the data to analyse the role of digitalization in Commercial Banks. Hence the Sample Size is 120.

Analysis and Interpretation of Data

The Collected data are analyzed in four parts. To analyze the collected data Percentages and Garrett Ranking Technique was used.

Table 1 Demographic Profile of Sample Respondents

S.No	Demographic Profile	Factors	No. of Respondents	Percentage
1	Gender	Male	46	38
		Female	74	62
2	Age	Below 25 Years	28	23
		25-35 Years	42	35
		Above 35 Years	50	42
3	Marital Status	Married	116	97
		Unmarried	4	3
4	Income Per Month	Below Rs.20000	18	15
		Rs.20000 - Rs.30000	24	20
		Above Rs.30000	78	65
5	Educational Qualification	School level	23	19
		Graduation	50	42
		Professional	42	35
		Others	5	4

Reasons for Digitalizing the Commercial Banks

There are many reasons for Commercial banks to get digitalized. Garrett Ranking Technique is applied to find out the main reason for digitalizing the Commercial Banks. It is presented in Table 2

Table 2 Reason for Digitalization

S.No	Factors	I	II	III	IV	V	VI	VII	Mean Score	Rank
1	To improve the efficiency of business processes and quality world wide	52	12	28	12	6	10	0	64	I
2	To improve and integrate conventional digitalized records worldwide	16	32	18	22	16	6	10	49.05	IV
3	To increase customer service anywhere in the world	8	48	20	28	8	4	4	59.05	II
4	To reduce costs	12	8	34	42	6	10	8	52.67	III
5	To improve plan for business continuity	16	12	4	4	44	32	8	47.17	V
6	To avoid duplication by automation	10	6	8	8	32	42	14	43.28	VI
7	Non - discriminatory	0	2	8	2	8	16	84	28.73	VII

It is clear from Table 2 that " To improve the efficiency of business, processes and quality worldwide" was the major reason for adopting digitalization in Commercial banks since it got the highest score 64.

Benefits of Digitalization in Commercial Banks

Bank digitalization is considered good since it offers so many benefits. To find out the main benefit of digitalizing the commercial banks, mean score is applied. It is presented in Table 3.

Table 3 Benefits of Digitalisation in Banking Industry

S.No	Benefits	I	II	III	IV	V	VI	VII	VIII	IX	Total	$\frac{\sum fx}{N}$	Rank
	Rank	9	8	7	6	5	4	3	2	1			
1	Countless Innovations	18	14	24	20	10	12	8	8	6	120	5.88	III
		162	112	168	120	50	48	24	16	6	706		
2	Simplify the banking process	28	16	16	20	10	10	6	6	8	120	6.17	II
		252	128	112	120	50	40	18	12	8	740		
3	Increased access of the users	4	10	14	8	8	4	2	70	-	120	3.87	VII
		36	80	98	48	40	16	6	140	-	464		
4	Focus on customer	4	22	12	2	44	22	4	64	4	120	5.36	V
		36	176	84	12	220	88	12	12	4	644		
5	Reduces human error and prevents fraud	2	8	8	6	6	2	20	4	64	120	2.87	IX
		18	64	56	36	30	8	60	8	64	344		
6	No data redundancy	4	4	0	10	10	22	46	10	14	120	3.65	VIII
		36	32	0	60	50	88	138	20	14	438		
7	Builds customer loyalty	2	0	4	20	22	32	26	10	4	120	4.22	VI
		18	0	28	120	110	128	78	20	4	506		
8	Backing for cashless economy	36	36	24	10	2	6	6	0	0	120	7.43	I
		324	288	168	60	10	24	18	0	0	892		
9	Saves time	22	10	22	24	8	6	2	6	20	120	5.65	IV
		198	80	154	144	40	24	6	12	20	678		

From Table 3, it was depicted that the major benefit of digitalizing the commercial banks was "Backing for cashless economy" since it got the highest score 7.43.

Obstacles in the Process of Digitalizing the Commercial Banks

Many initiatives have started by banking industry to digitalizing but their reach is narrowed or hampered by various obstacles. It is presented in Table 4.

Table 4 Obstacles in the Process of Digitalizing the Commercial Banks

S.No	Obstacles	No. of Respondents	%
1	Registance to change People	26	22
2	Building Trust for change is difficult	36	30
3	Lack of Knowledge about its benefits	46	38
4	Intrastructure requirements	4	3
5	Cyber attacks	8	7
	Total	**120**	**100**

From Table 4, it was depicted that major number of respondents (46)) perceived that they had "Lack of knowledge about the benefits of digitalizing the Commercial banks".

Recommendations

1. Based on the findings, the following recommendations are made.
2. The steps taken by the Commercial banks with regard to digitalization can only be successful if customers get involved in the transformation. So the government and the management of private banks also should arrange an awareness programme often in order to impart knowledge about digitalization.
3. Banking organization must be very careful while dealing cyber threats. The Commercial Banks should be prepared to handle cyber attacks at the time of digitalization.
4. The absence of personal touch in transactions leads to mechanization of efforts and dealings. Hence the banking industry should come up with better products and services both interms of requirement fulfillment and personalization from the perspective of customers.

Conclusion

With the increasing usage of smart phones, digitalization of banking sector is inevitable to catch-up the increasing expectations of the world. Digitalization has played a vital role to flourish the Indian economy. Digital transactions make us to follow a legal path which is helpful to flourish the economy. Hence digitalization in commercial banking is the need of the hour to change the phase of Indian economy.

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STRATEGIES FOR THE AGENTS TO ACHIEVE SUCCESS IN SELLING LIFE INSURANCE PRODUCTS

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Introduction

In the world of business today marketing engulfs a wide range of issues to identify and satisfy the needs of the customer. The broader term of marketing is particularly applicable to a service industry like insurance. Marketing is no longer regarded as one of the many activities of a business organization like personnel, finance or production. Marketing is not merely a function. It is the whole business. In insurance the prospective customer may not be able to immediately and clearly perceive his problem (prospective hazards) and hence may be reluctant to purchase the solution (insurance covers). Hence it may be said that the marketing of insurance involves the creation of demand.

The need of the hour is to inject professionalization in the entire approach of life insurance marketing. A modern professional approach demands not only up-to-date information about life insurance, but also careful application of modern techniques of salesmanship. Insurance agent is a facilitator in the whole process and has probably a more onerous marketing job than their counterparts in many other trades and services. The quality and quantity of business would always depend on the quality of the agents. The 'quality' aspect of a business is to signify the particular aspect, which does not compromise with the number of policies, but put stress on the underlying attributes of continuity, durability, cumulativeness and the success of maintaining it in an unblemished fashion.

A successful insurance agent is one who can think from the perspective of the customer and not for his own good. A life insurance agent is a businessman possessing the conviction of clergyman, the stamina of an athlete, the perception of a doctor, the inquisitiveness of a scientist, the mission of a teacher, the restlessness of a boy, the thirst for knowledge of a scholar.

Insurance Salesmanship

It is difficult and frustrating. To succeed the salesman should have the,

- To become more professional
- To be more successful
- To obtain more returns for resources invested

Their goal setting requires,

- Increase in business
- Increase in commission income
- Increase in area of coverage

- o Increase in product variety sold
- o Target prospect in professional manner

Their plan requires

- o Setting clear time bound plan
- o Plan of action should not include more than 5-6 issues
- o Should be measurable
- o Spell out specific terms

Specific Strategies

Strategy is a term that comes from the Greek word strategic meaning generalship. Strategy bridges the gap between policy and tactics. Together strategy and tactics bridge the gap between ends and means. Such strategies are,

- Agents should go again and again to their existing customers as the same customers can give more business since it is five times costlier to get a new customer than it is to sell to an existing one.
- Agents should choose a limited geographical area to work in, which will help them to have higher density of customers in a small geographical location that will enhance branding, create more awareness among customers and thereby they can easily achieve the target.
- The agents should re-skill themselves from time to time. The agents should acquire knowledge through training session conducted by the respective branches and interacting with seniors and top officials regularly will help enrich knowledge.
- Agents should interact with their fellow agents to share their experiences, which will also help them to solve their day to day difficulties in getting their business a success.
- Huge market largely untapped in rural areas should be targeted by the agents to increase the volume of business.
- Agents should do business across many customer segments because if they focus on any one particular segment, they face the same risk as faced by their customer segments.
- Before meeting the clients, the agents should collect data pertaining to the concerned clients' background, health, financial position, size of the family, if any policy already held with the clients, so that a suitable plan to suit their requirement and interest could be suggested.
- Speed and agility in meeting the customers' needs have been the notable attributes for the present sales force. Providing high quality information to the customers makes a vast difference. High quality information means highly reliable, detailed, accurate and supported by verifiable data. Agents should provide value added information service to the clients at every stage.
- Agents should prepare a sales presentation that educates or moves people around. They should use visual aids to amplify the task and interaction. They should handle the question and answer session with ease and confidence.
- Agents should create some urge of policy purchasing in the minds of the customer. Then the prospect will be ready to purchase the product at proper cost, even by taking loans or selling his/her gold/other ornaments.

- To increase the business, the agents should choose the right person keeping in mind the favorable factors like seasons, festivals, atmosphere, profession, previous interviews/conceptions and own experiences and exposures. Then they should meet the prospective customer in the right place and at the right time.
- To achieve the target, agents should give stress on making a list of prospects that can pay high amount of premiums.
- The agents should render proper guidance and help to the beneficiaries by making available all the documents for registration as well as for the claim settlement.
- Successful selling continues with good service. After the sale, they should see whether they pay the subsequent premiums regularly. Agents should give after sales service which gives birth to further sales and referrals from the prospect. This is an unending process, if properly taken care of.
- Agents should help the customers in prompt and speedy settlement of claims.
- Agents should call the customers from time to time with updates on improvement to the product and other services to make the product's consumption more satisfying.
- Agents should be encouraged to become members of the professional clubs like Lion, Rotary, consumer and welfare groups which will facilitate them to contact people of higher income groups, and it makes easy for them to catch up new policies.

Conclusion

It is concluded that insurance is a multifaceted tool, which promotes stability, prosperity and happiness to the individual and society. The challenge for the LIC agent is three-fold, creating the need where it is not there, changing the need into their want and turning the want into demand which they must be able to satisfy. Sales and Service are the two sides of the same coin. This fact, agents should not forget and take these two aspects as challenging factors in day to day activities so that LIC can emerge as a market leader in the industry.

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MACROECONOMIC ANALYSIS OF CONSUMER EXPENDITURE INEQUALITIES IN INDIA

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Abstract

This paper deals with the decomposition of consumer expenditure inequalities in India by lower and upper expenditure groups. Relative contribution of within groups and between groups components are explicitly examined for all food and non-food consumption items. Rural urban disparity is also examined. Decomposition of between and within group inequality components is done on the basis of the Generalized Entropy Measure [E(α)] using India's National Sample Survey data for the years 1993-94 and 2015-16. Between groups component is more pronounced in case of almost all the consumption items except some non-food items.

Keywords: *Consumer Expenditure, Inequality, Decomposition JEL Classification: D63, I31*

Introduction

Inequality in the distribution of income/expenditure undergoes variations over time across different groups. Such variations are not uniform for different subgroups of individuals. Researchers are likely to be interested in quantifying the relative contribution of each subgroup to the overall inequality and their over time variations. Number of recent literature (*Bourguignon 1979; Shorrocks, 1980, 1984*) includes the issue of decomposition of total inequality into subgroups. Many inequality indices are additively decomposable and give clear separation of between and within group inequalities. Recent studies put emphasis on inequality in different subgroups defined along religion, occupation, region or other lines. How sub-group inequalities are related to overall inequality is the point of interest. In this paper we intend to decompose the inequality in consumer expenditure in India in order to quantify the contribution of Lower and Upper Expenditure Groups in case of each food and non-food consumption items.

During the period of on-going economic reforms in India, pattern of consumer expenditure has undergone a divergent change irrespective of rural and urban areas. Studies are available on structural changes in consumption expenditure after economic reforms (Bhattacharya 1998; Maity, 1998; Sen et al, 2004; Sen, 2009). There are some studies where the sub-group decompositions of inequality are done for several countries (Bhattacharya and Mahalanobis, 1979; Glewee, 1986; Das and Parikh, 1982; Mukherjee & Shorrocks, 1982). Consumer expenditure inequalities and their sub-group decompositions for different consumption items (food and non-food) are not hitherto examined in case of Indian economy.

We have used household consumer expenditure survey data (based on uniform reference periods) compiled by National Sample Survey Organization (NSSO) of India. Two time points are considered- 1993-94 and 2015-16 in order examine the changes during the period of on-going economic reforms. Two sub groups (Upper and Lower expenditure groups) are identified on the basis of median expenditure group. Consumption items are divided into two broad categories – food items and non-food items. Food items consists of (i) Cereals (ii) Pulses and Pulse Products (iii) Milk and Milk Products (iv) Edible oil (v) Meat Egg and Fish (vi) Vegetables and (vii) Fruits. Non-food items are divided into (i) Fuel ad Light (ii) Clothing and Footwear (iii) Miscellaneous Goods and Services and (iv) Durable goods. Inequality decompositions (within and between groups) are done in case of each food and non-food items. The Generalized Entropy Measure [E(α)] is used. Decomposition of between and within group inequality components is done on the basis of E(1).

Methodology

Let $(c_{1,}c_{2,} \ldots\ldots\ldots c_n)$ be the consumption structure where $c_i \geq 0$. The class of inequality indices based on the concept of entropy which is related to the measure of disorder. The generalized entropy index is

$$E(\propto) = \frac{1}{\alpha(\alpha-1)}\left[\sum_{1}^{n}\frac{1}{n}\left\{\left(\frac{c_i}{\bar{c}}\right)^{\propto} - 1\right\}\right].$$

$E(\propto)$ assumes different forms depending upon the value of α. The parameter α may be assigned to all possible real values however it is usually chosen to be non-negative. Common values of α used are 0, 1 and 2. Two particular cases are the interest for inequality measurement. When α = 0, we get

$$E(0) = L = -\frac{1}{n}\left[\sum_{1}^{n} Ln\ \frac{\bar{c}}{c_i}\right]$$

which is known as Theil's second measure of inequality (L). When α = 1, the generalized entropy index becomes

$$E(1) = T = \frac{1}{n}\left[\sum_1^n \frac{c_i}{c}\ Ln\ \frac{c_i}{c}\right] = \sum_i^n \frac{c_i}{c}\ ln\ \left(\frac{nc_i}{c}\right)$$

which is Theil's inequality Index (T). Theil's index is based on entropy which is associated with $\frac{c_i}{c}$ $(\forall\ i = 1, 2, \ldots\ldots\ldots, n)$ where c is equal to the total consumption expenditure.

Suppose there are m groups such that the first group consists of n_1 persons, second group with n_2 persons and so on. So the structure becomes

$$(c_{11,}c_{12,} \ldots . c_{1n_1,}c_{21,}c_{22,} \ldots c_{2n_2,} \ldots\ldots . c_{m1,}c_{m2,} \ldots\ldots c_{mn_m})$$

So, $T = \sum_j^{n_1}\frac{c_{1j}}{c}\ ln\left(\frac{nc_{1j}}{c}\right) + \sum_j^{n_2}\frac{c_{2j}}{c}\ ln\left(\frac{nc_{2j}}{c}\right) + \ldots\ldots . + \sum_j^{n_m}\frac{c_{mj}}{c}\ ln\left(\frac{nc_{mj}}{c}\right)$.

Now, $\sum_j^{n_1}\frac{c_{1j}}{c}\ ln\left(\frac{nc_{1j}}{c}\right) = \sum_j^{n_1}\frac{c_{1j}}{c}.ln\left(\frac{n_1c_{1j}}{c_1}.\frac{c_1}{c}.\frac{n}{n_1}\right)$

$= \sum_j^{n_1}\frac{c_{1j}}{c_1}.\frac{c_1}{c}\ ln\left(\frac{n_1c_{1j}}{c_1}\right) + \sum_j^{n_1}\frac{c_{1j}}{c}.\ln\left(\frac{c_1}{c}.\frac{n}{n_1}\right)$

$= \frac{c_1}{c}T_1 + \sum_j^{n_1}\frac{c_{1j}}{c}.\ln\left(\frac{c_1}{c}.\frac{n}{n_1}\right)$

Similarly, $\sum_j^{n_m}\frac{c_{mj}}{c}\ ln\left(\frac{nc_{mj}}{c}\right) = \frac{c_m}{c}T_m + \sum_j^{n_m}\frac{c_{mj}}{c}.\ln\left(\frac{c_m}{c}.\frac{n}{n_m}\right)$

Therefore, $T = \sum_j\frac{c_j}{c}T_j + \sum_j\frac{c_j}{c}.\ln\left(\frac{c_j}{c}.\frac{n}{n_j}\right)$

Aggregate inequality is thus decomposed into two components. The first part is the within group component which is the weighted average of group inequality indices and weights being the income shares $\frac{c_j}{c}$ of each group. The second part is the between groups inequality component which is derived if the within groups income differences are suppressed. It can be defined as the value of the index if every person receives the mean income of that group. So it quantifies inequality between the group means. Within group component can be defined as the value of the inequality index when all between group inequalities are suppressed by a hypothetical equalization of group means to the overall mean.

Estimates

Higher inequality in consumer expenditure (measured in terms of $E(0)\&E(1)$) is observed in case of total non-food expenditure for both rural and urban areas. Inequality is high for the consumption of milk, meat, fish, egg and fruits in the rural area although urban area shows slightly lower inequality.

Table 1 Decomposition of Consumption Inequality: Rural India

Expenditure	1993-94			2015-16		
	Within	Between	Total	Within	Between	Total
Cereals	0.0073 (42.4)	0.0099 (57.6)	0.0172	0.0042 (34.4)	0.008 (65.6)	0.0122
Pulses	0.0249 (34.6)	0.047 (65.4)	0.0719	0.015 (34.5)	0.0285 (65.5)	0.0435
Milk	0.1159 (31.6)	0.2505 (68.4)	0.3664	0.0747 (34)	0.1448 (66)	0.2195
Edible oil	0.031 (33.5)	0.0613 (66.5)	0.0923	0.0102 (33.6)	0.0203 (66.4)	0.0305
Meat, Fish, Egg	0.0661 (33.8)	0.1294 (66.2)	0.1955	0.0483 (38.4)	0.0775 (61.6)	0.1258
Vegetables	0.0213 (32.1)	0.0451 (67.9)	0.0664	0.011 (35.3)	0.0202 (64.7)	0.0312
Fruits	0.1465 (37.6)	0.243 (62.4)	0.3895	0.1035 (37.9)	0.1694 (62.1)	0.2729
Total Food Exp.	0.0321 (35.3)	0.0589 (64.7)	0.091	0.0239 (37.6)	0.0398 (62.4)	0.0636
Fual and Light	0.0315 (40.4)	0.0464 (59.6)	0.0779	0.015 (33.7)	0.0295 (66.3)	0.0445
Clothing and Footware	0.3428 (45.3)	0.4141 (54.7)	0.7569	0.1314 (41.7)	0.1836 (58.3)	0.315
Misc. Goods and Services	0.1915 (47.3)	0.2133 (52.7)	0.4048	0.153 (47.7)	0.168 (52.3)	0.321
Durable goods	0.8699 (63.6)	0.4976 (36.4)	1.3675	0.7739 (63.1)	0.453 (36.9)	1.2269
Total Non-food Exp.	0.2014 (49.9)	0.2024 (50.1)	0.4038	0.1437 (50.2)	0.1423 (49.8)	0.286
Total Exp.	0.0833 (43.7)	0.1075 (56.3)	0.1908	0.0682 (46.4)	0.0788 (53.6)	0.147

Expenditure on durable goods and miscellaneous goods and services reveals higher inequality for both rural and urban people and the urban region is relatively more pronounced.

Between-group component of consumer expenditure inequality in rural India (Table 1) is slightly more pronounced and it has declined from 56.3 per cent to 53.6 per cent during the period. Percentage contribution of between group inequality is more than 60 per cent for all the food items in 1993-94 and the picture remained the same in 2015-16. Contribution of within group inequality has increased in case of milk, meat, egg, fish and vegetables whereas it has declined in case of clothing, fuel, light and footwear. Only for the consumption of durable goods, within group inequality contributes more than 60 per cent.

Table 3 Decomposition of consumption Inequality: Urban India

Expenditure	1993-94			2015-16		
	Within	Between	Total	Within	Between	Total
Cereals	0.0049 (43.4)	0.0064 (56.6)	0.0113	0.0045 (28)	0.0116 (72)	0.0161
Pulses	0.018 (30.4)	0.0413 (69.6)	0.0593	0.0116 (27.2)	0.031 (72.8)	0.0426
Milk	0.0781 (29.2)	0.1897 (70.8)	0.2678	0.0441 (29.7)	0.1046 (70.3)	0.1487
Edible oil	0.0281 (29.3)	0.0679 (70.7)	0.096	0.0112 (30.8)	0.0252 (69.2)	0.0364
Meat, Fish, Egg	0.0584 (35.2)	0.1077 (64.8)	0.1661	0.0314 (36.1)	0.0555 (63.9)	0.0869
Vegetables	0.0379 (34.3)	0.0725 (65.7)	0.1104	0.0151 (31.1)	0.0334 (68.9)	0.0485
Fruits	0.154 (37.5)	0.2572 (62.5)	0.4112	0.1137 (39.1)	0.177 (60.9)	0.2907
Total Food Exp.	0.0422 (34)	0.0819 (65.9)	0.1241	0.0307 (34.8)	0.0574 (65.2)	0.0881
Fual and Light	0.0322 (33)	0.0653 (66.9)	0.0975	0.0353 (39)	0.0553 (61)	0.0906
Clothing and Footware	0.2977 (41.5)	0.4203 (58.5)	0.718	0.1411 (37.7)	0.2328 (62.3)	0.3739
Misc. Goods and Services	0.2138 (43.2)	0.2813 (56.8)	0.4951	0.1816 (43.6)	0.2347 (56.4)	0.4163
Durable goods	0.9696 (63.3)	0.5611 (36.6)	1.5307	0.9494 (64.6)	0.5198 (35.4)	1.4692
Total Non-food Exp.	0.2253 (46.2)	0.2623 (53.8)	0.4876	0.2012 (48)	0.218 (52)	0.4192
Total Exp.	0.1141 (42.6)	0.1538 (57.4)	0.2679	0.1163 (45.7)	0.1381 (54.3)	0.2544

In the urban area, contribution of between group component is highly pronounced (more than 65 per cent) for food expenditure whereas it is almost 50 per cent for non-food expenditure (Table 2). Within-group component is stronger for the expenditure on durable goods and miscellaneous goods & services. During the period contribution of within-group has declined for the expenditure on cereals, pulses, vegetables, clothing and footwear.

Concluding remarks

In both the rural and urban India, contribution of between groups inequality is more pronounced for food expenditure whereas in case of non-food expenditure within group inequality is relatively more prominent. Within-group component is stronger for the expenditure on durable goods and miscellaneous goods & services. Comparing rural and urban areas it may be noted that the relative contribution of within group inequality in the urban area is smaller compared to the rural area in case of almost all consumption items except fruits, fuel and light and durable goods. Govt. should take care of the of redistribution policies in order to reduce consumption expenditure inequalities in India.

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MACROECONOMIC ANALYSIS OF FUTURES MARKET AND VOLATILITY IN COMMODITY SPOT AND FUTURE PRICES

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Abstract

Now-a-days volatility has become a fashionable slogan in financial literature in general and futures trading in particular. Most of the studies have talked about volatility of futures prices as well as spot prices not only in India but also in abroad. Some of them revealed that the futures prices are more volatile then spot (Shively, 1996; Park, 1993) where as Jack (2005) and others have argued that spot prices are more volatile. At the same time Wahl (1996) and others have suggested that in some cases futures prices are more volatile then spot and in other cases it becomes reverse.

Keeping the previous related literature aside, this paper explores a relationship not between the spot and futures commodity prices but both spot and future agricultural index in Indian context coupled with the estimation of volatility between the two indices. The whole analysis is based on the agricultural commodity index of both futures and spot prices through GARCH model and co-integration test. Data has been collected from Multi commodity exchange, Mumbai from 6th June 2005 to 31st December 2008 on daily basis. Briefly the result presented in this paper suggested that over long run there exhibits a linear relationship and agricultural commodity futures prices are more volatile than spot prices.

Keywords: *futures commodity price; volatility; spot prices; GARCH model*

Introduction

Now-a-days volatility has become a fashionable slogan in financial literature in general and futures trading in particular. Most of the studies have talked about volatility of futures prices as well as spot prices not only in India but also in abroad. Some of them revealed that the futures prices are more volatile then spot (Shively, 1996; Park, 1993) where as Jack (2005) and others have argued that spot prices are more volatile. At the same time Wahl (1996) and others have suggested that in some cases futures prices are more volatile then spot and in other cases it becomes reverse.

Forward Market/Contract

It is same as futures market but the former runs under unauthorised (OTC) where as the later runs under organised/registered cases i.e. forward market commission (FMC).

Option Market

Options are one type of futures which is carried with legal obligation to both buyers and sellers.

Emergence of Indian Futures Market

Indian farmers' are risk averter than risk lover. Henceforth, in the late 1900s, India guesses futures trading in commodity markets. However, the commodity futures have been in the State of hibernation for the past few decades owing to a lot of government restrictions. Drastically changes in commodity futures took place in 2003-2004. The government issued a notification on 1st April 2003 withdrawing all previous notifications which prohibited futures trading in large number of commodities in the country. This was followed by a notification in May 2003 revoking prohibition on non-transferable specific delivery forward contacts. The futures market was open in anticipation of sound market institution and market design. In order to set up proper markets, the government of India (GoI) on recommendation of forward market commission (FMC) granted recognition to national multi-commodity exchange, Ahmadabad (NMCE); Multi-commodity Exchange, Mumbai (MCX); National commodity and derivative exchange, Mumbai (NCDEX) as nationwide multi-commodity exchanges. Trading commenced as MCX and NCDEX in November 2003 and December 2003 respectively. Every commodity had different set of Mandies to be pooled depending upon the proportion of spot market trade. The total volume of trade in the commodity futures market rises from Rs. 34.84 lakh crores in 2006 to Rs. 36.54 crores in 2007. The volume of growth of trade is primarily propelled by MCX and MCDEX. At present, we have three national level electronic exchange and 21 regional exchanges for commodity trading which allowed 80 commodities for delivery trading.

Estimations of Volatility

Volatility can be estimated by using several methods but largely two methods are largely used in the various studies. One is unconditional method that includes that includes co-variation, standard deviation and the other is conditional method which includes ARCH and GARCH analysis .The present study has used ARCH/GARCH for modelling volatility.

Objectives

1. To examine the relationship between futures and spot commodity prices.
2. To estimate the volatility in both futures and spot prices of the agricultural commodities.

Methodology and Data Sources

In order to achieve the above objectives, the study has used Unit root test, co-integration test (ADF) and ARCH /GARCH model. Brief about methodology has been discussed in section three. Agricultural commodity index has collected from (MCX) which is daily basis covering from 6th June 2005 to 31st Dec 2008. The whole sale commodity index is based on real prices with major agricultural commodities.

Empirical Analysis and Result Interpretation

In order to support and to fulfil our above objectives this section deals with the empirical analysis with appropriate data and methodology. Some sort of theoretical model for methodology is also explained in this section in order to make the analysis more flavour and vibrant. Interpretation of the result is made in this section also.

Econometric Tools

Though the study deals with time series analysis, few concepts relating to time series are analysed below, and are worth mentioning.

Unit Root Stochastic Process: it is the nonstationary stochastic process and it is unit root because of ρ =1.

$Y_t = \rho Y_{t-1} + u_t \quad -1 \le \rho \le 1$ (3.1)

There are several tests available for testing the nonstationarity but the most celebrated and widely used test is unit root in time series. It includes Dickey-Fuller, Augmented Dickey-fuller and Philips- perron test to check the presence of unit root in the data. These tests are necessary because the usual student-t test is inappropriate to the test the null hypothesis.

ARCH and GARCH Models

The ARCH and GARCH model has been used for measuring the volatility of the spot and futures prices of agricultural index in this study. So it is obligatory to discuss the model of ARCH and GARCH here.

Given the information set (Ω_{t-1}), a stochastic process, $\{Yt\}$, is called autoregressive conditional heteroscedasticity process, if it's time-varying conditional variance, h_t, is heteroscedastic with auto regression as given below:

$Yt = \varepsilon_t$ (3.6)

$\varepsilon_t / \Omega_{t-1} \sim N(0, h_t)$

$h_t = E(\varepsilon_t^2) = \alpha_0 + \alpha_1 \varepsilon^2_{t-1} + \ldots\ldots\ldots + \alpha_q \varepsilon^2_{t-q}$ (3.7)

Equation (3.5) is the conditional mean where regressors can generally be added to the right hand side along with the residuals (ε_t) and equation (3.5) is the conditional variance, assumed to be an AR (q) process. Equation (3.4) and (3.7) together are called an ARCH (q) model for $\{Yt\}$.

Bollerslev (1986) has generalized the ARCH (q) process where the time- varying conditional variance is heteroscedastic with both autoregressive and moving average structure. The general GARCH model can be written as:

$Yt = \varepsilon_t$ (3.8)

$\varepsilon_t / \Omega_{t-1} \sim N(0, h_t)$

$h_t = \alpha_0 + \alpha_1 \varepsilon^2_{t-1} + \ldots\ldots\ldots + \alpha_q \varepsilon^2_{t-q} + \beta_1 h_{t-1} + \ldots. + \beta_p h_{t-p}$

$= \alpha_0 + \sum \alpha_i \varepsilon^2_{t-1} + \beta_j ht - j$ (3.9)

With $\alpha_0 > 0$, $0 \le \alpha_i \le 1$ for I=1, 2……q and $0 \le \beta_j \le 1$ for j=1, 2…. …p.

The equation (3.8) and (3.9) represent a GARCH (p, q) process where the conditional variance of ε_t has an autoregressive and moving averages component of order q and p respectively. In higher order processes, GARCH model may claim priority over an ARCH model because the former will be more parsimonious than latter in view of the positive (and <1) sign restriction on all the parameters. Bollerslev (1986) has shown that the GARCH process will be stationary, i.e. all characteristics roots of equation (3.9) will lay within the unit circle, provided the process satisfies the finite variance condition,

$$\phi = \sum_{j=1}^{p} \beta_j < 1 \quad (3.10)$$

In empirical applications, if the above condition is not satisfied, in GARCH (or in ARCH) model, restriction need to be imposed on the parameters to keep the conditional variance positive and finite. This may not be an easy task. If ϕ >1, it implies that any shock will continue to increase the conditional volatility forever. On the other hand, if ϕ =1, then the process is not covariance stationary (Engel and Bollerslev, 1986) and it is known as integrated GARCH (I GARCH) model. In this case, the conditional variance behaves like a random walk and may persist over infinite time horizon. However, the standard asymptotically based inference has been shown to be valid for I GARCH process, even though its covariance is non stationary (Bougerol and Picard, 1992).

In addition to the above commonly used models, there is a few other variance of GARCH process that is used in special cases. These include models, which incorporates asymmetry in volatility in mean equation (ARCH-M or GARCH-M), power ARCH (PARCH) and EGARCH some of these are specially proposed for modelling volatility of financial market variables.

Cointegration Test

In regressing a time series variable or another time series variable, we may obtain a very high R-square but there is no meaning full relation between two variables. So it is the problem of spurious regression. That is they are not co-integrated but over long run their linear combination may be linear i.e. they are co-integrated.

There are several methods to test conintegration but here the study has used simple ADF test which is meant for a two variable analysis.

Test of volatility in spot and futures prices

Volatility of both commodity prices has been tested by employing GARCH model and the results are as follows.

Volatility in futures prices (LFAGRIDEX)

The LFAGRIDEX also follows an asymmetric GARCH model (EGARCH) i.e. EGARCH (1, 1) which is as follows

$Y_t = \beta_1 Y_{t-1} + \beta_2 \varepsilon_{t-1} + \varepsilon_t$, where Y_t= 1st first difference of LFAGRIDEX (3.14)

$\sigma_t^2 = \mu + \rho \varepsilon_{t-1}^2 + \lambda_1 d_{t-1} \varepsilon_{t-1}^2 + \delta \sigma_{t-1}^2$ (3.15)

$\varepsilon_t / \Omega_{t-1} \sim N(0, h_t)$ t=1, 2, 3……….

Table given below, β_1, β_2 and are the slope coefficient of the AR (1),and MA (1), respectively. μ is the intercept term of the GARCH model and it is statistically significant. The ρ is the slope coefficient of ARCH which shows that, it is highly statistically significant and δ is the slope coefficient of which shows that, it is statistically significant also. The Q refers to the Ljung-Box statistics. The above table shows that, there is complete absence of serial correlation in the mean equation at lag order Q (9), Q (14) and Q (16). There is also absence of serial correlation in the variance equation in the same lag order. The conditional variance of LFAGRIDEX which is capture from the estimated EGARCH (1, 1) model is given in the following figure.

Major Findings, Limitations and Policy Suggestions

On the basis of the previous studies and the gap of the studies, the present study has explored the thing in a slight different way which is new one. The study has taken agricultural commodity index rather than by taking prices of the major crops. Suitable and sophisticated econometric tools are also used to make the analysis more interesting and vibrant. Except the numerical results the study has also presented a graphical interpretation in order to bring attention to the analysis. The major findings of the study are futures commodity prices are more volatile than spot commodity prices and they exhibit a long run linear relationship between the two.

Policy Suggestions

In order to avoid the excess fluctuations that arise in both the markets which have a negative impact on futures trading following policies should be undertaken by the concerning authorities.

- Forward market commission (FMC) should take necessary steps to control the bubbles that makes unhealthy of the futures trading system which brings volatility in the spot prices and more volatility in the futures prices.
- Government intervention may also be fruitful to control these unhealthy risks that arise in the system.

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MACROECONOMIC ANALYSIS OF THE FOOD INFLATION IN INDIA

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Abstract

The study is an endeavour to evaluate the demand pull causes of inflation of food articles in India. Using the cointegration analysis, it has been observed that inflation of primary articles in long-run is the outcome of i) rising GDP per capita; ii) growth of the agriculture sector; and iii) increasing net-exports of the primary articles. The first two factors support the hypothesis of demand pull inflation whereas, the third factor represents the inflation caused by supply leakages in the domestic commodity market. Given the short-run VECM analysis, net-exports of primary articles has been observed the most significant variable to control inflation of food articles instantaneously.

JEL Codes: C01, C22, E31

Keywords: *Inflation, VAR/VECM, Cointegration.*

Introduction

The study of Inflation in food prices is pertinent because of its linkages to both industrial and general price level. An increase in industrial prices stems from rising inputs cost through an increase in money wages. With rising money wages, public expenditure in money terms has to increase so as to meet a given real expenditure targets and hence to finance this increased money expenditure the government resorts among other things to higher indirect taxes, notably excise duties, which also raise industrial costs. Thus, food inflation got translated into inflation at wholesale price index of all commodities. Moreover, if industry generally follows a prime-cost-plus policy, these increased costs are passed on in the form of higher industrial prices. Besides, higher agricultural, especially food grain prices usually imply a cutback in the demand for industrial goods, both because of a switch of expenditure from industrial mass consumption goods to food, and also because of the relative restriction of public spending which ensues during such periods .

Selection of Variables

The Wholesale Price Index (WPI) of primary articles has been used as the proxy of inflation of food products in India given that the weight of food articles in explaining WPI of primary articles is 92.65 percent at the base year of 1993/94 (Economic Survey of India, 2009/10, pp. A62). The variable *GDP per capita* has been used to explain the impact of the economic growth of India on food prices. It has been hypothesised that the growth of the economy is having a positive impact on the food prices.

The second variable *Production* represents agriculture output at constant prices. An increase in the agriculture output may affect the food prices in two ways: i) it may reduce the food prices given the general over production; or ii) may increase the price level because of he prosperity of the farmer and consequent increase in the aggregate demand from rural masses.

The third variable *Net Exports of primary articles* may also have dual affect on food prices: i) an increase in *net exports* is one of the indicator of economic prosperity and thus, may lead to increase price level via increase in per capita income; or ii) increasing *net exports* may lead to the leakage of domestic supply of primary articles and thereby, increase the prices given the increasing demand and supply shortages in domestic market.

Further, all of these variables except *WPI of primary articles* have been deflated at 1993/94 prices to neutralise the impact of change in price level. The natural logs of all these variables have been used for the analysis purpose because: i) the estimated coefficients of the log-linear function are elasticities which are easy to interpret; and ii) a variable in logarithmic form becomes stationary at lesser order of integration.

Methodology Used

Given *a-priori* expectations regarding the impact of the aforementioned variables on the food prices, the present study endeavours to estimate the Cointegration relationship among these variables. However, the estimation involves three steps procedure. The first step is to test the stationarity of the time series variables with the help of unit-root tests. The presence of unit-root may lead to estimate a spurious regression and thus, disturb the accuracy of the parameters estimated (for a detailed discussion on 'stationarity of time series' see Asteriou and Hall, 2007, p.288). Hence, to check whether the selected time series variables are stationary at their levels or not, ADF and PP tests have been applied.

One way of resolving the problem of non-stationarity in time series data is to difference the series successively until stationarity is achieved and then use stationarity series for regression analysis. However, this solution is not ideal. There are two main problems using first differences: i) if the model is correctly specified as a relationship between variables (say *Y* and *X*) and we difference both variables then implicitly we are also differencing the error process in the regression. This would then produce a non-invertible moving average error process and would present serious estimation problems; and ii) if we difference the variables the model can no longer give a unique long-run solution.

The desire to have models which combine both short-run and long-run properties, and which at the same time maintain stationarity in all of the variables, has led to a reconsideration of the problem of regression using variables that are measured at their levels. As we know that when we have non-stationary variables in a regression model then we may get results that are spurious. So if we have Y_t and X_t that are both *I(1)*, then if we regress:

$$Y_t = \beta_1 + \beta_2 X_t + u_t \qquad (1)$$

We will not generally obtain satisfactory estimates of $\hat{\beta}_1$ and $\hat{\beta}_2$. One way of resolving this is to difference the data in order to ensure stationarity of our variables. Therefore, after that we will have $\Delta Y_t \sim I(0)$ and $\Delta X_t \sim I(0)$, and the regression model will be:

$$\Delta Y_t = a_1 + a_2 \Delta X_t + \Delta u_t \qquad (2)$$

In this case the regression model may give us correct estimates of the $\hat{a}_1$ and $\hat{a}_2$ parameters and the spurious equation problem has been resolved. However, what we have from equation (2) is only the short-run relationship between the two variables. Remember that in the long-run:

$$Y_t^* = \beta_1 + \beta_2 X_t \qquad (3)$$

So ΔY_t does not give information about the long-run behaviour of our model. Knowing that economists are mainly interested in long-run relationship this constitutes a big problem, and in order to resolve this, the concepts of cointegration and error correction mechanism (ECM) are very useful. As per our supposition Y_t and X_t both are integrated of order one i.e., $Y_t \sim I(1)$ and $X_t \sim I(1)$. In the special case that there is a linear combination of Y_t and X_t, that is *I(0)*, then Y_t and X_t are cointegrated. Thus, if this is the case the regression of equation (1) is no longer spurious, and it also provides us with the linear combination:

$$\hat{u}_t = Y_t - \hat{\beta}_1 - \hat{\beta}_2 X_t \qquad (4)$$

that connects Y_t and X_t in the long-run. Thus, the second step involves identification of a cointegrating long-run relationship between the variables selected. If Y_t and X_t are cointegrated, then by definition $\hat{u}_t \sim I(0)$. Thus, we can express the relationship between Y_t and X_t with an error correction specification (ECM) specification as:

$$\Delta Y_t = a_0 + b_1 \Delta X_t - \Pi \hat{u}_{t-1} + Y_t \qquad (5)$$

This will now have the advantage of including both long-run and short-run information. In this method, b_1 is the impact multiplier (the short-run effect) that measures the immediate impact that a change in X_t will have on a change in Y_t. On the other hand Π is the feedback effect, or the adjustment effect, and shows how much of the disequilibrium is being corrected i.e., the extent to which any disequilibrium in the previous period affects any adjustment in Y_t. Of course $\hat{u}_{t-1} = Y_{t-1} - \hat{\beta}_1 - \hat{\beta}_2 X_{t-1}$, and therefore from this equation we also have β_2 being the long-run response (it is estimated by equation 1).

Equation (5) now emphasizes the basic approach of cointegration and error correction models. The spurious regression problem arises because we are using non stationary data but in equation (5) everything is stationary, the change in X and Y is stationary because they are assumed to be *I(1)* variables and the residual from the levels regression (4) is also stationary by the assumption of cointegration. So equation (5) fully conforms to our set of assumptions about the classical linear regression model and OLS should perform well.

Estimating cointegrating relationship in multivariate model may cause the existence of more than one cointegrating vectors. By this we mean that the variables in the model might form several equilibrium relationships governing the joint evolution of all the variables. In general for *n* number of variables we can have only up to *n-1* cointegrating vectors. Therefore, when *n=2* which is the simplest case, we can understand that if cointegration exists then the cointegrating vector is unique. Having *n>2* and assuming that only one cointegrating relationship exists, where there are actually more than one, is a very serious problem that cannot be resolved by the traditional Engle Granger (EG) single equation approach (see Harris and Sollis, 2006, p.109). Therefore, an alternative to the EG approach is needed and this is the Johansen approach for multiple equations.

In order to present this approach, it is useful to extend the single equation error correction model to a multivariate one. Let's assume that we have three variables, Y_t, X_t and W_t which can all be endogenous (i.e., we have matrix notation for $Z_t = [Y_t, X_t, W_t]$), then:

$$Z_t = A_1 Z_{t-1} + A_2 Z_{t-2} + --- + A_k Z_{t-k} + u_t \quad (6)$$

It can be reformulated in a vector error correction model (VECM) as follows:

$$\Delta Z_t = \Gamma_1 \Delta Z_{t-1} + \Gamma_2 \Delta Z_{t-2} + --- + \Gamma_{k-1} \Delta Z_{t-k-1} + \Pi Z_{t-1} + u_t \quad (7)$$

Where, $\Gamma_i = (I - A_1 - A_2 - \ldots - A_k)$ and $\Pi = -(I - A_1 - A_2 - \ldots - A_k)$; *i=1,2…,k-1*

Here we need to carefully examine the Π matrix of order 3×3. The Π matrix contains information regarding the long-run relationships and the rank of Π can be determined using Lambda-Max and Trace statistics (see, for detail Asteriou and Hall, 2007, p.324). We can decompose $\Pi = \alpha\beta'$ where α will include the speed of adjustment to equilibrium coefficients while β' will be the long-run matrix of coefficients. Therefore the $\beta' Z_{t-1}$ term is equivalent to the error correction term ($Y_{t-1} - \beta_0 - \beta_1 X_{t-1}$) in the single equation case, except that now $\beta' Z_{t-1}$ contains up to *n-1* vectors in a multivariate framework. In present analysis, models (6) and (7) have been estimated with aforementioned set of variable.

Empirical Results

The analysis of Table 1 for the selected time series depicts that food prices in India (as proxied by WPI) have increased at a significant rate of 7.47 percent per annum. The analysis of the growth rates of the control variables depict that per-capita income in India has increased at a statistically significant rate of 3.05 percent per annum during the study period. Thus, the observed high rate of growth of the prices of food articles is a matter of serious concern from welfare point of view and it becomes pertinent to analyse the factors responsible for food inflation in India along with the determination of important control variables to cater inflationary tendencies in India.

Table 1 Growth Rates of the Variables			
Variable	**Average Annual Growth Rate**	**Compound Growth Rate**	***p*-value**
WPI	7.47***	7.76	0.000
GDP	3.05***	3.10	0.000
Net Exports	3.23***	3.28	0.000
1. *Exports*	6.13***	6.32	0.000
2. *Imports*	4.49***	4.59	0.000
Production	4.81**	4.93	0.040
Notes: *** and ** represent significant at 1 percent and 5 percent, respectively.			
Source: Authors' Calculation			

The analysis of growth rates further, reveals a significant increase in the output of primary products and net-exports of primary articles at the rates of 4.81 percent and 3.23 percent, respectively. The comparison of the growth rates reveals that the prices of primary articles are increasing at a faster rate in comparison to the rate of growth of agricultural output. The analysis of the growth rates depicts that an increase in per-capita income might have resulted in demand pull inflation along with widening the supply gap due to increases in net exports. The observed increase in net exports of primary articles is the outcome of faster growth of exports at the rate of 6.13 percent in comparison to the slower growth of imports at the rate of 4.49 percent per annum. However, the analysis of the growth rates is although suitable for observing the trends in a single variable yet it fails to identify the causes of inflation of food articles in India. Thus, to check the relative importance of each of aforementioned variables, cointegration analysis has been performed.

As discussed earlier that in times series analysis, it becomes mandatory to analyse the presence of unit-root among the variables selected for the model. Two different statistics i.e., Augmented dickey Fuller (ADF) and Phillips Perron (PP) have been utilised to check the presence of unit-root. The visualization of Table 2 confirms that the variables are stationary at first difference and thus, found to be non-stationary at levels. Further, it becomes essential to determine the optimum lag length for the variables to be included in VAR model. Using the AIC and SBC criterion, an optimum level of lag length of five has been determined for both cointegration and VECM (see Appendix A2). However, in search of best suited model for cointegration vector, *Pantula* principle has been applied. It has been observed that out of three alternative models, a model indicating intercept (No trend in cointegration equation and no Intercept in VAR) has been selected as the best suited model for analysing short-run and long-run relationship(s).

Table 2 Testing Stationarity of Variables						
Variable	***Without Drift***		***With Drift***		***With Drift and Trend***	
	ADF	**PP**	**ADF**	**PP**	**ADF**	**PP**
Panel A: Results for Variables on Levels						
WPI	1.957 (0.986)	5.501 (1.000)	-1.450 (0.548)	-2.097 (0.247)	-1.727 (0.719)	-1.684 (0.738)
GDP	6.073 (1.000)	5.250 (1.000)	3.575 (1.000)	4.555 (1.000)	-0.901 (0.9452)	-0.901 (0.9452)
Net Exports	-0.0663 (0.423)	-0.592 (0.454)	-3.864** (0.005)	-3.850** (0.006)	-4.096* (0.014)	-3.981* (0.018)
Production	2.966 (0.999)	2.640 (0.998)	0.011 (0.954)	-0.387 (0.901)	-4.179 (0.011)	-4.259 (0.009)
Panel B: Results for Variables First Difference						
WPI	-2.134* (0.033)	-2.662** (0.009)	-5.093** (0.000)	-5.060** (0.000)	-5.370** (0.001)	-5.369** (0.001)

GDP	-0.110 (0.639)	-3.047** (0.003)	-5.313** (0.000)	-5.353** (0.000)	-7.435** (0.000)	-8.042** (0.000)
Net Exports	-7.936** (0.000)	-19.434** (0.000)	-7.824** (0.000)	-20.848** (0.000)	-7.706** (0.000)	-20.505** (0.000)
Production	-8.120** (0.000)	-7.913** (0.000)	-9.467** (0.000)	-10.894** (0.000)	-9.381** (0.000)	-10.705** (0.000)
Notes: i) * and ** refer to significant at 5 percent and 1 percent levels of significant; ii) values in parenthesis of type ( ) are *p-values*; iii) WPI represents wholesale price index of primary articles; and iv) *GDP* represents gross domestic product at factor cost at constant prices.						
Source: Authors' Calculations						

Conclusions and Policy Implications

The present analysis has been carried to pursue an objective to identify significant policy variables which can enable the policy planners of India to adjust inflation of food articles instantaneously as well as in long-run. Thus, the study utilizes a time series data for 38 years spanning over the period 1970/71 to 2007/08. The WPI of primary articles has been utilized as a proxy of the inflation of food articles. It has been hypothesised that the food inflation depends upon i) the prosperity of the economy; ii) the prosperity of agriculture sector; and iii) increasing supply gap due to rising net-exports. Applying the Augmented Dickey Fuller, and Phillip and Perron test statistics, all the selected variables have been found stationary at first difference and thus, signal the existence of Cointegration relationship. An application of Johanson's Cointegration test rectifies the existence of three Cointegration vectors and requires the theoretical adjustments of vectors to explain the impact of independent variables on the food prices. Imposing appropriate restriction on the coefficients of Cointegration vectors, the elasticities of the each control variable have been computed.

The analysis of these elasticities describes that the prosperity of the economy is the primary cause of inflation given the highest growth elasticity of food prices. Along with the growth of the economy, the ample growth of output in agriculture sector is pumping additional demand. In India, the major proportion of population is living in rural areas and an increase in agricultural output depicts increase in the purchasing power of the rural masses. Thus, the demand pull inflation is the major cause of observed inflation in food prices in long-run.

Moreover, the net exports of India have also been observed having unitary more elastic impact over food prices. The same variable has also been identified significant in short-run. It has been notice that net exports are rising over the study period at a significant rate and among the two determinants of net exports, the growth of exports is higher than the growth of imports. The growth of exports on one side widens the supply gap in the domestic market along with pumping additional demand on other side via raising per-capita income of the economy. Further, significant increase in imports is also responsible as the world prices of food articles are rising at substantial rate. In this case, the inflation also becomes imported inflation.

In sum, the analysis reveals that the food inflation in India is growth oriented and can be controlled by filling up the void between demand and supply of food products. The gap can be filled either by reducing demand or pumping additional supply of food products. A decline in aggregate demand is not a development friendly whereas, increasing supply of the primary commodities requires substantial agricultural base. Thus, increasing agricultural output and reducing *net-exports* via controlling exports of primary articles may be the suitable policy to control inflation of food-articles in India.

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MACROECONOMIC ANALYSIS OF UNIT ROOT TEST IN REAL EFFECTIVE EXCHANGE RATE IN INDIA

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Abstract

This study seeks to examine whether there is a unit root in the real effective exchange rate (REER) in India during the post reform period by using more recent tests such as DF GLS, DF GLSu, Ng and Perron which are known to be more powerful than the traditional tests of ADF, PP and KPSS. The tests by and large reject the null of unit root in favor of mean reversion in both 6 currency and 36 currency REER in India.

Introduction

The issue whether real exchange rates contain a unit root (follow a random walk) or not has been a subject of controversy since a long time. Though the earlier studies in various countries supported the random walk, the recent studies refuted it. The studies concluding random walk reject mean reversion and also refute long run Purchasing Power Parity in real exchange rate series. A number of empirical studies on PPP of real exchange rate for diverse time periods, using a variety of techniques are available in the literature for developed as well as developing countries. The voluminous evidences however are mixed and remain inconclusive.

Real Exchange Rate of Rupee

The study of mean reverting tendency for REER becomes important in view of its significance in determining the overall trade competitiveness of India in international market. While the nominal effective exchange rate reflects movements in the external value of the Rupee against a basket of currency of the country's main trading partners, the real effective exchange rate is the nominal effective exchange rate adjusted for the inflation differential between India and its major trading-partner countries. In calculating these indices, each currency in the basket are assigned an appropriate weight, based on trade with these countries. Therefore, the real effective exchange rate of Rupee may be regarded as a barometer of external competitiveness of trading goods. The weights assigned to the selected trading partners reflect the price competition between Indian exports and locally produced goods in foreign markets, between imports from the rest of the world and locally produced goods in India, and between Indian exports and exports of other countries. REER appreciates if the nominal exchange rate appreciates or domestic inflation is higher than foreign inflation. From a competitive point of view and also in the medium term perspective, it is the REER, which should be monitored as it reflects changes in the external value of a currency in relation to its trading partners in real terms.

The Reserve Bank of India has been constructing five- country and thirty six country REER/NEER till 2005. However, on account of introduction of Euro Zone in 2002 and significant shift in India's trade relation across countries/regions, mainly towards developing and emerging economies, requiring change in currency basket and weight assigned to India's trading partners included in REER, the 5 country index was replaced by six country index of REER and also there was revision in 36 country indices. Post 1992, a credible macroeconomic, structural and stabilization programme encompassing trade, industry, foreign investment, exchange rate, public finance and the financial sector was put in place in India to improve the overall productivity, competitiveness and efficiency of the economic system in general, and the external sector, in particular. In foreign exchange market, various reform measures aimed at widening and deepening the foreign exchange market and liberalisation of exchange control were initiated. In a move towards market-determined exchange rate system, Liberalised Exchange Rate Management System (LERMS) initially involving a dual exchange rate system was put in place in March 1992. Latter convergence of the dual rates was made effective from March 1993, leading to the introduction of a market-determined exchange rate regime. The dual exchange rate system was replaced by a unified exchange rate system in March 1993, whereby all foreign exchange receipts could be converted at market determined exchange rates. On unification of the exchange rates, the nominal exchange rate of the rupee against both the US dollar as also against a basket of currency got adjusted lower, which almost nullified the impact of the previous inflation differential. The restrictions on a number of other current account transactions were relaxed. The unification of the exchange rate of the Indian rupee was an important step towards current account convertibility, which was finally achieved in August 1994. In addition to the measures for development in forex market deregulation, economic reforms on other fronts like abolishment of import licensing and quantitative restrictions, encouragement of foreign investment through simplifying procedures, abolishment of industrial licensing, allowing private sectors in areas earlier reserved for the public sector, decontrol of interest rates, reduction in pre-emption of banking resources and enforcing capital adequacy and prudential norms; government borrowing at market rates and the discontinuation of automatic monetization of deficit, and the gradual liberalization of administrative price control mechanism on a number of commodities were initiated. The various policy measures introduced in all these years have yielded results in terms of surge in foreign funds inflow, foreign exchange reserves, foreign investments etc. Have these structural changes resulted in permanent disturbance in REER or the changes are only short lived shocks and the REER have shown mean reverting behavior in long run? This present paper addresses this issue using unit root tests for the period covering April 1993 to June 2010. A cursory inspection of 36 country REER since 1993 indicates a cyclical trend, barring minor aberration, at regular intervals. A similar trend is observed in 6 currency REER.

Empirical Results

The preliminary graphical representations of 36 currency REER and 6 currency REER (see figure 1) suggest some sort of mean reverting tendency in both the series. Though there are frequent diversions from the mean level because of external shocks, these shocks have temporary effect and the series show the tendency of coming back to their mean level.

Next, traditional unit root tests namely ADF (1979), and Phillips and Perron (1988) are employed on the model without deterministic time trend. The lag length for these tests are based on AIC for ADF and Newey West Bandwidth for PP. Both the tests reject the null of unit root for 36 currency REER at 5 percent significance but failed to reject unit root in 6 currency REER.

The most common stationarity test- KPSS test, tests the null that the series is stationary. The results of ADF test and PP test is confirmed by KPSS test, which rejects stationarity in 6 currency REER but failed to reject stationarity in 36 currency REER.

Next, the same tests are employed for the model with deterministic time trend. The results are mixed. The ADF and KPSS tests support stationarity only in 36 currency REER. However, PP test failed to support stationarity in either of the series.

Also, ADF test is employed on detrended series using general to specific approach as lag selection criteria, setting maximum number of lags equal to twelve (if the coefficient for the highest lag is not statistically significant at the 10% level, the number of lags was reduced). If the lag length determined is same as the maximum lag length, we start over with maximum lag of 14. This criterion for lag length selection has given improved result over the AIC criteria. The ADF test with general to specific lag length criteria rejects the null of nonstationarity for both 36 currency REER and 6 currency REER at one percent and 5 percent significance, respectively for the model without time trend. The efficient unit root tests, namely, DF GLS and DF GLS^{u} , employed on the detrended series reject the null of unit root for 36 currency REER at 1 percent significance, and 6 currency REER at 5 percent significance level for the model without deterministic time trend. For the model with deterministic time trend, when the lag is selected through general to specific criteria, all ADF, DF GLS and DF GLS^{u} tests reject unit root in both 36 currency REER and 6 currency REER. Compared to the mixed evidences thrown out by the three unit root tests namely ADF, PP and KPSS, this finding is consistent.

Before employing Ng and Perron(2001) test, ARMA(1,1) model is fitted to each series. Both the seires show autoregressive root which is close to one (0.90 for REER 36 and 0.93 for REER 6). Traditional unit root tests have low power when the root of the autoregressive polynomial is close to but less than unity (e.g. Dejong et.al.(1992)). To overcome the problem, Ng and Perron (2001) have proposed improved test in terms of power and size distortion. As suggested by the authors, the lag length is selected based on MIC (Modified Information Criteria). For the model without deterministic time trend, contrary to findings of the Phillips and Perron test, MZ_{α} statistic, which is modified Z_{α} of PP test, rejects the nonstationarity in 36 currency REER at 1 percent significance and 6 currency REER at 10 percent significance. However, $MZ_{t,,}$ improved version of Z_t of PP test, rejects the nonstationarity only in 36 currency REER at 1 percent significance level. Similarly, modified Bhargava (MSB) test rejects the non stationarity in 36 currency REER and 6 currency REER series at 1 percent and 5 percent significance, respectively. However, the results of modified ERS optimal point test denoted as MP_T rejects unit root in only 36 currency REER at 1 percent significance. For the model with deterministic time trend, the Ng-Perron tests have consistently rejected unit root in both the series.

The efficient unit root tests and Ng and Perron tests (2001) except for MZ_t and MP_T reject unit root in the two series. The MZ_t and MP_T failed to reject unit root in 6 currency REER.

Concluding Remarks

For the model without deterministic time trend, though the ADF, PP and KPSS unit root tests consistently failed to reject null of unit root in 6 currency REER, all the new tests, barring MZ_t and MP_T have rejected unit root in 6 currency REER in post reform period and hence support PPP theory in Indian context. This is in contrast to the findings of Kohli (2002), which failed to reject unit root in 36 currency REER.

For the model with time trend, ADF and KPSS tests support unit root in 6 currency REER and rejects for 36 currency REER, PP test failed to reject unit root in both the series. However, unit root in both the series is rejected by all the efficient tests and Ng and Perron tests. Consistent rejection of unit root in 6 currency REER after including time trend suggests Balassa-Samuelson effect, where the failure of PPP to hold can be due to differential rates of productivity growth in tradable and non tradable sectors. Thus, as the tests suggest, PPP hypothesis holds for India. The mean reverting behavior in REER indicates that the shocks in the form of structural changes are short lived and do not have permanent effect on REER.

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GREEN ENERGY: A STUDY OF SOLAR ENERGY IN INDIA

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Abstract

Energy is a most important key to the economic development of the country. The crisis of energy is hampering the growth of, industrial growth, economic growth, and human development. The demand for energy is increasing day by day in India due to population growth and growing activities of the country. However, the 87 per cent of energy converted from conventional sources which lead to an impact on environmental problems and exhausted. Therefore generating of electricity is a shift to the renewable energy sources. Among the renewable energy solar energy is a great and best source in India. Because India is a tropical country, sunshine is available for longer hours per day and 300 days in per year is sunny days. Solar energy is enhancing the energy supply it will help to improve the future energy security and declining the global warming. The objective of the study are 1) to analyze the state wise estimated solar energy potential, 2) to examine the commissioning status of grid-connected capacity and 3) to know the installed capacity of solar power in India. The entire study is based on secondary data. The finding of the study resulted that the state wise potential source of solar power in India, in which Rajasthan, Jammu and Kashmir, Maharashtra, Madhya Pradesh and Andhra Pradesh states are accounted higher potential source of solar power as compared to other states in India and lowest potential source are accounted by UT, Goa, Tripura, Delhi, and Punjab. The states of Rajasthan, TamilNadu, Gujarat, and Andhra Pradesh are the highest installed capacity and Arunachala Pradesh, Himachala Pradesh, Mizoram, and Pondicherry are zero percent installed capacity of solar power in India. The installed capacity of solar power in India is increasing the study period.

Keywords: *Solar power, Potential, Environmental Pollution.*

Introduction

Solar energy is the best alternative source for electricity generation of the world because has a large potential of green energy. India has a huge potential for generating green electricity from the renewable energy sources like solar, wind, small hydro, biomass etc. Whereas it promoting the green energy sector like launching many schemes for the renewable energy resources. Among the renewable energy sources, solar energy is a best alternative source for electricity generation in India. It is a clean renewable resource with zero emission, has got the incredible potential of energy which can be harnessed using a variety of devices. With recent developments, solar energy systems are easily available for industrial, agriculture and domestic use with the added advantage of minimum maintenance. Most of the developed countries are switching over to solar energy as one of the major renewable energy sources. The solar power is enhancing the energy supply it will help to improve the future energy security as well as declining the global warming, climate change, environmental pollution, electricity problem, and Green House Gases and CO2 emissions.

Solar Energy in India

India is an enriched with an abundant source of solar energy and majority of the parts in India get 300 days of sunshine in a year and about 5,000 trillion kWh per year. Solar energy is incident over Indian land area with most area receiving 4-7 kWh per sq. meter per day[1]. It is harnessed efficiently which is easily reduced our energy deficit scenario and no carbon emissions. Many states in India have identified solar energy potential for energy generations. Solar energy is produced from solar thermal and solar photovoltaic's system. The government of India funded for installation of a solar system for about 25MW in 2010, 468.3.MW in 2011 and 1040.67 MW in 2012. India expects to install an additional 10,000MW by 2017 and a total of 100GW by 2022[2].

Statement of the Problem

India is facing the critical problem of energy crisis it's hampering to the growth of human and economic development of the country. In India the 87 per cent of electricity is converted from the conventional sources which impact an environmental problem such as pollution, global warming, climate changes, health threats, etc. The solar energy generation is very high cost as compared to conventional sources and more land is needed to install a solar panel. The land is scarce resources in India and area for exclusive installation solar panel competitive it requires to other necessity such as agriculture, industry, schools, hospital, houses etc, whereas the per capita land availability of India is very low. The failure of installations in India is primarily lack of money, materials, poor maintenance and skilled manpower and it's demanded by the mainly rich people because installation of solar panel is high cost as well as lack of awareness of the people. Solar energy is still not a visible product for the consumer. India imports solar cell system from developed countries and lack of technical knowledge, especially in the solar system. The other problems of solar energy are lack of technical knowledge and support for the remote locations, and availability of solar panel, battery replacements remain the vital challenges for the long term of the solar photovoltaic system. Besides cloudy days is an obstacle for solar energy generation.

Methodology

The study is exclusively based on secondary data. The data were collected from the previous study, various journals, government reports, and website. In addition, the study makes time series data from the Ministry of New and Renewable Energy Annual Report 2015-2016 and Ministry of New and Renewable Energy; Energy statistics 2013.The researcher has used the simple percentage analysis.

The Objectives of the study

The objectives of the study are;

1. To analyzes the state wise estimated solar energy potential in India.
2. To examine the state wise commissioning status of grid-connected capacity of solar power as on 31st July 2016 in India.
3. To know the year wise Installed capacity of solar power in India during the study period in
4. 2010 to 30.03.2016 (MW).

Review of literature

Srivastava and Prakash Srivastava (2012),[3] expressed that the solar energy is a clean renewable energy with the environment- friendly and is easily available for industrial and domestic use with the added advantage of minimum maintenance. It made financially viable with government tax incentives and rebates. The current architectural designs make provision for photovoltaic cells and necessary circuitry while making building plans. The National Solar Mission is a major initiative of the Government of India and State Governments to promote ecologically sustainable growth while addressing India's energy security challenge. It will also constitute a major contribution by India to the global effort to meet the challenges of climate change. The objective of the National Solar Mission is to establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible. The immediate aim of the Mission is to focus on setting up an enabling environment for solar technology penetration in the country both at a centralized and decentralized level thereby empowering people at the grassroots level.

Abhishek Srivastava et.al (2016),[4] highlighted that the solar energy is one of the cleanest sources of energy with the minimum maintenance of this system as well as not polluted or harmful emissions in the environment. In this potential to reduce the dependency of conventional energy based sources like coal, oil, etc. Solar energy provides self-sufficiency of the energy, remunerative growth, and sustainable development in the world. It is seen not only as sources of energy and also a tool for some other important requirements, like improving energy security access, minimizing the health, environmental impacts due to the emission of harmful gases from fossil fuels. It observed that the dependency on imported fuels is increasing and it may create serious problems for the energy security in the country. In addition to that India's around 65 per cent current power generation capacity is based on coal, which leads to an impact on environmental contaminations.

Nath Basu et.al (2016),[5] has emphasized that the solar energy is unlimited energy resources it will meet up long-term global energy crisis. The energy crisis and environmental burden are increasing, urgent and drawing enormous attention to the solar-energy utilization. It shows that capturing and using the sunlight which hits the earth in one day could provide enough energy for the entire world all year. Solar power has the immense capacity to bring instability to the fluctuating electricity tariffs in India as it is cheaper than thermal and domestic coal. It realized that solar radiation in the worst part of India is better than the best part of Europe. In India, the electricity demand is drastically increasing. Solar Thermal and Photovoltaic Electricity technology are implemented in India as solar resources and large wasteland areas are widely available in the country.

Harendra Kumar Yadav et.al (2015)[6], the study analyzed that the availability, current status, promotion policies and future potential of a different form of solar energy in India. It observed that the solar power is very good option in India because it leads to increase power production with environmental protection and economic development. It is an unlimited source of energy and provides a suitable climate for this energy but need some better idea to increase efficiency and decrease the production cost. The government launches some schemes for production of solar power and achieves some successes but need education and publicity in society for these schemes. In India currently, generating 4.59 per cent of the solar energy of total produced renewable energy installed capacity in India. It is very low in compared to the total installed capacity of renewable energy.

Timilsina et.al (2011)[7], the study examined that the technical, economic and policy aspects of solar energy development and deployment. It observed that cost of solar energy has declined quickly in the recent past it still remains much higher than the cost of conventional energy technologies. It benefits from fiscal and regulatory incentives and mandates, including tax credits and exemptions, feed-in-tariff, preferential interest rates. The potential expansion of carbon credit markets and provides additional incentives to solar energy deployment. In spite of the huge technical potential, development and large-scale, market-driven deployment of solar energy technologies worldwide still has to overcome a number of technical and financial barriers. Unless these barriers are overcome, maintaining and increasing electricity supplies from solar energy.

Results and discussion

According to International Energy Agency (IEA), India is a growing economy and booming population which means that its energy demand is to increase rapidly over the next few decades[8]. Solar energy will solve all energy problems like energy crisis, demand for energy, remote or un-electrified villages etc.

Table 1 shows that the state wise estimated solar power potential in India. Rajasthan (19 per cent) is a high potential source of solar power as compared to the other states in India, followed by Jammu Kashmir (14.83 per cent) in second and Maharashtra (8.59 per cent) in third, the fourth and fifth places are solar potential accounted by Madhya Pradesh (8.23 per cent), and Andhra Pradesh (5.13 per cent) respectively. The lowest solar potential states are UT (0.11 per cent), Goa (0.12 per cent), Delhi (0.27 per cent), Tripura (0.28 per cent) and Punjab (0.38 per cent).

Table 2 brings out that the Rajasthan stood at first place in terms of installation of solar power capacity (16.61 per cent), followed by, TamilNadu(15.72 per cent) , Gujarat (13.93 per cent) , Andhra Pradesh (11.61 per cent), Telangana (10.49 percent). Jammu Kashmir (0.01 per cent), Lakshadweep (0.01 per cent), Daman & Diu (0.05 per cent), Tripura, (0.6 percent), Andaman &Nicobar (0.6 per cent) and Chandigarh (0.8 per cent) states are the lowest installations of solar power as compared to other states in India. The remaining states are zero solar power capacity in India.

Table 1 State wise Estimated Solar Power Potentials (GW) in India-2015

State/ UT	Solar potential (GW)	Percent
Andhra Pradesh	38.44	5.13
Arunachal Pradesh	8.65	1.15
Assam	13.76	1.84
Bihar	11.20	1.50
Chhattisgarh	18.27	2.44
Goa	0.88	0.12
Gujarat	35.77	4.78
Haryana	4.56	0.61

Jharkhand	18.18	2.43
Karnataka	24.70	3.30
Kerala	6.11	0.82
Madhya Pradesh	61.66	8.23
Maharashtra	64.32	8.59
Manipur	10.63	1.42
Meghalaya	5.86	0.78
Odisha	25.78	3.44
Nagaland	7.29	0.97
Punjab	2.81	0.38
Rajasthan	142.31	19.00
Tamil Nadu	17.67	2.36
Sikkim	4.94	0.66
Telangana	20.41	2.73
Tripura	2.08	0.28
Uttar Pradesh	22.83	3.05
Uttarakhand	16.80	2.24
West Bengal	6.26	0.84
Delhi	2.05	0.27
J&K	111.05	14.83
Himachal Pradesh	33.84	4.52
Mizoram	9.09	1.21
UT	0.79	0.11
Total	**748.98**	**100.00**

Source: Ministry of New and Renewable Energy Annual report 2015-2016.[9]

Table 2 State-Wise Commissioning Status of Grid Connected Capacity of Solar Power as on 31.7.2016 in India

S.No	State/ UT	Total cumulative capacity (in MW)	Percentage
1	Andhra Pradesh	935.80	11.61
2	Arunachal Pradesh	0.26	0.00
3	Bihar	80.10	0.99
4	Chhattisgarh	123.78	1.54
5	Gujarat	1123.36	13.93
6	Haryana	15.38	0.19
7	Jharkhand	16.18	0.20
8	Karnataka	238.32	2.96
9	Kerala	13.04	0.16
10	Madhya Pradesh	790.37	9.80
11	Maharashtra	385.75	4.78
12	Odisha	66.92	0.83
13	Punjab	520.70	6.46
14	Rajasthan	1294.60	16.06
15	Tamil Nadu	1267.41	15.72
16	Telangana	845.84	10.49
17	Tripura	5.00	0.06
18	Uttar Pradesh	143.49	1.78
19	Uttarakhand	41.14	0.51
20	West Bengal	11.77	0.15
21	Andaman & Nicobar	5.10	0.06
22	Delhi	23.87	0.30
23	Lakshadweep	0.75	0.01
24	Puducherry	0.02	0.00
25	Chandigarh	6.80	0.08
26	Daman & Diu	4.00	0.05

27	J&K	1.00	0.01
28	Himachal Pradesh	0.20	0.00
29	Mizoram	0.10	0.00
30	Others(PSU/channel partner) under Rooftop	100.9	1.25
Total		**8062.039**	**100.00**

Source: http://mnre.gov.in.[10]

Table 3 Year Wise Installed Capacity of Solar Power in India as On 2010 to 30.03.2016 (Mw)

Year	Total cumulative capacity (MW)	%
2010	10.28	0.1
2011	35.12	0.2
2012	941.24	6.0
2013	1686.44	10.7
2014	2631.96	16.6
2015	3743.99	23.7
As on 31.03.2016	6762.87	42.8
Total	**15811.9**	**100.0**

Source: Ministry of New and Renewable Energy; Energy statistics 2013, Central Statistics office. (http://www.mospi.gov.in)[11]

Table 3 reveals that the installed capacity of solar power has been increasing from 2010 to 2016. It is due to the government allocation of expenditures towards generation of solar power is more in order to meet out the demand for power.

Conclusion

Solar energy is an emerging source of renewable energy and to generating the non polluted electricity. It will enhance the standard of living of the people and economic development of the country. The finding of the study exposed that the states of Rajasthan, TamilNadu, Gujarat, and Andhra Pradesh are highest installed capacity and Arunachala Pradesh, Himachala Pradesh, Mizoram, and Pondicherry are zero percent installed capacity of solar power in India. Whereas the installed capacity of solar power is increasing during the study period of 2010 to 2016

The solar power is possible solution to reduce the energy crisis, energy demand and environmental problems like, climate change and greenhouse gases. It is suitable and viable option to provide the generating for electricity and is a long-term cost-effective solution that can help in equitable development.

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CLIMATE CHANGE AND MIGRATION IN INDIA: ISSUES AND CHALLENGES

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Abstract

Today, displacement and movement because of environmental change are regular everywhere throughout the world. The expanded movement is likely inside India because of the impacts of environmental change, for example, dry spell, surge, corrosive rain, desertification, ocean level ascent, water shortage and low nourishment efficiency, and liquefying ice sheets. The quickened impacts of environmental change have brought about expanded stream of vagrants to look for asylum. Environmental change is probably going to add to uprooting instead of regular movement in India. The investigation plans to investigate the idea of environmental change actuated movement and its differing issues in India. In addition, the investigation plans to build up a thought regarding environmental refugee in India. The examination is spellbinding and explanatory in nature and altogether transfers on the optional wellspring of data. The auxiliary information gathered from distributed sources like diaries, books, periodicals, reports and web sources. The examination uncovers that at the worldwide level, 50 million individuals were accounted for to be earth dislodged by 2010 while projections states around 200-250 million individuals will uproot and move by the year 2050. As per the projection, before the finish of 2100, West Bengal, Maharashtra and Tamil Nadu will confront the most noteworthy rates of atmosphere exiles with 10 million, 12 million and 10 million individuals moving out from these states. An expected 3,00,000 workers relocate from dry season inclined Bolangir region in western Orissa consistently. Expanded dry spell conditions because of environmental change may influence the jobs of individuals initiating them to move. Environmental change is relied upon to expand the seriousness of dry spell particularly in western India. Environmental change may actuate a significantly bigger movement from Bangladesh to India later on. It might put extra weights on the asset base of zones they will move in India and debilitate the jobs of individuals who are by and by living there. In this manner the Government and in addition the worldwide organizations should concentrate speculations on diminishing the negative effects of environmental change and settling on some solid choices to help and secure of vagrants and atmosphere displaced people.
Keywords: *Climatic change, migration and refugee, challenges, security and human vulnerability, survival.*

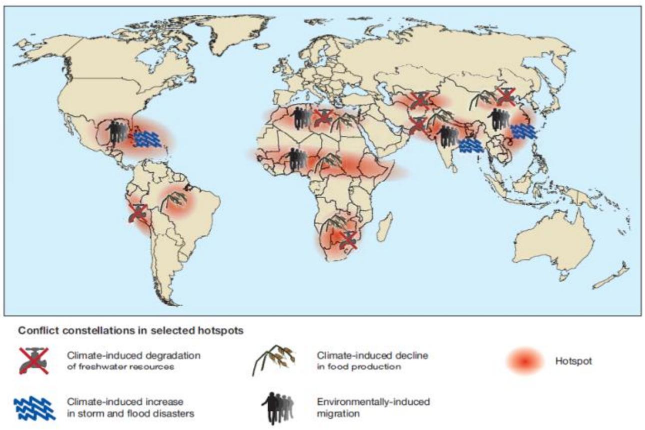
Introduction

Migration is a typical marvel in the time of globalization, with the headway of transportation and correspondence innovations, individuals are moving over the fringes having an expectation of better socio, monetary, political and social condition. Dissimilar to financial transients, there are vagrants on the planet who are compelled to leave his place/nation because of regular disasters, ethnic clash, and political savagery, etc. It isn't another marvel in the mankind's history. In the early period likewise, individuals abandon one place a consequence of normal catastrophes like surge, dry spell, seismic tremor, avalanches, war and strife between groups. For time being, satisfactory changes have been received in the human settlement and built up an environment for better living on the earth. The world is more stressed over the progressions of atmosphere that are happening today have been speeded up on account of man's exercises. The human has driven a consolidated existence with nature in the prior periods and he/she gathered every one of the materials from his/her encompassing condition which is accessible copiously.

As per the United Nations (UN), starting at 2015 roughly 244 million individuals were living outside their nation of birth, and another 740 million were either inside uprooted or included moved inside their nation (UNDESA, 2016a). Be that as it may, it is exceptionally hard to unwind the amount of this development is exclusively or mostly as a result of atmosphere related dangers, or what number of these perils were impacted by environmental change. Tempests, surges and dry spells have happened for centuries, and keeping in mind that environmental change is verifiably changing the idea of atmosphere related dangers what's more, patterns, only one out of every odd danger is totally inferable from or on the other hand impacted by environmental change.

While environmental change will influence the entire planet, a few territories of human residence will be influenced more than others. The worldwide hazard administration firm Maplecroft finished up in 2010 that developing economies in Asia and Africa are most helpless against environmental change, particularly Bangladesh and India. The association's Climate Change Vulnerability Index joins introduction to normal perils (dry spells, serious tempests, avalanches, and so forth.) with destitution related defenselessness and strength (adjustment limit) to figure a nation's hazard. Bangladesh is in the lead position as a result of its destitution and thickly populated, low-lying waterfront delta. India is second, positioned very in view of the strain its enormous, poor populace applies on regular assets. The rest of the nations in the main ten for helplessness were Madagascar, Nepal, Mozambique, Philippines, Haiti, Afghanistan, Zimbabwe, and Burma.

Figure 1: Selected hotspots of climate change



Source: German Advisory Council on Global Change (WBGU)

For last numerous decades, individuals are moving from rural to urban territories for work and higher salaries. Notwithstanding, environmental change is probably going to add to dislodging as opposed to occasional relocation in India. Removal is the constrained or obliged development, departure or movement of people or gatherings of individuals from their homes or submits of the ongoing home in the request to maintain a strategic distance from the danger or effect of a calamity. Environmental change may bring about two sorts of removal and movement in India. In the first place, the expanded movement is likely inside India because of the impacts of environmental change, for example, dry season, desertification, ocean level ascent, water shortage and low sustenance profitability, and dissolving ice sheets. Second, environmental change may prompt expanded stream of migrants from neighbouring nations because of the quickened impacts of environmental change. Be that as it may, the impact of ecological change on human relocation has generally been overlooked by the standard speculations of movement. As of late the developing worry over environmental change has touched off the level-headed discussion on atmosphere movement and its suggestions. Regardless of numerous numerical expectations on the number of individuals who may be uprooted or have just dislodged, the exact premise of the examination stays powerless at the national level. Critical requirements emerge because of the absence of information on movement prompting trouble setting up the mono-causality between environmental change and displacement, because of the perplexing instruments that instigate movement (Architesh, 2016).

Conceptual Framework

It is necessary to define various concepts which are associated with climate migration and refugee. Here, an attempt was made to conceptualize the terms environmental refugee.

Displacement is the constrained or obliged development, clearing or movement of people or gatherings of individuals from their homes or puts in of routine living arrangement in a request to maintain a strategic distance from the danger or effect of a catastrophe.

Under the United Nations Convention Relating to the Status of Refugees of 1951, a refugee is more narrowly defined (in Article 1A) as a person who "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of his nationality, and is unable to or, owing to such fear, is unwilling to avail himself of the protection of that country". While the idea of a displaced person was extended by the Convention's 1967 Protocol and by provincial traditions in Africa and Latin Africa to incorporate people who had fled war or other brutality in their nation of origin, in its present express the convention does not give long-haul legitimate insurance to outcasts because of environmental change.

The expression "environmental refugee" was first proposed by Lester Brown in 1976, from that point forward there has been a multiplication in the utilization of the term at which "natural transient" and a bunch of comparative classifications, including "constrained natural vagrant", "earth persuaded transient", "atmosphere evacuee", "environmental change exile", "ecologically dislodged individual (EDP)", "catastrophe evacuee", "ecological uproot", "eco-displaced person", "biologically dislodged individual" and "environmental - refugee - to-be (ERTB)" has been used. The contrasts between these terms are less vital than what they have in like manner: they all propose that there is a definable connection between ecological drivers and human movement which is diagnostically valuable, arrangement important and conceivably justification for the development of outcast law (Brown, L et al, 1976).

Environmental migrants are individuals who are compelled to leave their home district because of sudden or long-haul changes to their nearby condition which trade off their prosperity or secure occupation, such changes are held to incorporate expanded dry seasons, desertification, ocean level ascent and interruption of occasional climate examples, for example, Environmental transients may escape to or move to another nation or them may move inside their own particular nation (Myers Norman (2002). Be that as it may, the expression "ecological transient" is utilized to some degree reciprocally with a scope of comparable terms, for example, natural evacuee or atmosphere exile in spite of the fact that the qualification between these terms is challenged. The International Organization for Migration proposes the definition for ecological transients as "Natural vagrants are people or gatherings of people who, for convincing reasons of sudden or dynamic changes in the condition that antagonistically influence their lives or living conditions, are obliged to leave their constant homes, or do as such, either briefly or for all time, and who move either inside their nation or abroad" (Forum on Climate Refugees, 2012). In spite of issues in detailing a uniform and obvious meaning of 'ecological movement', such an idea has expanded as an issue of worry in the 2000s as arrangement creators, natural and social researchers endeavour to conceptualize the potential societal impacts of environmental change and general natural debasement.

The term 'Ecological refugee' first appeared in 1970s. Besides other terms also developed to describe this population of people include 'environmental migrants', 'environmentally displaced persons', 'climate refugees', 'climate change refugees', 'environmental refugees'. The term 'environmental refugee' was first coined by Essam El-Hinnawi in a 1985 United Nations Environmental Programme report. He defined environmental refugees as: "…those people who have been forced to leave their traditional habitat, temporarily or permanently, because of a marked environmental disruption (natural and/or triggered by people) that jeopardized their existence and/or seriously affected the quality of their life". (Vikram Odedra Kolmannskog, 2008).

The term Climate refugee or Climate Migrants alludes to the subset of ecological vagrants compelled to move "because of sudden or progressive adjustments in the common habitat identified with no less than one of three effects of environmental change: ocean level ascent, outrageous climate occasions, and dry spell and water shortage" (Global Governance Project 2012). The term Climate banishes has been utilized to allude to those atmosphere vagrants who might be at risk of getting to be stateless. Atmosphere displaced people are essentially defenseless individuals compelled to move from their homes due to climatic changes. Indeed, even as movement stands to be the most time-tried way of dealing with the stress of the general population, the vagrants—all the more exactly, the "dislodged"— are yet to be formally perceived. The issue needs critical consideration as atmosphere initiated uprooting is expanding by the day (Sujatha Byravan, et. al, 2007). Canals initially voiced his worries about environmental change-related development in 2007, at UNHCR's Executive Committee meeting. Nonetheless, he likewise expressed that UNHCR's legitimate order blocks its formal inclusion in this new test.

In any case, a typical accord on the meaning of these refugees is yet to develop while environmental migration isn't authoritatively perceived, the universal group is progressively recognizing the way that ecological corruption and environmental change could conceivably bring about populace removal on a scale the world is as of now poorly prepared to address in a compelling way. Several evaluations have been proposed by a few researchers (Terra Green, 2011).

Climate Change Induced Migration in India

Indian economy is inseparably fixing to atmosphere touchy areas like agriculture, which are as of now confronting various burdens, and worldwide ecological change could additionally intensify these anxieties. Migration and particularly inside relocation, is as of now a testing question. The Indian subcontinent is very powerless against the negative effects of environmental change. This area likewise houses a huge number of poor and undernourished individuals who for the most part rely on the farming segment for their sustenance. This poor people comprises of ladies and children who are more defenseless against environmental change-related relocation, and incidentally, are minimal supporters of environmental change. Climate variability in the form of floods and cyclones has resulted in destruction of crops, property and infrastructure, as well as in negative impacts on human health and well-being

Traditionally India is highly vulnerable to climate change impacts like drought, flood, sea level rise and glacier melting. Jairam Ramesh, the former Indian minister of state for environment and forests (MoEF), argued that "No country in the world is as vulnerable, on so many dimensions, to climate change as India" (MoEF, 2010). In a current report, the International Commission for Snow and Ice (ICSE) detailed that Himalayan glaciers – that are the key dry-season water wellsprings of Asia's greatest streams - Ganges, Indus, Brahmaputra, Yangtze, Mekong, Salween and Yellow – are contracting snappier than anyplace else and that if ebb and flow patterns proceed with they could vanish by and large by 2035.27 If the forecasts are genuine then the size of the effect can be checked from the sheer quantities of individuals it will influence. Around 2.4 billion individuals live in the seepage bowl of the Himalayan Rivers. The above expectations surely represent a genuine risk to horticulture which impacts human lives from numerous points of view. One of the premier effects is sustenance security.

Because of increment in temperature noteworthy changes in precipitation design have been seen amid the twentieth century in India. A genuine ecological issue has additionally been seen in the Indo-Gangetic Plain Region (IGPR) in the past whereby distinctive streams (counting Kosi, Ganga, Ghaghara, Son, Indus and its tributaries and Yamuna) changed their course various circumstances. The current annihilating surge in Nepal and Bihar because of progress obviously of River Kosi is a valid example. Accessible investigation recommends that sustenance generation must be expanded to the tune of 300 mt by 2020 so as to bolster India's regularly developing populace, which is probably going to achieve 1.30 billion by the year 2020. The aggregate sustenance grain creation must be expanded by 50 for each penny by 2020 to meet the prerequisite. It is expected that the quick expanding interest for sustenance in the following a few decades could be very dreary especially in perspective of the major issue of soil corruption and environmental change. The ascent in populace will expand the interest for water prompting the quicker withdrawal of water and this thusly would diminish the energizing time of the water tables. Therefore, accessibility of water will undoubtedly achieve basic levels at some point or another.

As indicated by the Internal Displacement Monitoring Center around 3,655,000 were displaced because of catastrophes in India in 2015. In 1998 depicted as super El Nino year, because of flood eight million individuals were dislodged in India especially surges crosswise over 12 northern states. Further, various and rehashed relocations in similar parts India point to zones of especially high presentation and powerlessness. India encounters abnormal amounts of uprooting along its east drift, where groups are presented to hurricanes from the Bay of Bengal, and in the Ganges, Brahmaputra and Yamuna stream bowls in the north and north-east of the nation. In September, the most exceedingly awful surges to hit Jammu and Kashmir in 50 years uprooted around 812,000 individuals in urban zones of the state.

About 851,000 people were displaced by tropical cyclone Mora, with subsequent floods and landslides in Bangladesh, Myanmar and India. More than 477,000 people were evacuated to shelters in 15 coastal districts of Bangladesh, because of high winds, storm surges and heavy rainfall associated with Mora, which made landfall in Cox's Bazar district on 30 May, 2017. The storm then tracked north-east over land, crossing Chittagong division, where it caused floods and landslides, displacing more than 353,000 people, of whom 350,000 were evacuated to shelters. In Myanmar more than 19,000 were displaced, and in India 235 people were displaced (Internal Displacement Monitoring Center, 2017).

Displacement for populations due to erratic and extreme weather, a fallout of climate change, has become a scary reality for millions of people across swathes of India. Flooding in Jammu and Kashmir last year, in Uttarakhand in 2013 and in Assam in 2012 displaced 1.5 million people. Cyclone Phailin, which swamped the coastal Indian state of Orissa in October 2013, triggered large-scale migration of fishing communities.

Sea level rise is the major threat to the country due to global warming and melting of glaciers. It is found that approximately 13 km^2 of land area of Kanyakumari would be permanently inundated due to sea level rise, resulting in loss of land, alteration of coastal zone and destruction of coastal eco system (Natesan and Parthasarathy, 2010). A critical division of ocean level ascent is because of warm extension of a warmed sea (as much as 0.3 to 0.8 m over the previous century, as per the 2007 IPCC report). Geographic examples of ocean level ascent are expected basically to changes in the appropriation of warmth and saltiness in the sea, bringing about changes in sea flow. Exact satellite estimations since 1993 demonstrate that the biggest ocean level ascent since 1992 has occurred in the western Pacific and eastern Indian Oceans, with the potential for huge effects on the east shoreline of India. The 2004 Indian National Communication to the UNFCCC states that ocean level ascent is most astounding in the Gulf of Kutch (Gujarat) and on the shore of West Bengal. According to Asian Development Bank (ADB) roughly 37 million people from India, 22 million from China and 21 million from Indonesia will be at risk from sea levels rising by 2050. Research in Assam in India and in Bangladesh have assessed that around a million people have been rendered destitute because of disintegration in the Brahmaputra stream bowl in the course of the most recent three decades. Especially helpless to environmental change are the Sundarbans, a low-lying delta district in the Bay of Bengal where around 13 million ruined Indians and Bangladeshis live.

Table 1 Number of Migrants in India (Assuming Phased Movement)

Year	1 m Sea Rise in 2100	3 m Sea Rise in 2100	5 m Sea Rise in 2100
2010	23,723	33,212	42,701
2015	36,850	51,591	66,332
2020	149,675	209,545	269,415
2025	316,617	443,264	569,911
2030	589,419	825,186	1,060,954
2035	1,209,244	1,692,942	2,176,640
2040	2,221,491	3,110,088	3,998,684
2045	3,607,278	5,050,189	6,493,100
2050	4,365,833	6,112,166	7,858,499
2055	5,259,326	7,363,057	9,466,787
2060	6,313,208	8,838,492	11,363,775
2065	7,557,351	10,580,292	13,603,232
2070	9,026,801	12,637,521	16,248,241
2075	19,762,637	15,067,691	19,372,746
2080	12,812,968	17,938,156	23,063,343
2085	15,234,067	21,327,694	27,421,321
2090	18,091,665	25,328,331	32,564,997
2095	21,462,425	30,047,395	38,632,365
2100	24,027,847	33,638,968	43,250,124

Source: Blue Alert, Sudhir Chella Rajan, IIT, Madras, Greenpeace, 2008.

The Greenpeace report, 'Blue Alert - Climate Migrants in South Asia: Estimates and Solutions' cautions that if ozone harming substance emanations keep on growing under the same old thing situation as anticipated, prompting worldwide temperature ascend by 4-5°C, the South Asian area is evaluated to confront a huge flood of 12.5 crore atmosphere transients. These individuals will be uprooted by the effects of environmental change, including ocean level ascent and dry season related with contracting water supplies and rainstorm fluctuation.

Table 2 Climate Change–Induced Migrant Levels in India

Vulnerable Region	Migrant Levels in 2100 (Million)
West Bengal	10
Coastal Maharashtra (around Mumbai)	10–12
Coastal Tamil Nadu	10
Coastal Andhra Pradesh	6
Gujarat	5.5
Coastal Orissa	4
Western Rajasthan	1.4
Northern Karnataka	1.3
Madhya Pradesh	1.2
Interior Maharashtra	1
Northern Andhra Pradesh	1
Southern Bihar	1

Source: Blue Alert, Sudhir Chella Rajan, IIT, Madras, Greenpeace, 2008

The Greenpeace 2008 report figures the quantity of out-migration in various Indian states before the finish of 2100. West Bengal, Maharashtra and Tamil Nadu are anticipated to confront the most elevated rates of atmosphere exiles with 10 million, 12 million and 10 million individuals moving out from these states. The fishing communities, which live on the coast are the least resilient and capable of facing the situation. They will lose their primary livelihood and will be forced to move to other livelihood options and will be forced to move inland in search of alternative livelihoods. Erratic rainfall, climate changes, water shortages and food scarcity will push the vulnerable communities of landless labourers, small farmers, into worse conditions forcing them to migrate to the cities in search of subsistence. The adaptive capacities of these communities are extremely low considering that they are already affected by negative trends of globalization. It is expected that the urban migrants, as well as rural populations, are more likely to migrate to other urban regions. It is estimated that the big cities of Delhi, Hyderabad, Mumbai, Kolkata, and Chennai are likely to face the most pressure from migration. These measurements are unmistakably a clarion require the administration and the global agencies to concentrate ventures on lessening the negative effects of environmental change and settling on some solid choices to help and secure atmosphere outcasts (Blue Alert Report, 2008).

Growing Concern

India gets migrants from various nations. Under environmental change conditions, it might be overflowed with some more, especially from Bangladesh. Such relocation may intensify pressure between the two nations and additionally putting a strain on Indian central and state governments. To the extent the most extreme environmental change issue is concerned, rising sea level may start things out. Different reports and studies are affirming that while more beachfront individuals in India will tend to move into urban areas; an ever-increasing number of Bangladeshis will tend to move to urban communities in that nation, as well as into India. Both Sunderbans and Odisha drifts in India are ideal spots to affirm this situation. Here, not exclusively is the ocean rise constraining individuals from the coasts to move urban areas and making it troublesome for the administration to move them legitimately; the entrance of Bangladeshi outcasts is likewise making various neighborhood financial and political issues. The time has, in this way, come to perceive the situation of atmosphere displaced people and act in a constructive way.

The flood in urban communities is a significant risks which demolishing all the formative exercises. Also, dry season in rural regions has actuated the country masses to move urban areas. The loss of agriculture because of atmosphere variety has brought about the movement of farmers and manual works to search for work. This will brings about congestion in urban regions. The farmer’s migration and fall in production of food crops have significant impact on food security as the population in the country growing gradually. As indicated by the UN's Global Environmental Outlook (GEO-6), Regional Assessments, in excess of 40 million Indians will be in danger from rising ocean levels by 2050. This will add to the quantity of transients and inside dislodged. Provincial populaces and fizzled agriculturists are as of now rushing to the urban areas looking for better open doors adding to biological pressure and social destabilization.

According to World Bank report (November 2015), by 2030, climate change’s effect on the Indian economy could impoverish 45 million. Considering the link between revolts and climate change-induced food insecurity, inflation and income inequality, ensuring social stability is definitely at peril. In a more domestic consequence of climate-induced insecurity, domestic violence against women left behind by migrant workers is on the rise. The absence of proper data on climate change victims and migrants will hinders the formulation of policies.

Conclusion

Migration is an old social marvel in India. By and large, relocations happen because of social, monetary and wellbeing reasons. Environmental change initiated movement or Climate Refugees seemed just as of late in the social history of India. Extraordinary atmosphere occasions like surges, typhoons and tidal surges, and also slow effects of environmental change like saltiness or waterway disintegration, cause atmosphere actuated movement. By and large, the migrants are to a great degree poor. Their neediness is additionally strengthened by effects of environmental change, which stamp the purpose of their takeoff from the country where they abandon their relatives, their associations and a past set apart by dissatisfactions and sufferings. Be that as it may, frequently, their future is bleak, brimming with vulnerability and unconventionality. A summed up example of atmosphere relocation is towards cities, bigger and quickly developing urban areas and towns, and perhaps some to India. In the zone of source, absence of sustenance and water, absence of salary openings, absence of framework and nonattendance of elective employment alternatives are the underlying driver for movement caused by environmental change. Government may give humanitarian help to those unfavorably influenced by environmental change, planning to hold them over until the point when conditions enhance or resolutions other than global relocation rise. A more forward-looking strategy reaction is bolster enthusiastically the endeavors of states gravely influenced by environmental change to enable their kin to adjust to changed conditions through monetary, logical, specialized, and different types of deliberate help.

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A STUDY ON CURRENCY REPLACEMENT WITH DIGITAL CASH IN THOOTHKUDI

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Introduction

Digital cash acts like real cash except that it's not on paper. Money is converted to digital code and Used for several purposes immediately. The possibility that consumers could start paying for all Retail purchases with digital money once it becomes established instead of with paper money Paper Money was introduced and it was gradually replaced by central bank notes and bank cheques and Later to electronic fund transfers and automated clearing houses, the world is now readying itself for The next step in automation of money Payments made today in nearly all of the deposit currencies. The world's banking systems are handled electronically through a series of interbank computer Networks. One of the largest of these networks in CHIPS (Clearing House Interbank Payments System), which is owned and operated by the New York clearing House. Importantly, payment risk is Inherent in all forms of currency presently in use. Though much effort has been expended in recent Years to eliminate payment risk, the complete elimination of this risk is not possible. At best, the Payment risk inherent in present forms of currency can be mitigated, but it cannot be eliminated Because the essential nature of currency now in use precludes the complete elimination of payment Risk cannot be eliminated from currency today because all currency presently in use is a liability of Some institution issuing that currency. Payment risk can be eliminated completely in only one way – If he currency is used as an asset like Gold or silver.

Thus this study is an attempt made to analyse the nature of currency replacement with digital cash, reasons for replacement, factors influencing the transfer of paper money into digital cash, problems in replacement, the satisfaction level of traditional money replacement with digital cash and offers suitable suggestions.

Statement of the Problem

The internet may be the natural environment in which digital cash will flourish. In fact, if the internet is continue to grow, many experts argue that it must become commercial. But credit card numbers and other personal information could be snatched away by a clever hacker which make many users apprehensive about buying goods over the internet.

The unconditional anonymity that some of these systems provide is much greater that what paper cash provides its users today. With electronic cash, criminals would be able to perform illegal transactions anonymously and untraceably. Haring to perform transactions with paper cash in person reduces the anonymity of a transaction. Power failures, loss of records and undependable software often cause a major set beck in promoting the technology. The present study which aims at understanding the transfer of currency replacement with digital cash.

Objectives of the Study

- To study the personal profile of the respondents.
- To study the usage of digital cash.
- To offer suitable suggestions.

Scope of the Study

The study covers the nature of currency replacement with digital cash, reasons for Replacements, factors influencing the transfer of paper money into digital cash, problems in Replacement and identify the level of satisfaction about the currency replacement with digital cash.

Research Methodology

Sources of data: The study is compiled with the help of both primary data and secondary data. The primary data were collected from the sample respondents with the help of questionnaire. Secondary data were collected from journals, websites and books.

Sample Technique: The researchers have used questionnaire for collecting data. Care was taken to ensure completeness and accuracy in the questionnaire.

Sample Size: A sample is a small representation of lot of population selected at random. The random of drawing a sample from a large population is called sampling. 50 respondents were selected as samples by adopting convenient sampling method.

Statistical tools used: The data collected with the help of questionnaire is analysed with the help of descriptive statistics like Percentages and chi-square test**.**

Limitations of the Study

The following are the limitations of the study,

- The study is restricted with business and working people.
- The time period for the project was limited.
- The number of respondents were limited in this area.

Hypothesis

- There exists no significant relationship between the gender and the usage of digital cash.
- There exists no significant relationship between the age groups and the usage of digital cash.
- There exists no significant relationship between the marital status and the usage of digital cash.

Analysis and Interpretation of Data

Table 1 profile details of the respondents

Details	Options	No. of Respondents	%
Gender	Male Female	31 19	62 38
	Total	**50**	**100**
Age	Up to 21 years 21-30 years 31-40 years Above 40 years	12 28 6 4	24 56 12 8
	Total	**50**	**100**
Education	High school Under graduation Post-graduation Others	5 21 23 1	10 42 46 2
	Total	**50**	**100**
Marital status	Married Unmarried	16 34	32 68
	Total	**50**	**100**
Locality	Rural Semi-urban Urban	32 7 11	64 14 22
	Total	**50**	**100**
Users of digital cash	Business man Exporters Importers Workers Others(engineers, Teachers)	17 5 3 14 11	34 10 6 28 22
	Total	**50**	**100**
Monthly income 30001-40000	less than 15000 15001-20000 20001-30000 Above 40000	8 25 9 -	16 50 18 16
	Total	**50**	**100**

This table (1) shows that the profile details of the respondents. Out of 50 respondents, 62% of the respondents are male, 38% of the respondents are female, and 56% of the respondents are 21-30 years. 46 % of the respondents are post-graduation, 68% of the respondents are unmarried, 64% of the respondents are rural area, 34% of the respondents are businessman, 50% of the respondents are earned 15001-20000.

Chi-Square Test

An attempt is made to study the relationship between the various socio – economic profiles of the respondents and the usage of digital cash, chi-square test is used.

Usage of Digital Cash

Usage of digital cash in relation to socio – economic variables are analysed with the help of χ^2 test. The results was given in table.

Table 2 Usage of Digital Cash

Group	HS	S	NO	DS	HDS	CV	TV	A
Gender Male Female	 10 5	 16 5	 2 3	 2 2	 1 4	19.06	5.99	S
Age Upto 30 Above 30	 15 4	 7 2	 3 1	 5 2	 2 1	0.36	5.99	NS
Marital Status Married Unmarried	 8 10	 3 7	 1 6	 2 5	 2 6	9.66	5.99	S

S – Significant
NS – Not Significant
CV – Calculated Value
TV – Table value
HS – Highly Satisfied
S – Satisfied
NO – No Opinion
DS – Dissatisfied
HDS – Highly Dissatisfied
A – Association

Gender

From Table 31, it is clear that the obtained calculated value (19.06) is more than the table value (5.99) at 5% level of significance. Hence the null hypothesis is rejected and concluded that "there is significant relationship between gender and usage of digital cash".

Age: The obtained calculated value (0.36) is less than the table value (5.99) at 5% level of significance. Hence the null hypothesis is accepted and concluded that "there is no significant relationship between age group and usage of digital cash".

Marital Status

The obtained calculated value (9.66) is more than the table value (5.99) at 5% level of significance. Hence the null hypothesis is rejected and concluded that "there is significant relationship between marital status and usage of digital cash

Summary of Findings

1. 62 per cent of the respondents were male.
2. 56 per cent of the respondents were in the age group of 21 – 30 years.
3. 46 per cent of the respondents have studied upto PG degree.
4. 68 per cent of the respondents were unmarried.
5. 64 per cent of the respondents were in rural area.
6. 34 per cent of the respondents were doing business.
7. 50 per cent of the respondents earned the income of `15,001-`20,000.

Suggestions

- Government must take necessary steps for power failures and more technological development to solve the problems of loss of records and undependable software.
- Proper enactment of actions must be undertaken to acrid money laundering and frail because of some hackers who steal the information and uses for their benefits.
- The interface should be presented in a logical, clear and understandable way.
- Features of automatization of payments should be provided.

Conclusion

The rapid development of communication and computer technology is fueling a revolution in our business and personal lives. Within a decade from now, many of us will spend our money differently from how we spend it today. Cash, Cheques and credit cards will spend our money differently from how we spend it today. Cash, Cheques and credit cards will undoubtedly still exist, but totally new payment mechanisms will evolve and slowly absorb market share from the currencies and the methods of payment familiar to us today. Digital cash promises to be a revolutionary method for conducting business. It will allow transactions to occur between parties on opposite sides of the globe with the same ease as going to the corner gas station to buy gas. Electronic cash also gives us the ability to trade in non-governmental units of currency. Electronic cash transitions have the potential to become as popular as credit card transactions. Banks or other financial institutions will then, essentially, be minting these electronic coins which will be backed by the financial stability of a corporation rather than a government. This will certainly have an impact on world economics. However, this new technology will present us new challenges.

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A STUDY ON LEADERSHIP STYLE AND ITS IMPACT ON JOB SATISFACTION AND PERFORMANCE OF STERLITE PRIVATE LTD EMPLOYEES IN THOOTHUKUDI CITY

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Introduction

Today's work places are more complex and sophisticated requiring erudite leadership due to global Economic competitiveness, as leaders are confronted with unpredictable challenges, which require different degree of leadership management. Effective management of employees may be assumed to be achievable through leadership behavior, which promotes employee's commitment and productivity. Although, employee' sperformance can be highly affected by many factors arising from within and outside organizational context.

Job satisfaction refers to the extent that the working environment meets the needs and values of employees and the individual's response to that environment (Lambert, 2004; Tewksbury & Higgins, 2006). It is the affective feelings that people have about their jobs. No wonder, Robins (2005) study shows that employees with high job satisfaction behave differently from employees with low job satisfaction. Similarly, job satisfaction is also related to many job out comes (Spector, 2000) such as job performance (Gebauer &Lowman, 2009; Macey & Schneider, 2008; Macey, Schneider, Barbera & young, 2009). The leadership style of managers and the job satisfaction of subordinate's have been found to have salient effects on subordinate work outcomes (Spector, 2000). Therefore, adopting a leadership style that works best for an organization and its employee's remains one of the most effective and efficient means by which organizations achieve their objectives and that of employee's satisfaction.

Statement of the Problem

Leadership is one of the most import factors in our social lives to enhance the performance (Ather and Sobhani, 2007; Hafeez et al., 2012). Hence scrutinizing the impact of the leadership styles on the employees performance has a great significance to our today's society. Few leaders understand the full significance of how influential their leadership styles are on the performance and satisfaction of their employees. Leadership is the main weapon of the organization, through better leadership managers can achieve their organizational goals and productivity as well as the workers productivity.

However, very few researches were done on leadership and employees in Tuticorin but the case of not even single research has been investigated the impacts of the leadership styles on the employees performance. Hence, our research will focus only the impact of leadership style in Sterlite. The object on the inquiry is to ascertain the most favorable leadership style amongst autocratic, democratic, bureaucratic, servant, transformational, transactional and laissez faire, used in the case organization to determine its influence on employees performance through satisfaction and motivation. According to Bidyut and Mukulesh (2014) the level of service delivery in public institutions remains low. This is evident by many public complaints about its effectiveness, corruption, Absenteeism, negligence among others. Despite all these effort the employees are still not satisfied and are still demanding for better terms. This study will therefore be undertaken to find out Factors Influencing Employee Job Satisfaction.

Objectives of the Study

- To identify the socio-economic profile of the employees in Sterlite private limited.
- To have the theoretical overview of various concept of job satisfaction and performance.
- To assess the leadership style and the impact on job satisfaction and job performance of Sterlite employees.
- To find out relationship between leadership style with on job satisfaction employees.
- To find the interrelationship between the factors of job satisfaction of employees towards leadership style.
- To find the interrelationship between the factors of job performance of employee towards leadership style.
- To decipher the relationship between the leadership style followed in an organisation and its level of impacts on job satisfaction.
- To provide the suitable suggestions for improving job performance of employees in Sterlite private ltd.

Scope of the Study

This study is based on data collected from employees working in Sterlite private ltd. This is concerned with ‘a study on leadership style and its impact on job satisfaction and job performance of sterlite employees. Its aims to identify the socio-economic profile of the employees in Sterlite private limited. It gives a theoretical overview various concepts of job satisfaction and performance. Its assess the leadership style and the impact on job satisfaction and job performance of Sterlite employees. This study focus on the leadership style and impact of leadership style on job satisfaction and performance of Sterlite employees.

Hypotheses to be Tested

In order to study the relationship between leadership style respondents and the level of Job satisfaction, the following hypotheses were formulated.

- There exists no significant difference between the factors of leadership style and the factor job satisfaction of the Sterlite employes.

Methodology

Collection of data

The researcher has collected data from both primary and secondary sources. The primary data were collected from the Sterlite employee's through a questionnaire. The secondary data were collected from books, journals and websites.

Sampling Design

With a view to study the employees in Sterlite private ltd, 120 samples were selected. The respondents were selected by adopting convenient sampling method.

Framework of Analysis

The information collected through the questionnaire was analyzed with the help of Likert's scaling technique. For positive statements, weight of 5 points was given for 'strongly agree', 4 for 'agree', 3 for for no opinion', 2 for 'disagree' and 1 for 'strongly disagree'. In case of negative statements, the scores are reversed. To test the level of perception towards educational and environmental factors and profile of the respondents, F – test is used. Besides, descriptive statistics like mean, standard deviation were calculated to find out the level of perception of students. Besides, karl Pearson's correlation co-efficient is also used to find out the degree of relationship between the leadership style and job satisfaction, performance factors in Sterlite private limited.

Fieldwork

The researcher herself carried out the fieldwork for this study. It was conducted during the period during the period from January 2017 to March 2017. The researcher has used questionnaire for collection of data. The data was collected on Sundays and holidays. Care was taken to ensure completeness and accuracy in the interviews.

Geographical Coverage

The present study has been conducted in Thoothukudi Area. The researcher has collected data form employees working in Sterlite private limited in and around Thoothukudi.

Limitations of the Study

The following are the limitations of the study.

1. The results obtained cannot be generalized to the population as a whole.
2. As the study was conducted for a short duration of tree months, it is difficult to study in depth about the various aspects.
3. Time, cost and other resources were constraints for a fully comprehensive study.
4. The number of sample respondents was restricted to 120 only.

Democratic Leadership

Democratic Leadership comes as the First Factor which is very essential for a good employees and computes the basic Factor for the Leadership index.

Assessment of Democratic Leadership

Sl.No	Items	Mean	S.D	Variance	Rank
1	I am friendly and approachable to my fellow employees.	4.1	0.703	0.494	I
2	I am consulted before my employer tasks.	4	0.917	0.84	III
3	My supervisor encourage delegation.	3.72	1.101	1.213	IV
4	I act without consulting my supervisor.	2.02	1.137	1.294	VI
5	I dialogue with my supervisor on a daily basis.	3.52	1.108	1.227	VI
6	I am involved in performance appraisals of my departments.	3.93	0.877	0.769	II
7	I am consulted by my supervisors on decision making.	3.38	1.245	1.549	VII

The above table reveals that the statement " I am and approachable to my fellow employees"is ranked in the first place as it influences that factor" Democratic Leadership" to the great extend followed by statement "I am involved in performance appraisals of my deparments". But the level of difference in the coefficient of variation does not differ much with the other items.

Uthoritative Leadership

Authoritative comes as the second factor which is very essential for a good employees and computes the basic factor for the leadership index.

Authoritative Leadership

Sl.No	Items	Mean	S.D	Variance	Rank
1	My performance is not limited by poor leadership from my supervisor.	4.02	0.996	0.991	II
2	My performance is not limited by leadership	3.75	0.964	0.929	I
3	Leadership rules are designed by supervisor	3.42	1.508	1.119	IV
4	My performance is assigned by way of supervisor a lone.	3.63	1.069	1.142	VI
5	Performance requirements are designed according to the council's needed.	3.55	1.044	1.09	III
6	My supervisor believes employees need to be supervised closely they are not likely to do their work	3.8	1.066	1.136	V
7	My supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objective.	3.63	1.13	1.276	VII
8	I feel insecure about my work and need direction.	2.83	1.259	1.585	XII
9	My supervisor is the chief judge of the achievement of employees.	3.63	1.231	1.516	IX
10	My supervisor gives orders and clarifies procedures.	3.6	1.246	1.553	X
11	My supervisor believes that most employees in the general population are big.	3.67	1.169	1.367	VIII

The above Table reveals that the statement 'My performance is not limited by leadership 'is ranked in the first place as it influences the factor "Authoritative leadership" to the greatest extend followed by statement' My performance is not limited by poor leadership from my supervisor'. But the level of differ and the co-efficient of variation does not differ much with the other items.

Summary of Findings, Suggestions and Conclusion

Findings of the Study

To findings of the study are as follows.

- 110 percent of the respondents were male.
- 76 percent of the respondents were from the age group of 20-30 years.
- 52 percent of the respondents have studied under graduates.

- 62 percent of the respondents reported that their family income per month was from Rs. 10000-Rs. 20000.
- 62 percent of the respondents were married.
- 70 percent of the respondents were in nuclear family.
- 78 percent of the respondent's family size was between 3-5 years.
- 60 percent of the respondents are number of 2 children.
- 58 percent of the respondents shad experience of 3-5 years working.
- 78 percent of the respondents have worked 8 hours – 12 hours.
- 76 percent have Opportunity to make a difference in the leadership position.
- 62 percent of the respondents are working in maintenances departments.
- 80 percent of the respondents were selecting their job, at their own interest.
- 70 percent of the respondents set that are following participative style.
- 58 percent of the respondents have been middle level of management level.
- 28 percent of the respondents it should be paid by the pension.
- 62 percent of the respondents it is provided by incentives yes.
- 17 percent of the respondents have received incentives in the form of Money.
- It is clear that in case of job satisfaction all the possible pairs relating to factors of role efficiency of leadership style significantly related except the pair 'democratic leadership', 'authoritative leadership' and Laissez-faire' which is not significantly related.
- There is significant relationship between leadership style and job satisfaction of sample respondents and the level of respondents.
- There is significant relationship between leadership style and job performance of the sample respondents and the level of respondents.
- There is significant relationship between the factors of leadership style and the factor job satisfaction of Sterlite respondents.

Suggestions

- There should be a good relationship between supervisors and manages in order to increases the production
- Majority of the respondents faced the problem of unregulated working hours.
- Therefore the working hours can be regulated by Sterlite organization.
- Majority of the employees are satisfied with all the facilities and only a few are not satisfied. Therefore suitable measures ensuring optimum level of satisfaction must be focused by the organization.
- Grievance redressal procedures in the organization may be made systematic with a transparent procedure to improve the motivation of the employees.
- Skills training among the administrative employees should be offered because some of them feel inadequate as shown by their feelings.
- Leadership that encourage quality principle should be put on place of authority.

Conclusion

The leadership style had a statistically significant effect on employee job satisfaction. Leadership encompasses effective communication and participation of employees in decision making. Study is an active attempt to investigate the effects of leadership style on job satisfaction and loyalty, and how this might be applied among car manufacturing managers. Although many of the findings in this study are left explained, it has suggested some interesting topics for future cross cultural research. The study confirms that leadership styles are important organizational antecedents of job satisfaction and loyalty in organization. Overall, the main objective of this study was to find the extent of relationship between leadership styles, job satisfaction and organizational commitment. The results showed that a positive and significant relationship exists between leadership and job satisfaction.

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POSITIVE IMPACT OF GST ON THE COMMON MAN IN INDIA

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Abstract

India is going through a lot of change right now, first demonetization attempt to curb the black money and eradicate corruption and now implementation of GST to make sure there should be no space for the reasons of corruption which will directly boost our Indian economy. GST is termed as biggest tax reform in Indian tax structure. The purpose of GST is to replace all the indirect taxes with single comprehensive tax, bringing it all under single umbrella. The purpose is to eliminate tax on tax. This paper presents an overview of GST concept, explains the effects and impact of GST on various aspects of our lives.

Introduction

GST or Goods and Services Tax – A new law, a new tax will bring with it new challenges to face that need to be tackled with utmost care. The Goods and Services Tax (GST) in India has replaced several taxes charged earlier. It has replaced VAT, service tax and taxes of excise. The common man will be affected directly under the new tax regime in many ways as GST is an indirect tax, which will be ultimately borne by the end consumers. Before we discuss the impact of GST on common man in India, it is essential to understand types of GST implementation and the GST rates.

Types of GST Implemented in India

- The GST collected by Centre: CGST
- The GST collected by State: SGST
- The GST applicable on inter-state sales to facilitate smooth transfer between the Centre and the State: IGST

GST Rates range over 5%, 12%, 18% and 28% plus luxury cess:

GST Rate Slabs	Current GST rates	Previous Rates	Products
1	5%	Up to 9%	Coffee, tea, edible-oil, spices
2	12%	9% to 15%	Processed food, computers, electronic items
3	18%	15% to 21%	Shaving sticks, oil, soaps
4	28%	21%	Luxury goods such as tobacco, high-end cars, aerated drinks etc.

The following are the rates of new items that are of use for a common man.

- Sugar, tea, coffee (not instant) and edible oil to fall under 5% slab.
- Cereals and milk have been exempted from GST.
- Capital and intermediate goods would be taxed at 18% which is expected to be a good boon for the industrial growth.
- Coal is kept in 5% tax slab which is currently 11.69%

- Toothpaste, hair oil and soaps will be taxed at 18% instead of 28% current rate.
- Common man items have been kept under 12% and 18% slab.
- Indian sweets and mithai in 5% slab.
- All raw food items including food grains are exempted from GST.
- Processed food of daily needs to be in 5% slab.

How GST will impact a common man's budget

GST is stated to be one of the biggest tax reforms in India, which would not only impact the businesses but also the common man.

Within the household budget, there are likely to be some obvious gainers and some obvious losers but once the law and pricing of commodities reach steady state, all consumers should gain.

Now, let us categorize all house expenses into 5 buckets i.e., Food, Entertainment, Personal Care, Transportation and communication services.

- Food items – Earlier tax 12.5% -New Tax under GST – 5% Positive news
- Entertainment – Earlier tax 30% - New Tax under GST – 28% - Positive news
- Transportation – Earlier tax 15% - New Tax under GST – 18% - Negative news
- Personal Care – Earlier tax 28% - New Tax under GST -18% - Positive news
- Communication (mobile and internet services) – Earlier taxes 15% - New Tax under GST – 18% - Negative news.

It is expected that the consumer would reap the benefits of the new tax regime, once the corporates have transitioned completely to the new tax structure and start to pass on the benefits to the end user.

Positive Impact of GST on the Common Man

- A unified tax system removing a bundle of indirect taxes like VAT, CST, Service tax, CAD, SAD, Excise etc.
- A simplified tax policy as compared to earlier tax structure.
- GST or Goods & Services tax removes cascading effect of taxes i.e. removes tax on tax.
- Due to lower burden of taxes on the manufacturing sector, the manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
- Due to reduced costs some products like cars, FMCG etc. will become cheaper.
- This will help in lowering the burden on the common man i.e. you will have to shed less money to buy the same products which were earlier costly.
- The low prices will further lead to an increase in the demand/consumption of goods.
- Increased demand will lead to increase supply. Hence, this will ultimately lead to rise in the production of goods.
- The increased production will lead to more job opportunities in the long run. But, this can happen only if consumers actually get cheaper goods.
- It will curb circulation of black money. This can happen only if the “kacha bill” system, normally followed by traders and shopkeepers is put to check.
- A unified tax regime will lead to less corruption which will indirectly affect the common man.

- Most importantly, experts hope to see a positive impact of GST on Indian economy in the long run.
- In the shorter term, consumers will pay less tax on goods and services and thereby have more disposable income.
- The centre and state will also earn more tax from the GST rollout, which will aid in GDP growth (according to most research reports an estimate 1-2%) over the next 3 to 5 years. This incremental income can be used in developing public infrastructure in the longer term.
- Black money will get stifled and this may lead to more income for the government exchequer. This will then percolate to public spending and better quality of life.

But, this is possible only if the actual benefit of GST is passed on to the final consumers.

GST has definitely changed the earlier tax regime taxation, which was production-based, to now consumption-based system. The common man, in the long-run would be benefited from GST in terms of infrastructure and economic growth of the country, and a lot more.

Conclusion

Goods and Services Tax (GST), hailed as one of the most powerful tax reforms which India has ever seen, purports to do away with the multiple tax regulations on most of the goods and services. GST affected the life of a common man as they were the ultimate consumers. Many things become cheaper and many things become costly. The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates. Let us hope this "One nation, one tax" proves to be a game changer in a positive way and proves to be beneficial not only to the common man but to the country as a whole. A rising Indian economy will anyways help in the financial growth of the common man. However, GST is **a long term strategy** and the real impact can be seen in the long run only.

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CUT – THROAT COMPETITION AND THE FEAR OF RE-EMERGENCE OF MONOPOLY IN THE TELECOM SECTOR

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Abstract

In India Telecom industry was started as a monopoly and gradually transformed into an industry flooded by private players. There are multiple operators offering similar products and targeting same segment of customers. The only option for these companies to seize the market is to eliminate others. Therefore almost every company offer heavy discounts and put up prices well below the production cost to attract customers and deprive other companies from business. Albeit this is unsustainable in the long run, for the time being, cut-throat competition is going on in the Telecom industry. The ultimate result is exit of losers, consolidation of some players which may lead to concentration of power in the hands of a single private player, in other words, monopoly. If this happens, it will bring the evil effects of monopoly like poor customer service, no consumer sovereignty, consumer exploitation, high prices and low quality of goods and services and ultimately it will affect bankers, employees, vendors and the customers. The present article explains how the telecom sector has transformed from monopoly to competitive market, resulting present scenario, and the impact of cut-throat competition on the telecom sector as well as the economy.

Keywords: *Cut-throat Competition, Monopoly, Telecom Sector*

Introduction

The Indian Telecom sector has been under pressure for the last 8 years because of rising unhealthy competition among the private players. Increased competition and price wars in the sector have led to deterioration in the financials of telecom firms, which in turn could hurt banks that have issued loans to them. All the Telecom companies have to invest continuously to purchase spectrum, new equipments for up gradation of new technology and coverage. Therefore they are not able to manage their cost of capital and the profit has consistently declined. The interest coverage ratio is an indicator that measures the debt servicing ability a firm. A ratio less than 1 suggests that a company does not earn enough to make good on interest payments. RBI reported that the aggregate interest coverage ratio of the telecom sector now has fallen below 1. The contribution of telecom services to GDP has also declined from 2 per cent of GDP in 2009 to 1.2 per cent % in 2017

Inception of Telecom Industry - Monopoly

In India, Telecom industry was started in 1851 when the first operational land lines were laid by the government near Calcutta. In 1881, the Telephone services were introduced and in 1883 it was merged with the postal system. In 1923 the Indian Radio Telegraph Company was formed. After independence, Telecom industry was formed as a monopoly by the nationalization of private players.

In 1981, Liberalisation of Indian telecommunication was started and in 1985 the Department of Telecom was separated from Indian Post and Telecommunication Department. Till 1986, DoT was responsible for telecom services in the entire country. After that Mahanagar Telephone Nigam Limited and Videsh Sanchar Nigam Limited were carved out of DoT to run the telecom services in the metro cities Delhi and Mumbai and international long distance operations.

Entry of Private Players-Monopolistic Competition

As a part of Liberalization, Privatisation and Globalisation policies, Indian government opened up the telecom sector for private investment in 1991. Consequently, private investment was allowed in the sector of Value Added Services and cellular telecom. National Telecommunications policy was introduced in 1994 which brought changes in many areas in the telecommunication field. The vision of this policy is telecommunication for all.

The government became more liberal in making policies and issuing licenses to private operators after March 2000. Many private operators, such as Aircel, Reliance Communications, Hutch, Tata Indicom, Vodafone, Loop Mobile, Airtel, Idea, Jio etc., successfully entered the high potential Indian telecom market.

So, the telecom sector began a transition from a monopoly to a competitive structure. The statistical data clearly depicts the growth pattern of telecom industry. An average of 18 million subscribers is added every month and contributing nearly 2% to the Indian GDP. The Indian telecom industry is considered to be the second largest telecom market in the world with a tele-density of 84%.

Mobile Network Operators in India

Operator's Name	Subscribers (million)	Market Share	Ownership	Rank
Vodafone India	213.81	18.2	Vodafone Group (45.1 %)	I
Idea Cellular	197.64	16.83	Aditya Birla Group (26 %)	
Airtel	291.62	24.85	Bharti Enterprises (64%)	II
Telenor India	40.3	3.58	Sing Tel (36%)	
Tata Docomo	36.66	3.14	Tata Group	
JIO	160.09	13.71	Reliance Industries	III
BSNL Mobile	96.8	9.24	State-Owned	IV
Aircel (Bankruptcy)	81.44	7.28	Maxis Communications (74%)	V
MTNL	3.59	0.31	State-Owned	VI

Landline Operators

Operator's Name	Subscribers (million)	Market Share(%)	Ownership	Rank
BSNL	12.43	53.5	State Owned	I
Air Tel	3.913	16.84	Private	II
MTNL	3.376	14.53	State Owned	III
Tata	1.861	8.01	Private	IV
Reliance	1.138	4.9	Private	V
Vodafone	0.197	0.85	Private	VI

Government Regulation

Due to intense competition in the Telecom Sector, Telecom Regulatory Authority of India was setup by a special act of parliament which acts as a check on service providers abusing their dominant position. The Telecommunications Dispute Settlement and Appellate Tribunal was set up with an aim to provide stable and equal opportunities over disputes. Through auctions and administrative allocations, certain portions of spectrum will be assigned to every telecom operator. With penetration of mobile telephony in rural areas, the rural folk were the biggest beneficiaries. Banking and other reforms like financial inclusion were also possible with the Telecom revolution.

Cut-Throat Competition

After witnessing intense competition the Telecom industry is in a stage of consolidation today. Since there are multiple operators offering similar products and targeting same segment of customers their competition was more in terms of price and conditions of sale. That is they follow cut throat competition strategy to attract the customers and force the rivals to exit from the market. Cut throat competition is a situation where competitors use predatory pricing and heavy promotion to eliminate their rivals. In economics, cut throat competition is also referred to as ruinous competition. Generally, cut throat competition is also known as "destructive competition" or “unhealthy competition”. Many countries have strict legislation against anti-competitive practices in pricing an cut throat competition.

But this is unsustainable in the long run and cannot be achieved. The outcome is India’s top seven telecommunications companies’ total debt burden has increased from Rs 3,02,321 crore in 2015-16 to Rs 3,59,940 crore in 2016-17. The mounting debt burden has increased the finance costs for the companies and also diminished their ability to re-pay debt. A report of Brokerage house Credit Suisse revealed that 45 percent of the telecom sector debt is held by companies with an interest coverage ratio less than one. Interest coverage ratio measures a company’s financial ability to service debt. Their interest coverage ratios have worsened in the recent year.

Re-emergence of Monopoly

The smaller and loss making entities are being taken over by bigger and established players. Vodafone and Idea are in the process of merger, Airtel bought Tata Teleservices and RCOM closed its voice services. The industry currently is at a very distressing stage and one has to see whether this consolidation will again lead to concentration of the market by a select few. Earlier there were 12 operators. Now they are already down to six-seven. The telecom operator is said to be troubled since Reliance Jio’s extravagant entry into the Indian telecom market by their offer. Aircel cites unsustainable debt, price wars, legal challenges and massive losses resulting in bankruptcy. The company acknowledged that it had been facing troubles in a highly competitive market and financially stressed industry. Aircel customers who enrolled their Aircell number for Aadhaar Card, Gas, Banking and all other services are in distress.

Today many service providers are undergoing deep financial stress. There is a fear that stress in the telecom sector could come to haunt Indian lenders. One side, the bankruptcy would have unfavourable impact on the society and on the other side there is a possibility of reappearance of monopoly. If it happens, the poor and middle class people have to meet the evil effects of monopoly like poor level of service, no consumer sovereignty, consumer exploitation, high prices and low quality of goods and services.

Conclusion

India's telecom industry has been through a paradigm shift over the last three decades. Department of Telecommunications was the sole service provider in the early 1990s. Gradually it transformed into monopolistic market structure with the entry of private players. There are too many sellers offering similar products and targeting same segment of customers. Therefore at present cut-throat competition is going on in the Telecom industry. The ultimate result is exit of losers, consolidation of some players which may lead to reappearance of monopoly. In the earlier case the government was the monopoly in Telecom sector. But, at the present scenario, a wealthy private player would be the monopoly. If this indeed happens, it will bring the evil effects of monopoly like poor customer service, no consumer sovereignty, consumer exploitation, high prices and low quality of goods and services and ultimately it will affect bankers, employees, vendors and the customers. Therefore corrective steps should be taken by the government for ensuring orderly growth in this sector in terms of services to the common man.

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A STUDY ON CUSTOMER SATISFACTION TOWARDS ELECTRONIC PAYMENT SYSTEM IN TIRUCHENDUR AREA

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Introduction

The electronic payment issue is proving to be the one of the biggest stumbling blocks in the popularization of commerce over the net. Perfect solution to questions regarding security, integration ease of use and other issues are still not available. E payment is a subset of an e-commerce transaction to include electronic payment for buyers selling goods or service offered through the Internet. Generally we think of electronic payment referring to online transaction on the internet, there are actually many forms of electronic payment. As technology developing, the range of devices and processes to transact electronically cor increase while the percentage of cash and check a transaction continues to decrease.

The term electronic payment is a collective phrase for the many different kinds of electronic payment methods available and the processing of transactions and their application within online merchants and e commerce websites.

Electronic payment systems can also increase your cash flow, reduce administrative costs and labors provide yet another way for your customers to pay. Care must be taken when choosing an electronic payment solution as it will need to fit within the constraints of your particular inline business and integrate within your website.

Statement of Problem

E-banking was adopted by banks so as to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid international payment and remittance, track personal banking transaction, request for online statement, or even transfer deposit to a third party account. Despite the effort of banks to ensure that customers reap the benefits of e-banking, the bank is met with complaints from customers as regards, malfunctioning Automated Teller machines (ATM), network downtime, online theft and fraud, non-availability of financial service, payment of hidden cost of electronic banking like short massage services (SMS), for sending alert, mandatory acquisition of ATM cards, non acceptability of Nigerian cards for international transaction amongst others. This study is aimed at finding out the reason why these problems occur and in most cases persist, and then to make recommendations based on the outcome of the study.

Objectives of the Study

- To study the social-economic profile of the respondents.
- To find out the level of perception towards electronic payment system.
- To offer suitable suggestions to improve E-payment system.

Scope of the Study

A study covers use of E-payment system, problems faced by the respondents while making E-payment system, and also the level of satisfaction towards the E-payment system.

Research Methodology

Sources of Data

The researcher has collected data both from primary and secondary sources. The primary data were collected from respondents directly through a questionnaire. The secondary data were collected from books, journals and website.

Sample Technique

This section describes the methodology which includes the collection of data, the construction of questionnaire and sampling design and convenience sampling methods.

Sample Size

120 respondents using electronic payment system were selected as sample in Tiruchendur area which covers Tiruchendur, Kurumbur, Arumuganeri and Udangudi for this study.

Statistical Tools Used

The data were analyzed by chi-square test.

Limitation of the Study

The following are the limitation of the study.

- The study is based on the opinion and views of 120 respondents only. So the findings and suggestions of this study may not be suitable to all the respondents.
- This study was continued only to Tiruchendur area. Hence the conclusion derived from this study may not be applicable to other place.
- The period of the study is very much limited.
- Time cost and other resources were constraints for a fully comprehensive study.

Hypotheses

- There is no significant association between the level of perception towards the E-payment system and the personal variable like gender, age, educational qualification

Analysis and Interpretation of Data

Table 1 Profile Details of the Respondents

Details	Options	No.of Respondents	%
Gender	Male	44	37
	Female	76	63
	Total	**120**	**100**
Age Group	Below 25 Years	60	50
	25-35 Years	20	17
	35-45 Years	20	17
	45-55 Years	8	6
	Above 55 Years	12	10
	Total	**120**	**100**
Educational Qualification	Under Graduate	56	47
	Post Graduate	36	30
	Diploma	8	6
	Any other	20	17
	Total	**120**	**100**
Occupational Status	Businessman	44	37
	Self Employed	20	17
	Professional	28	23
	Government employee	28	23
	Total	**120**	**100**
Monthly income	Below 20,000	52	44
	20,000 - 30,000	20	17
	30,000 - 40,000	16	13
	40, 000 - 50,000	16	13
	Above 50,000	16	13
	Total	**120**	**100**
Type of Family	Joint Family	52	43
	Nuclear Family	68	57
	Total	**120**	**100**
Size of the Family	Below 30 members	20	17
	3 – 4 members	52	43
	Above 4 members	48	40
	Total	**120**	**100**
Source: Primary data			

This table (1) shows that the profile details of the respondents. Out of 120 respondents 63% of the respondents are female, 60% of the respondents are below 25 years, 47% of the respondents are under graduate, 37% of the respondents are Businessman, 44% of the respondents are below Rs.20,000, 70% of the respondents are unmarried, 57% of the respondents are in nuclear family, 43% of the respondents are 3-4 members.

Chi – Squatre Test

The hypothesis framed is there is no significant relationship between gender of the sample respondents and their level of perception towards the electronic payment system. It is depicted in Table 2

Table 2 Gender and Their Level of Perception

S.No	Gender	Level of Perception			Total
1	Male	16	24	8	48
2	Female	16	52	4	72
	Total	**32**	**76**	**12**	**129**
Source: Primary data.					

The calculated value 1.20 is less than the table value at 5% level of significance.

Age of the Sample Respondents and Their Level of Perception

The hypothesis framed is "There is no significant relationship between age of the sample respondents and their level of perception towards the electronic payment system". It is depicted in Table 3

Table 3 Age and their Level of Perception

S. No	Age	Level of perception High	Medium	Low	Total
1	Below 35 Years	24	48	8	80
2	Above 35 Years	8	28	4	40
	Total	**32**	**76**	**12**	**120**
Source : Primary data					

The calculated value 0.53 is less than the table value at 5% level of significance.

Educational Qualification of the Sample Respondents and their Level of Perception

The hypothesis framed is "There is no significant relationship between educational qualification of the sample respondents and their level of perception towards the electronic payment system". It is depicted in Table 4

Table 4 Educational Qualification and their Level of Perception

S. No	Educational Qualification	Level of perception High	Medium	Low	Total
1	Under Graduate	24	60	8	92
2	Post Graduate	8	16	4	28
	Total	**32**	**76**	**12**	**120**
Source : Primary data					

The calculated value 0.07 is less than the value at 5% level of significance.

Consolidated Results of Chi-Square Test

The consolidated results of chi-square test are given in table below.

Table 5 Consolidated Results of Chi-Square Test

S. No	Factors	D.7	Level of Significance	Calculated Value	Table Value	Result
1	Gender	2	5%	1.02	5.99	NS
2	Age	2	5%	0.53	5.99	NS
3	Educational Qualification	2	5%	0.07	5.99	NS

NS – Not significant

From the table - 5, it was concluded that, there is no significant relationship between gender, age, educational qualification of the sample respondents and their level of perception towards electronic payment system.

Findings

The findings of the study are as follows:

- 63 percent of the respondents are female
- 50 percent of the respondents are in the group of below 25 years
- 47 percent of the respondents have studied PG degree
- 37 percent of the respondents are businessman
- 44 percent of the respondents have earned below Rs.20,000
- 57 percent of the respondents are in the nuclear family
- 43 percent of the respondents are having 3-4 members
- The level of perception towards electronic payment was independent of gender, age, educational qualification

Suggestions

- There should be arrangement of systematic educational campaign for the clients to educate them.
- Banks should do whatever they can to facilitate and encourage the current electronic payment instruments and system that can correlate to the movement of financial services and funds from one sector to another.
- The banks in both sectors should increase the number of onsite and offsite ATMS.

Conclusion

An overview of the payment system Landscape in reveals that while the growth of electronic payment have been impressive, the benefits of modern electronic payment systems are yet to reach all sections of the society and be accepted across the length and breath of the country. Current analysis also indicates that the penetration and success of modern electronic payment methods are to be strengthened further so as to slim the cream of the benefits of technologically innovative banking products.

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DEMONETIZATION - NARENDRA MODI THE LATEST VERSION OF MUHAMMAD – BIN – TUGLUQ

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Abstract

Demonetization has come to describe in India. One economic decision that shook a billion people from the very moment it was announced by Prime Minister NarendraModi on 8th November 2016. From the manifestation shrouded in the secrecy, the rationale aftermath, the short and long term economic impact, the social and political impacts and much more endless animated discussions in virtually every kind of group of any kind of place, unending serpentine ques of banks and ATMs. Continuous news headlines for days and weeks etc proved that the policy of NarendraModi brought numerous problems to multitudes of people. Muhammad – Bin – tugluq, the wisest fool as the historians refer was also interested in experiments. He did man many experiments for which innocent people lost their lives. Though his intentions were indeed good, the people were not prepared for the new situation. Issue of token currency was one of his novel experiment which at last ended in ultimate failure. Likewise NarendraModi announced demonetization to confiscate black money, but at the end the problems of corruption or black money still remains the same problem. The economic policies of India's Prime Minister NarendraModi are calles 'Modinomics'. His followers or voters belive that Modinomics is a much needed panacea to Indias economy, the Indian economy led by Prime Minister Modi and his 'Expert' team is consciously ignorant of economics. This paper focus on the adverse effects of demonetization and a comparative study with sulan Muhammad – Bin – tugluq.

Introduction

Demonetization is a situation where the central bank of the country (RBI) withdraws the old currency notes of certain domination as an official mode of payment on 8th November 2016, Prime Minister Narendra Modi in a surprise announcement said the existing higher denomination currencies (Rs.500 and Rs.1000) will cease to be legal tenders. Prime Minister said this is governments biggest push to fight black money and end corruption. The opposition however criticized the government for poor implementation of the scheme and said a lot of people have died standing in queues trying to get their hands on the new currency. The government also introduced new Rs 500 and Rs2000 notes and urged people to move towards cash less economy. But the opposition has been protesting the government's decision, even stalling parliament. A '*Jan Aakrosh Diwas'* was observed by the left and other major parties. The economic policies of Indian Prime Minister Narendra Modi are called Modinomics. Their 'intergral humanism' application of economics stands intellectually dishonest, when the scope of catallaxy is introduced in the said discourse. This paper compares demonetization with that of the introduction of the 'Copper Coins' of the sultan Muhammad-Bin-Tugluq. Narendar Modi is personified as the latest version of Muhammad-Bin-Tugluq.

The announcement about the demonetization of Rs500 and Rs1000 currency denominations has caused ripples of excitement about its impact on black money as well as anxiety about what's in store for the common man. While the sudden decision has received as many brickbats as bouquets, it has also reminded many of a medieval monarch who once tried his hand at demonetizing in the 14th century India Muhammad – Bin – Tugluq. Tugluq ruled over the northern part of Indian subcontinent and Deccan from 1324 to 1351. A learned man with an open mind and a unique streak of intellectual creativity, Tugluq was well versed in poetry, astronomy, religion and philosophy.

Muhammad – Bin – Tugluq tried to bring reforms in several areas of state administration with the help of his wazir Khwaja Jahan one among which was the bullion currency. He wanted to increase his resources for his grand scheme's of conquest and administrative reforms, but the revenue had fallen because of famine. As a genius who delighted in experiments he introduced his famous token currency and struck vast quantity of copper coins known as Dirhams. Tugluq got the idea of demoneization from Kublai Khan (1260-1294) of China and Gaikhata (1293) of Persia. He introduced token currency system and minted vast quantities of brass and copper coins that could be exchanged for fixed amounts of gold and silver. While this decision helped the sultanates finances initially, it also proved to be lucrative to forgers who began issuing a large number of fake coins. Loopholes like a simple design and no royal seals made the task easier for the forgers. Every Hindu house became a mint for copper coin while gold and silver coins were zealously hoarded, soon the market was awash with fake coins.

As good money was driven out of circulation, token coins became practically valueless leading to hyperinflation. Foreign traders also refused to accept them, paralyzing trade. Realizing that scheme failed Tugluq withdrew the currency in an attempt to strength the economic chaos. However, the number of fakes was so large that for many years mounds of worthless copper and brass coins rejected by the government remained piled outside the royal fort. The economic chaos and public resentment were also one of the major reason why, by the time Tugluq died, his kingdom had diminished to a small region around Delhi. Muhammad-Bin-Tugluq had the best intentions and his moves were bold for his times but were poorly implemented. Also. In his hurry to realize his dreams, he severely punished anyone who opposed his hasty moves. This combined with his habit of acting without assessing risks and without providing for unforeseen difficulties resulted in his administrative gambles ending in disaster.

Likewise, Modi's announcement of demonetization, right from day one, the more attracted sharp criticism from many quarters. Most non credited money in the world today is what called Fiat Money is to say it is not backed by any real commodities such as gold but it is only backed by the government currency in the form of bank notes is through legal tender, whereby the issuing authority promises to accept that note at its face value. Demoneization is the removal of backing, it is the process by which particular currency notes are no longer legal tender. Deposits of the demonetized notes into banks were allowed only until 30th December 2016. At first it was stated that the RBI would continue to accept such notes until 31st March 2017. Subsequently an ordinance was promulgated, this legally terminated RBIs liability on the banned currency note and even prescribed a penalty for anyone found to be holding more than ten such notes or dealing in these notes.

Cash withdrawls from bank account were restricted to Rs 10000 per day and Rs 20000 (later Rs 24000) per week. ATM withdrawls of cash were limited Rs 2000 per day and then to

Rs 2500 per day by end November 2016. Foreign tourists were only allowed to exchange foreign currency upto Rs 5000 per person per week. Subsequently, as the amount of deposits of cash into the banking system grew well beyond the governments own expectation, the failure of this move to eliminate cash hoards stored by 'black marketeer' became clear

The black economy is once again in the news because of the announcement of demonetization of a large denomination currency notes. The country witnessed the government taking a decision against corruption, inflation, crime, counterfeiting and tax evasing to discourage a cash dependent country. This decision is being made to curb financing of terrorism through the proceedes of fake Indian currency notes and for eliminating black money. The issue of black money brings to mind the garlands of rupee notes presented to Miss Mayavati the former Chief Minister of Uttar Pradesh on her birthday. Untraceable black money notoriously funds political campaign and facilitates tax evasion notably stamp duties in real estate. Nobody really knows the amount of black money in India. In this effort for development our motto has been *'Sab Ka Saath Sab Ka Vikas'.* Several economists also opined that control economy is so fertile land for black money. Anna Hazare's agitation against corruption in 2011, better known as '*Bharashtracharya Virodhi Andolan'* compelled the government to announce in the parliament in November 2011, that it will prepare 'white paper' on black money. But the Modi government in the name of seizing black money squeezed money from the poor and the needy. It has not confiscated hoards of black money

If the government had aligned demonetization with the In cone Declaration Scheme 2016, it would have fetched a minimum of 2-3 lakhs crore as tax upfront. By unintelligently separating them, it is now chasing demonetization depositors for tax. Demonetization as a means of tackling the black money was destined to fail. It was carried out on the incorrect premise that black money means cash. Black money is a result of black income generation. Any black cash squeezed out by demonetization would then quickly get regenerated. So there is little impact of demonetization on the black economy. News papers daily publishen articles realted to the capture of new Rs 2000 in hoards in the homes of politicians and higher officials. While most of the common people starved to death in the queues of the ATM's the rich people very coolly exchange their devalued currency sitting in the home with the help of bank officials. The surgical strike of black money has told by Modi is a complete failure. More than 100 people have died as a result of demonetization plan. It is said that Prime Minister Modi is a pragmatic modernizer of the government running the economy, but in reality the government failed to minimize governments role. His favourite rhetoric 'minimum government, maximum governance' convinced the ultra crepidrain class youngsters and global investors but the result is 'maximum government, minimum liberty'. Modinomics is still old wine in new bottle. He is the latest version of Muhammad- Bin – Tugluq without any doubt.

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A STUDY ON BANKING CREDIT AND DEPOSIT RATIO IN PUBLIC SECTOR IN INDIA

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Abstract

This paper examines bank credit and Deposits ratio in public sector Banks are germane to economic development through the financial services provided by them. The performance efficient and effective of the banking industry over time is an index of financial stability. Banks has mobilization and allocation of resources play an important role in the economy. The whole economy of the nation, the sound financial position of a bank is the guarantee not only to its depositors but equally important it. Respectively, of funds of the bank's Deposits and Credits are inflow and outflow. In order to optimize credit flow and to ensure higher efficiency of credit creation, a monetary tool, called Credit-Deposit (C-D) ratio was introduced by RBI. Credit-Deposit ratio is proportion of loan created by banks from deposits it receives, in other words its capacity of banks to lend. High ratio indicates banks are generating more credit from its deposits and vice-versa. The outcome of this ratio reflects the ability of the bank to make optimal use of the available resources. The purpose of this study is to examine the impact of Credit-Deposit ratio on the profitability of public sector banks for the period of 2009 to 2015.

Introduction

In Indian Banking Sector has a very play an important role in economic development of the country. The people service in the banking system of India is featured by a large network of bank branches and serving many kinds of financial services of the people. The State Bank of India, popularly known as one of the leading bank of public sector in India. SBI has 14 Local Head Offices and 57 Zonal Offices located at important cities throughout the country. HDFC Bank Ltd is a major Indian financial services company based in Mumbai. The Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. The Bank at present has an enviable network of 2201 branches and 7110 ATMs spread in 996 cities across India. The purpose of the study is to examine the financial performance of SBI and HDFC Bank, public sector and private sector respectively. The research is descriptive and analytical in nature. The data used for the study was entirely secondary in nature. The present study is conducted to compare the financial performance of SBI and HDFC Bank on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2008-2009 to 2012-2013. The HDFC Bank is performing well and financially sound than SBI but in context of deposits and expenditure both is SBI and HDFC bank has better managing efficiency. In the era of globalization the utilization of finance is considered as the most important function of an organization. The firms are facing a stiff competition from the whole market, so the inflow and outflow of funds will be managed well. Finance is one of the most important aspects of business management. Without proper financial planning an enterprise is unlikely to be successful.

A competent banking system is acknowledged as fundamental requisite for the financial progress of any country. The proficient banks can build a constructive role in lighting the procedure of augmentation depends on the successful banking system. Public sector commercial banks (PSCB's) consist of State Bank of India, its seven subsidiaries and nineteen other nationalized banks.(Das & Ghosh,2006) These PSCB's in India persist to be the key lenders in the economy due of their steep size and penetrative networks which promise them elevated deposit mobilization and control of 80 percent of banking business in India. (Singh & Tandon, 2012) In India, there is a bank-centered monetary structure where banks and financial institutions are the financial intermediaries for commercial sector credit. (Kaur, 2012) Now a days, the Banks are countenancing various challenges for instance, regular amends in know-how, rigorous prudential capital norms, escalating competition, distressing intensity of NPA's, increasing customer hopes, rising strain on productivity, asset-liability management, liquidity and credit risk management, increasing operating expenses and so on. (Oral & Yolalan, 1990) With the transform in the societal and financial goals of Commercial banks, it becomes enormously necessary to evaluate their financial performance. A study of Cash - Deposit Ratio & Credit - Deposit Ratio would assist the policy makers to prepare policies for recovering concert of these institutions. (Mittal & Dhade, 2007)

Objective of the study

The objective of this study is to analyze Cash Deposit Ratio & Credit - Deposit Ratio of Indian Public Sector Banks in India.

1. To study the status of Non Performing Assets of Indian Scheduled Commercial Banks in India
2. To study the impact of Credit and Deposit ratio in Banking Sector in India

Methodology

Mainly used on the secondary data for the study. The secondary data collected from Books, journals, papers, Websites, performance of banking credit and deposit ratio in public sector in India department in Government of India and other relevant data have been collect from various government published data.

Sources of Data

The data collected is mainly secondary data. The sources of data for this thesis include the literature published by Indian Bank and the Reserve Bank of India, various magazines, Journals, Books dealing with the current banking scenario and research papers. The study is based on secondary data. The paper discusses the conceptual framework of NPA and it also highlights the trends, status and impact of NPA on scheduled commercial banks during the period of i.e. from 2008-09 to 2014 -15. Several reputed research journal including research paper and articles have been used by the researchers. Moreover, RBI Report on Trend and Progress of Banking in India for various years, websites and a book on banking has been referred during the study.

Analysis and Interpretation of Data

Cash - Deposit Ratio "Cash - Deposit Ratio is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank's core funds are being used for lending, the main banking activity. It can also be defined as total of cash in hand and balance…." (RBI, 2015) Cash - Deposit Ratio (%) = cash in hand +balances with RBI/ Total deposits.

Table 1 Return on Assets of the PSBS in India (2008-2015)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
SBBJ	0.92	0.93	0.96	0.99	0.96	0.87	0.84
SBOH	0.91	1.03	1.22	1.15	0.99	0.70	0.89
SBI	1.04	0.88	0.71	0.88	0.97	0.65	0.68
SBOM	0.91	1.06	1.03	0.67	0.66	0.40	0.54
SBOP	0.83	0.79	0.88	0.93	0.68	0.42	0.33
SBOT	1.30	1.26	1.12	0.65	0.66	0.29	0.32
AB	0.90	1.16	1.11	1.02	0.64	0.57	0.29
ANB	1.09	1.39	1.36	1.19	0.99	0.29	0.38
BOB	1.09	1.21	1.33	1.24	0.90	0.75	0.49
BOI	1.49	0.70	0.82	0.72	0.65	0.51	0.27
BOM	0.72	0.70	0.47	0.55	0.74	0.30	0.33
CB	1.06	1.30	1.42	0.95	0.77	0.54	0.55
CBOI	0.45	0.66	0.70	0.26	0.44	(0.47)	0.21
COB	1.24	1.28	1.21	1.06	0.88	0.29	0.28
DB	1.02	1.01	1.00	1.08	0.86	0.51	0.22
IDBI	0.62	0.53	0.73	0.83	0.72	0.38	0.27
IB	1.62	1.67	1.53	1.31	1.02	0.67	0.54
IOB	1.17	0.53	0.71	0.52	0.24	0.23	0.16
OBC	0.88	0.91	1.03	0.67	0.71	0.56	0.23
P&SB	1.24	1.05	0.90	0.65	0.44	0.35	0.13
PNB	1.39	1.44	1.34	1.19	1.00	0.64	0.53
SB	0.81	0.62	0.76	0.81	1.07	0.70	0.58
UCO	0.59	0.87	0.66	0.69	0.33	0.70	0.48
UBOI	1.27	1.25	1.05	0.79	0.79	0.52	0.49
UNBIO	0.34	0.45	0.66	0.70	0.38	(0.99)	0.21
VB	0.59	0.76	0.72	0.66	0.59	0.35	0.33

Source: RBI Reports – RBI Annual Report, A Profile of Banks, 2014- 15.

Return on Assets: ROA is a profitability ratio and shows how profitable a bank is relative to its total assets. ROA also gives an idea as to how efficient management is at using its assets to generate earnings.

Table 2 Net Interest Margin of the PSBs in India (2008-2015)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
SBBJ	2.52	2.41	3.02	3.28	3.24	3.19	3.05
SBOH	2.12	2.26	2.92	2.99	3.08	2.86	2.97
SBI	2.48	2.35	2.86	3.38	3.06	2.93	2.86
SBOM	2.28	2.88	3.36	2.82	2.88	2.73	2.72
SBOP	1.75	2.11	2.97	2.60	2.37	2.33	2.25
SBOT	2.75	2.57	2.60	2.42	2.27	2.30	2.17
AB	2.39	2.42	2.95	3.09	2.51	2.50	2.76
ANB	2.60	2.76	3.23	3.22	2.77	2.38	2.57
BOB	2.52	2.35	2.76	2.56	2.28	1.98	1.92

BOI	2.72	2.30	2.49	2.26	2.16	2.33	1.90
BOM	2.34	1.99	2.67	3.00	2.92	1.82	2.74
CB	2.36	2.35	2.56	2.17	2.00	2.10	1.86
CBOI	1.64	1.54	2.71	2.35	2.3	1.85	2.41
COB	2.20	1.92	2.30	2.05	1.92	2.49	1.82
DB	2.44	2.07	2.75	2.66	2.37	2.15	1.92
IDBI	0.82	1.11	1.75	1.67	1.75	2.44	1.68
IB	3.38	3.41	3.62	3.36	2.98	1.85	2.35
IOB	2.57	2.51	2.72	2.52	2.26	2.49	1.92
OBC	1.96	2.33	2.80	2.49	2.49	2.15	2.26
P&SB	2.80	2.42	4.49	2.12	2.14	2.44	1.75
PNB	3.06	3.12	3.50	3.21	3.17	1.85	2.87
SB	2.15	2.03	2.97	3.00	2.74	3.14	1.99
UCO	1.63	1.87	2.56	2.27	2.42	2.77	2.29
UBOI	2.38	2.35	2.88	2.73	2.63	2.37	2.30
UNBIO	2.00	2.00	2.60	2.58	2.30	2.14	2.01
VB	1.90	2.19	2.56	2.14	1.82	1.68	1.64

Source: RBI Reports – RBI Annual Report, A Profile of Banks, 2014- 15.

Net Interest Margin: Table 3 shows the NIM of all PSBs in India (2008-15)

Table 3 Credit-Deposits Ratio of the PSBS in India (2008-2015)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
SBBJ	76.10	76.37	76.52	79.98	79.78	-	-
SBOH	69.94	72.39	73.02	78.04	79.29	86.87	82.56
SBI	73.11	78.58	81.03	83.13	86.94	86.04	80.71
SBOM	77.82	75.97	78.73	79.37	78.87	80.38	82.45
SBOP	72.64	71.80	75.56	79.25	83.23	84.64	78.75
SBOT	77.55	75.59	79.71	77.44	79.75	77.69	84.83
AB	69.20	67.52	70.99	69.64	72.45	72.31	75.45
ANB	74.32	72.23	77.52	78.62	79.46	75.89	77.49
BOB	74.46	72.55	74.87	74.67	69.25	69.79	81.25
BOI	75.33	73.33	71.30	78.20	75.78	77.73	69.32
BOM	65.62	63.68	70.13	73.25	80.00	76.13	75.58
CB	73.96	72.16	72.00	71.09	68.05	71.56	80.74
CBOI	65.12	65.01	72.33	75.20	76.06	73.86	69.65
COB	65.57	68.15	74.39	73.80	71.51	70.88	73.75
DB	67.08	69.07	69.82	73.47	67.67	70.49	72.77
IDBI	92.03	82.43	87.04	85.79	86.43	83.85	68.08
IB	70.81	70.44	71.12	74.77	74.41	75.31	80.20
IOB	74.80	71.30	77.00	78.87	79.34	77.15	74.38
OBC	69.64	69.43	68.97	71.80	73.31	71.88	69.81
P&SB	70.99	66.40	71.39	73.11	72.81	67.55	71.20
PNB	73.75	74.84	77.38	77.39	78.86	77.38	73.66
SB	70.36	77.25	78.75	78.27	76.61	81.90	75.90
UCO	68.65	67.40	68.19	75.02	73.97	74.97	68.75
UBOI	69.60	70.17	74.58	79.81	78.90	76.96	80.68
UNBIO	64.90	62.09	68.73	70.74	68.46	58.98	61.35
VB	65.04	67.02	66.51	69.72	71.91	65.57	68.62

Source: RBI Reports – RBI Annual Report, A Profile of Banks, 2014- 15.

Credit to Deposit: The ratio of credit to deposit is the most commonly used measure of bank credit risk. The ratio can also indicate how far the bank used depositors fund on credit activity which is prone to default risk. A high credit-deposit ratio indicates that larger portion of deposits is put to use to earn maximum interests. Table 4 shows the CDR of all PSBs in India (2008-15).

Basic summary statistics according to bank groups 1.

	Public Sector Banks	Foreign Banks	Private Banks
Credit	370973.01	37263.73	78707.82
Deposit	629706.45	45220.22	118086.85
Assets	584392.11	53097.11	99691.75
Offices	46154.56	184.56	4982.75
Assets Office Ratio	12.66	287.70	20.01

Summary statistics across bank groups (group average: 1991 to 2006), in Rs Crore clearly shows that the table public sector banks in India form the largest bank group in India both in terms of size and spread. It constitutes around 79 per cent of the total assets and almost 90 per cent of the total branches. Among the private and foreign banks, the private banks occupy slightly more than foreign bank groups.

Conclusion

This study shows that the average of Deposit Ratio and Credit - Deposit Ratio of 5 Public Sector Banks in India. Cash Deposit Ratio in was higher than all the other banks throughout whole study period which shows that Bank of Baroda has generated more cash assets from its deposits as contrasted to all the other banks. Cash - Deposit Ratio of these banks does not show significant difference. On the other hand, the average of Credit Deposit Ratio in Andhra Bank was higher than all the other banks throughout complete study period which shows that Andhra Bank has formed more loan assets from its deposits as compared to all the other banks. Credit - Deposit Ratio of these banks shows significant difference. Hence, on the basis of the above study or analysis, the study suggested that the banks regulators are required to stipulate these ratios at a significant level. Commercial banks depend on deposits received from all types of depositors. Achieving and maintaining faith of depositors is a key to bank's success. Commercial banks need to check credit appraisal process to reduce the non-performing assets.

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CRYPTOCURRENCY - THE WEREWOLF

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Abstract

Currencies are tangible until 1980's and introduction of internet disrupt the entire currency economy by introducing online services without need to go to banks in person to transfer money. But after the introduction of decentralized currencies (cryptocurrencies) the trend is moving toward the building new type of economy. Cryptocurrencies are fail-proof and easy to maintain than the traditional banking system. With cryptocurrency exchanges where you can buy and sell cryptocurrencies, which offers the same traditional features as of stock exchange.
Keywords: *Digital Currency, Cryptocurrency, Block Chain*

Introduction

We are living in 21st century and WWW (World Wide Web - Internet) is ruling the whole world, due to its technical advancement for past two decades it is capable of changing the world's economy by its blink of an eye. The internet is the backbone of all the developed nations, most of the countries are solely relying on the internet to advance its economic status.

When it come to individual share with internet on the economic activities were very low initially, they used internet for mostly entertainment and information purposes until cryptocurrencies emerged as strong competitor and change the entire horizon.

What is Crypto Currency

Cryptocurrencies are the virtual currencies that exists on the internet through a mechanism call `blockchain`, and it is fail proof and distributed. Anyone can do transaction with minimum to no commission on money transfer and maintenance. Due to its decentralized nature it cannot be controlled by any government authorities.

Now there are large number of cryptocurrencies exists in the world, to name few bitcoin, litecoin ethereum, etc.

Problems with real world currencies:

In comparison with the cryptocurrencies, the real world currencies is having a hard time to put on maintenance and protection. As the currency exists in the real world as a entities they should be protected by all means.

The movement of money, theft protection, black money, fake currencies, environmental hazards such as fire, water, etc. are really painful in overhead. And as the reusability of money is also less as the currencies are unusable at certain point of time, which increases the maintenance cost of the currencies .Banks are the central bodies that maintain the currency and unfortunately they are profit maximizing entities. So they basically charge for the service they are providing us.

The one more problem with the money is, it is depending on the country and its there is huge diversity in the currency they are using. And it leads to the superiority of certain currencies other as considered as no usable outside of their own country and to make it usable the currency conversion needs to be done and again it costs money. With traditional usage of money, maintaining it and converting it are also money intensive process.

Why Can't Digital Currency

So there comes a question why we can't use digital currency?, seems reasonable. But there also lying this underlying problem of the centralized system.

The centralized bodies still needs to control and maintain the system, which means again the single point of failure (not exactly as the data is redundant and is mostly fail proof), but again we need to pay to the centralized body to maintain the servers and machines.

How it Works

Blockchain is the principle that powering the cryptocurrencies, it is basically as series of ledger that will keep on getting adding with new entries.

There is no way we can edit the previous entries, only the new transactions can be added and in this way there is no way to hack the previous transaction and it is completely decentralized.

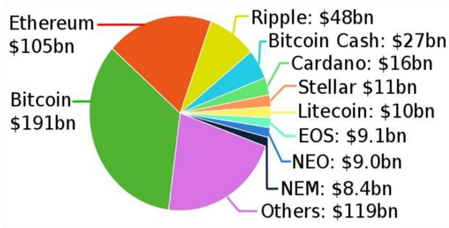
As there is no central body the transaction can be verified by anyone who is having the computing power to solve the transactions next key (hash), the person who approved the transaction will be rewarded by some cryptocurrencies.

As the whole system is decentralized the transactions will live on each machine in a distributed way, so there is no way one can tamper the data of the transaction.

How it is disrupting the Money

Blockchain are widely used in the western markets for the transaction purposes, and now many huge companies started supporting the transactions directly.

Day by day the cryptocurrencies market is growing steadily, and also there are no restrictions to create new cryptocurrencies, the number of cryptocurrencies are also soaring in numbers, that is not a good news for the government, as it is becoming a headache to control the market.



Now it is becoming the playground for hackers and other illegal activists to transfer the money, during the recent world wide hacks "Wanna Cry" ransomware, in exchange in unlocking people's computer, the hackers asked money in form of cryptocurrencies, so it is hard for the government officials to track the hackers.

Although the cryptocurrencies are created for good intentions to chop down the middleman in the process of money transfer, the using of money for the illegal activities are the real threat to the government and its economy.

Advantages of Cryptocurrency

There are some serious advantages of using the cryptocurrencies, first of all as mentioned earlier it is decentralized, so it is having no maintenance cost for the user to use it, and the transactions will happen fairly quick,

As cutting down the middleman such as banks, the transaction will generally happen at very quickly, and with less or no transaction money required. Which is the huge selling point of this cryptocurrencies.

There is no government regulations in the transactions, and it will help in reducing the unwanted policies to be enforced on the transactions.

The currencies can transitioned in a globally without any restriction, which helps the user to avoid the high transfer cost of the sending money to foreign countries.

Disadvantages of Cryptocurrency

As digital currencies are based on central authority, there are some potential advantages. It will have the power to cancel or freeze the transactions with the power of authorities during suspicion.

In a Digital or Banking system, there is a set of people responsible for the operation of the entire system. If there is a mistake in transaction, we can make a request and possibly revert and correct the transaction. But with cryptocurrencies there is no way of reverting the transactions, once the transaction is approved that is unalterable.

In traditional Banking system, all the transaction can be monitored by the government for taxing and other government purposes, but with the cryptocurrency system all the transactions happen with anonymously, so there is very hard to track back to the user, as the cryptocurrency wallets are not tied to the people identity, even we track the senders address there is less chance of tracking the user who did the malicious transaction.

The money value of the cryptocurrencies are very volatile and as it is not maintained by the central body. Some huge internet marketing companies dropped support for the cryptocurrency as they are highly volatile, it is very hard for them to get the appropriate money (sometimes low and sometimes high).

Takeaways

The whole discussion boiled down to two important aspects, the "speed and integrity" of the cryptocurrencies to the "stable and controlled environments" on the traditional currencies which make harder to avoid as well as embrace the cryptocurrencies.

As of now some government organizations are creating its own currencies to tackle the currencies available in the market to overcome the uncontrolled and volatile market.

Some other government organizations are taking measure to ensure the existing transaction wallets are attached to the particular people so that the transaction can be tracked back the user, if there is a malicious activity

Even though the cryptocurrencies are fail proof, it will take time for people as well as government to adapt these transformation.

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DEMONETISATION AND ITS IMPACT ON INDIAN ECONOMY

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Introduction

Demonetisation is the process that involves a change of national currency, where the old currency is replaced with a new currency. The act to cease a currency unit or put an official stop on its status as a legal tender is known as demonetisation. The circulation of a specific currency unit is stopped, followed by the withdrawal of old banknotes or coins. The process of demonetisation is opposite to remonetisation, where the legal status is restored.

History of Demonetisation of Indian Currency

Demonetisation is going to be a landmark in the history of the Indian economy. It was an experience which might create fear in the minds of the people who indulge in illegal activities like tax evasion or money laundering of any kind.

In 1946, the currency note of Rs 1,000 and Rs 10,000 were removed from circulation. The ban really did not have much impact, as the currency of such higher denomination was not accessible to the common people. The highest denomination note ever printed by the Reserve Bank of India was the Rs 10,000 note in 1938 and again in 1954. But these notes were demonetised in January 1946 and again in January 1978, according to RBI data. Rs 1,000 and Rs 10,000 banknotes were in circulation prior to January 1946. Higher denomination banknotes of Rs 1,000, Rs 5,000 and Rs 10,000 were reintroduced in 1954 and all of them were demonetised in January 1978. The Rs 1,000 note made a comeback in November 2000. Rs 500 note came into circulation in October 1987.

However, this is the first time that Rs 2,000 currency note is being introduced. Banknotes in Ashoka Pillar watermark series in Rs 10 denomination were issued between 1967 and 1992, Rs 20 in 1972 and 1975, Rs 50 in 1975 and 1981 and Rs 100 between 1967-1979. The banknotes issued during this period contained the symbols representing science and technology, progress and orientation to Indian art forms.

In the year 1980, the legend Satyameva Jayate – ‘truth alone shall prevail’ - was incorporated under the national emblem for the first time. In October 1987, Rs 500 banknote was introduced with the portrait of Mahatma Gandhi and Ashoka Pillar watermark.

Mahatma Gandhi (MG) series banknotes - 1996 were issued in the denominations of Rs 5, (introduced in November 2001), Rs 10 (June 1996), Rs 20 (August 2001), Rs 50 (March 1997), Rs 100 (June 1996), Rs 500 (October 1997) and Rs 1,000 (November 2000). The Mahatma Gandhi Series - 2005 banknotes were issued in the denomination of Rs 10, Rs 20, Rs 50, Rs 100, Rs 500 and Rs 1,000 and contained some additional/new security features as compared to the 1996 MG series. The Rs 50 and Rs 100 banknotes were issued in August 2005, followed by Rs 500 and Rs 1,000 denominations in October 2005 and Rs 10 and Rs 20 in April 2006 and August 2006, respectively.

On November 8, 2016, Prime Minister Narendra Modi in a surprise announcement said the existing higher denomination currency (Rs 500 and Rs 1000) will cease to be legal tenders. Prime Minister said this is government's biggest push to fight black money and end corruption. The government also introduced new Rs 500 and Rs 2000 notes and urged people to move towards the cash-less economy.

Objectives of the Study

1. To study the impact of demonetisation on the Indian Economy.
2. To understand the effects of positive and negative aspects of demonetisation on the Indian Economy.

Methodology

The research paper is based on empirical study. It is a type of descriptive research paper. The study is based upon secondary data collected through various sources like websites, newspapers, articles and magazines. Here, we consider demonetisation as a factor introduced into an economic system and its impact is being studied based on latest news and views.

This paper mainly discussed the impact on GDP, daily wage workers, small-scale industries, digital economy, benefits and disadvantages of demonetization. It has had many short-term effects which are visible. The long-term effects are yet to be experienced and felt.

Advantages of Demonetisation

With a perfect implementation, demonetisation policy can provide a great boost to any country's economy. They are: 1) Eradicate the use of fake currency, 2) Tackle with corruption due to currency upholds, 3) Withdrawal of old currency and bring unaccounted money back into the banking system by a considerable increase in bank deposits. With this the idle money becomes productive, 4) Encourage digital payment modes to reach the target of a cashless society, 5) Reduction of illegal activities and 6) Reduced tax avoidance by encouraging higher tax payments.

Disadvantages of Demonetisation

Some of the disadvantages that may emerge could be:- 1) Inconvenience to the public, 2) Huge economic cost to the nation, 3) Disruption of business activities, 4) Decrease in sales, particularly cash-based sales, 5) Labour / Wage payment issues, 6) Additional printing and distribution cost of new currency and 7) Problem situation for small-scale business operations that deal in cash.

Impact on Gross Domestic Product (GDP)

The Indian economy is a cash-driven economy and demonetisation has largely affected its growth. This was largely due to less availability of cash in cash-intensive industries like manufacturing and construction. It has also adversely impacted the primary function of banks to issue loans and has put pressure on them as current account holders demand large sums of cash. Table 1 indicates that GDP lost its growth streak of 4 years in the financial year 2016-17.

Table 1 Macro Economic Aggregates at a Constant price (the Base year 2011-12; Amount in Rs. Billion)

Year	GDP at Market Price	NDP at Market Price	GDP Growth Rate
2011-12	87363.29	78191.54	6.50
2012-13	92130.17	82023.56	5.46
2013-14	98013.70	87007.60	6.39
2014-15	105369.80	93562.60	7.51
2015-16	113810	101168.10	8.01
2016-17	121898.50	108419.20	7.11
Source: Hand Book of Statistics on Indian Economy 2016-17.			

As per the data published in the handbook of statistics on Indian Economy by RBI, GDP at Market price fell approximately by 1 percent as compared to a previous financial year. It registered a growth of 7.11 % from the previous year as compared to the 8.01% growth witnessed during 2015-16. GDP growth rate increased from 5.46% in 2012-13 to 8.01% in the year 2015-16. The GDP growth rate of 8.01% in 2015-2016 fell to 7.11% in 2016-2017 after demonetisation.

The table 2 reveals all the sectors of the economy faced different situations in Q1 of the financial year 2017-18. According to these estimates, the GVA at constant prices in Q1 of 2017-18 was rupees 2904128 crores as compared to rupees 2751407 crores in the Q1 of the previous financial year. This show a decline in growth from 7.6% in 2016-17 to 5.6% in 2017-18.

Sectors in the economy such as Construction, Agriculture, Forestry & Fishing which employ a large number of daily wage workers and have liquidity preference witnessed a decline in growth. Agriculture grew by 2.3% in Q1 of 2017-18 as compared to 2.5% in Q1 of 2016-17, Construction grew at a rate of 2.3% in Q1 of 2017-18 and witnessed a drop of 0.2% since the Q1 of 2016-17. Manufacturing, which is the most important indicator of economic growth and employment has grown at a very slow rate post demonetisation. It grew by only 1.2% in Q1 of 2017-18 as compared to a massive growth of 10.7% in Q1 of 2016-17 (see table 2).

Table 2 Quarterly estimates of GVA at a basic price in Q1 of 2017-18 (at 2011-12 prices)

Year	April – June (Q1)				
	Gross Value Added for Q1 (Crore)			% change over previous year	
	2015-16	**2016-17**	**2017-18**	**2016-17**	**2017-18**
Agriculture, Forestry & Fishing	371498	380833	389732	2.5	2.3
Mining and quarrying	87294	86485	85911	-0.9	-0.7
Manufacturing	458128	507223	513139	10.7	1.2
Electricity, gas, water supply & other utility services	55324	61018	65289	10.3	7
Construction	222464	229321	233919	3.1	2
Trade, hotel, transport, communication & services related to broadcasting	474733	516958	574261	8.9	11. 1
Financial, insurance, real estate & professional services	594754	650607	692522	9.4	6.4
Public administration, defense & other services	293784	318963	349356	8.6	9.5
Total	**2557949**	**2751407**	**2904128**	**7.6**	**5.6**
Source: Central Statistics Office (CSO) estimates					

Impact on Daily Wage Workers and Small Scale Industries

Till months after demonetisation, the general economic situation was disturbed. The public had to queue up outside banks to exchange their old currency for new ones. Households lacked liquidity and could not do transactions for daily items. Small shopkeepers who only accepted cash went into losses and some even shut down.

A major portion of the Indian workforce is a part of the informal economy. They use cash to meet all their expenses and demonetisation has resulted in a lot of them losing their jobs due to unavailability of cash. According to CMIE's Consumer Pyramids Household Surveys (CPHS), approximately 1.5 million jobs were lost during the final quarter of the financial year 2016-17. The estimated employment during this period was 405 million as compared to 406.5 million during the previous four months. Businesses like the textile industry, salons, restaurants, and seasonal businesses are low capital enterprises and work on the basis of liquidity preference. Demonetisation gravely impacted their revenue collection and threatened their existence to an extent.

Impact on Digital Economy

The absence of liquid cash has led to people making transactions using cheques or account transfers. They have also switched to virtual wallets like Paytm which allows electronic transfer of money. All this might result in a digital economy where transactions are being recorded and the economy has white money. This might increase the government's tax revenue.

Conclusion

Demonetisation has been praised as well as criticised various grounds. It has affected the short-term consumption needs of the lower and middle-class families for whom cash is the primary mode of payment for their day to day activities. It would have bad effects on SSI and the GDP rate come down.

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GST IMPACT ON GROSS DOMESTIC PRODUCT IN INDIA

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Abstract

At present Indian indirect taxation structure has different types of taxes including VAT in some states, Central sales tax and multiplicity of taxes. There are problems of double taxation of commodities. For instance, before the commodity is produces inputs are first taxed. Then after the commodity is produces, the output is taxed again. This causes an unfair double taxation with cascading effect. There is multiplicity of taxes such as sales tax, turnover tax, additional surcharge, cess, resale tax etc. there is a general tendency to avoid of tax this results in loss of revenue to the state. The Goods and Service Tax or GST is a taxation system where there is a single tax in the economy for goods and services. This taxation system is meant to create a single taxation system in the entire country for all goods and services. GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set-of benefits from the producer's/ service provider's point up to the retailer's level where only the final consumer should bear the tax. This paper analysis the impact of GST on gross Domestic Product in India.

Keywords: *Gross Domestic Product, growth, Agriculture*

Introduction

The biggest tax reform i.e. Goods and Services Tax is now a part of Indian Economy. A new and unified tax structure is followed for indirect taxation on the place of various tax laws like Excise duty, Service Tax, VAT, CST etc. and for sure the new tax regime is determined to eliminate the cascading effect of tax on transaction of products and services, and it will result in availability of product and services to consumers at lower price. It is expected that it will be helpful in increasing production and the purchasing power of the buyer which may increase the GDP by 1% to 3%. India accounted 7.1 percent growth for the financial year of 2016-17 while for the March quarter. On the historic midnight of 30th June 2016, India's PM Narendra Modi ushered the country into the age of GST – 'One Nation One Tax'. Being an impartial tax framework, the effects of GST can be seen across all domains.

Objectives of Goods and Services Tax or GST

Due to the complex nature of the indirect tax structure in India, Goods and Services Tax or GST was proposed to fulfill the following objectives:

- To eliminate the cascading effects of production and distribution of goods and services;
- To eliminate the indirect taxation system in India. This would be beneficial for the manufacturer as well as for the consumer;
- To overcome the shortcoming of the Value-Added System;
- To optimize the efficiency and equity of system; and
- To restrict the export of taxes across taxing jurisdiction.

Features of Goods and Services Tax or GST:

- GST is one indirect tax for the entire nation.
- It will replace multiple taxes in India like Value Added Tax, Excise Duty, Entry Tax, Luxury Tax, etc
- GST is categorized into four types namely:
  1. SGST (State GST), collected by the State government
  2. CGST (Central GST), collected by the Central government
  3. IGST (Integrated GST), collected by the Central government.
  4. UTGST (Union Territory GST), collected by the Union Territory
- Tax payers with an aggregate turnover in a financial year up to Rs. 20 lakhs and Rs. 10 lakhs for North Eastern States and Special Category States, would be exempted from tax.
- GST slabs are divided into five tax categories, i.e., o%, 5%, 12%, 18% and 28%.

Objective of the Study

1. To understand the impact of GST on Gross Domestic Product in India
2. To evaluate post effect of GST on Gross Domestic Product in India

Declining GDP Growth

Gross domestic product is the single standard indicator used across the globe to indicate the health of an economy GDP provides one single number that represents the monetary value of all the finished goods and services produced within a country's borders in a specific period. India's GDP growth has declined to three years low of 5.7 per cent in the first quarter of 2017-18. The following table explains of percentage change in Gross Value added (GVA) growth during the first quarter of 2017-18 in comparison with the GVA growth in first quarter 2016-17 and 2015-16

Table 1 Gross value added (GVA) Growth

Sector	First Quarter of 2016	First Quarter of 2017	First Quarter of 2018
Agriculture and forestry	2.4	2.5	2.3
Mining and quarrying	8.3	-0.9	-0.7
Manufacturing	**8.2**	**10.7**	**1.2**
Electricity, gas. water supply and utility services	2.8	10.3	7.0
Construction	6.2	3.1	2.0
Trade, hotel, transport	10.3	8.9	11.1
Financial services and business services	10.1	9.4	6.4
Community and social service	6.2	8.6	9.5
GVA at basic prices	7.6	7.6	5.6
Source: CSO			

The above table reveals that the overall favourable monsoons this year growth in agriculture in the first quarter of 2017-18 has been 0.2 per cent lower than the corresponding period in the previous year. Manufacturing sector has shown a sharp decline in the first quarter of 2017-18. the growth of the sector has been lowest at 1.2 per cent in 2018 due to the implementation of GST had an adverse effect on production in this sector. Electricity and other utility services saw a decline of 3 per cent in growth in the first quarter of 2017-18 from what was a year ago. The growth of construction sector stood subdued at 2 per cent in the 2017-18. Trade, hotels and transport services have recorded improvement in growth at above 10 per cent. Growth of financial services has also decline from 9.4 per cent to 6.4 per cent. However, community services have shown improvement in growth from 8.6 per cent to 9.5 per cent

GST and its impact on national income:

Income received by the Government in the form of taxes (SGST, CGST, UTGST, IGST and Cess) will be divided between the Centre and the States. SGST will go to the State Governments, CGST will go to the Central Government and IGST would be apportioned between the State and the Central Government.

GST will boost up the national income as it will widen the tax bracket. Following are the reasons why GST will increase the national income from taxes

1. The definition of supply is very broad covering a large number of transactions under GST taxability.
2. There is a strict cross check mechanism under matching of invoices and credit availability. Hence people evading taxes earlier in the unorganized sector will now have to come under the ambit of organized sector to stay in the market.
3. PAN India threshold limit for GST applicability is Rs. 20 lakhs as against individual limits for VAT, Service Tax and Excise.
4. There is compulsory registration for inter-state supply, e-commerce operator, agent, input service distributor (ISD), casual and non-resident taxable person.
5. Overall exemptions given under existing laws will not be available under GST.

In the long term, GST will be clearly positive as gains from a more efficient tax system, greater price competitiveness (reduced costs), and the removal of interstate tax barriers should boost growth via higher exports and investments, and higher government (Centre + State) tax revenues, enabling greater general government fiscal consolidation.

GST Positive Impact of GDP

There will be one tax rate for all which will create a unified market in terms of tax implementation and the transaction of goods and services will be seamless across the states.

- The same will reduce the cost of the transaction. In a survey, it was found that 10-11 types of taxes levied on the road transport businesses. So, the GST will be helpful to reduce transportation cost by eliminating other taxes.
- After GST implementation the export of goods and services will become competitive because of nil effect of cascading effect of taxes on goods and products. It was suggested that GST would be the key revolution in Indian Economy and it could increase the GDP by 0.9 to 1.7 percent. As speculated earlier, the tax experts can now assume that the growth will be around 1 to 2 percent after the implementation of the GST.
- GST will be more transparent in comparison to the existing law provision so it will generate more revenue to the Government and will be more effective in reducing corruption at the same time. Overall GST will improve the tax Compliances.
- In a report issued by the Finance Ministry, it was mentioned that Make in India programme will be more benefited by the GST structure due to the availability of input tax credit on capital goods.

- As the GST will subsume all other taxes, the exemption available for manufacturers in regards of excise duty will be taken off which will be an addition to Government revenue and it could result in an increase in GDP.
- The GST regime has although a very powerful impact on many things including the GDP also. The Gross Domestic Product has the tendency to loom on the shoulders of revenue generated by the economy in a year. Still, a worthwhile point includes that the GST has the capability to extend the GDP by a total of 2 percent in order to complete the ultimate goal of increasing the per-capita income of every individual.
- The **GST scheme** will certainly improve the indirect revenues to the government as the tax compliance will be further enhanced and rigid, extending the taxpaying base which will add to the revenue. The increased income of the government will redirect towards the developmental projects and urban financing creating an overall implied scenario.

GST Negative Impact on GDP

As the GST rates are 5%, 12%, 18% and 28% and if the GST rate on service will be finalized at 5% or 12% then cost of services will get reduced while in else case if the rate will be 18% or 28% on services then services will become costlier and it will lead to inflation for a short period.

- GST will lead to the rise in inflation rate which will remain for a year but after that GST will affect positively on the economy.
- Real Estate also plays an important role in Indian economy but some expert thinks that GST will impact the Real Estate business negatively as it will add up the additional 8 to 10 percent to the cost and reduce the demand about 12 percent.
- GST will apply in the form of IGST, CGST and SGST on the Center and State Government, but some economists say that there is nothing new in the form of GST although these are the new names of Central Excise, VAT, CST and Service Tax etc

Conclusion

The Goods and Services Tax (GST) appears to have had an immediate and significant impact on economic growth. As every coin has two faces in the same way the things related to GST with both perspective i.e. positively and negatively. Despite having some factor which is being expected to affect the Economy adversely there are so many other things which are expected with a positive impact on GDP

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GST AND PORT SECTOR

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Abstract

GST (goods and services tax) is a new means to revitalize the tax system of an economy for the ease of doing business. It reduces the work of paying multiple taxes leading to cascading effect nullifying the growth potential. The GST aims at ease of business, transparency, curbing the menace of black money and online business. Article 269A makes it mandatory for imports to be treated as inter-state supply of goods and services. As per the I GST Act, 2017, the import of goods should be treated as bringing goods into India from a place astride India. The goods that are imported are subjected to basic customs duty plus integrated tax at such rate leviable under I GST Act 2017.

Sections 3 and 21 provide chances for import of goods and determine the place of supply of goods. It includes taxable person from a distinct person. It consists of transportation of goods, other that by way of mail or courier. It includes the first scheduled point of departure of that conveyance for the journey. With the arrest of liberalization, the national incomes have increased a lot. This has become an impetus for the import of foreign goods to our country. The change in trend, population, tastes and preferences and the happenings in the present world had influenced India to embark on the import of commodities. India imports ornaments, machinery, oil products, pharma products and fertilizers.

This paper tries to analyze the impact of GST and perspectives of it.

Keywords: *Import of GST performance, Impact, Inter-State supply GST*

Introduction

The import of goods has been defined in the IGST Act, 2017 as bringing goods into India from a place outside India. All imports have to be treated as inter-State supplies and accordingly integrated tax shall be levied in addition to the applicable Custom duties. The IGST Act, 2017 provides that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under the Customs Act, 1962. The integrated tax on goods shall be in addition to the applicable Basic Customs Duty (BCD) which is levied as per the Customs Tariff Act. In addition, GST compensation cess, may also be leviable on certain luxury and demerit goods under the Goods and Services Tax (Compensation to States) Cess Act, 2017.

Below are some of the implications for imports and importers by virtue of GST implementation in India:

- **Import as Inter-State Supply** – Import into India will be considered as Inter-State supply under Model GST Law and accordingly will attract Integrated Goods and Services Tax (IGST) along with BCD and other surcharges.
- **Import of Services** – Model GST law accord liability of payment of tax on the service receiver, if such services are provided by a person residing outside India. This is similar to

the current provision of reverse charge, wherein service receiver is required to pay tax and file return.

- **Transaction Value based Valuation Principal** – Model GST law has borrowed the concept of transaction value based valuation principal from current customs law for charging GST. This will have implication at the time of tax liability determination as currently CVD is charged on MRP valuation principle. Under the new regime IGST which subsumes CVD will be charged on transaction value. This may also require working capital restructuring. This may also reveal the margin of Service Provider which is currently not the case.
- **Refund of Duty –** Under the new law, tax paid during import will be available as a credit under "Import and Sale" model, whereas no such credit is available presently. Also refund of SAD which is available now, after doing specific compliance, no such restrictions are placed under GST.
- **Withdrawal of Current Exemptions** – The current customs import tariff is loaded with multiple exemption notifications which are likely to reviewed and possibly withdrawn or converted into a refund mechanism. This could mean change in the structure of export-linked duty exemption schemes under the FTP where the duty exemptions may get limited to exemption from payment of BCD, while IGST may not be exempted. Withdrawal of exemptions or changing them to refund mechanism could fundamentally change the attractiveness and viability of some of the key schemes under the FTP like EOU, STP, Advance authorization etc.

Review of Literature

Gupta (2015) has briefly explained the various provisions related to inter- state transactions in Goods and Services Tax (GST) IGST Model. Various advantages of the implementation of GST in India have been discussed. The relevant data is collected from the meetings held by the GST council.

Kanojia (2014) made an attempt to study on Goods and Services Tax in India. This paper result shows that reasons for moving GST i.e., current system of indirect taxes is not able to increase the competitiveness of industry, exports and company. This paper also emphasized that how a goods and service tax is an improvement over VAT and Service Tax.

Ahmad and Poddar (2009) informed of GST reforms and inter-governmental Considerations in India, in their working paper have given a detailed explanation about the shortcomings of the current tax regime and the objective of the tax reform. Besides these it also gave options for Centre and State GST. It threw light on the tax base and tax rates for various sectors. It concluded by giving means of harmonizing taxes and ways of administering them.

Keen and Lockwood (2007) studied value added tax. Many countries have started adopting VAT in the economic armory.

Statement of the Problem

The GST is a new breed of taxation aiming at reducing the cascading effect of the earlier sales taxation. The unwanted and many taxes have been subsumed into the single tax reflecting in the One Nation One Market and One Tax. The simplification of tax procedures would develop the economy into great in terms of resources and development. This has become an impetus for the import of foreign goods to our country. The change in trend, population, tastes and preferences and the happenings in the present world had influenced India to embark on the import of commodities. While foreign products enter into the soil, immediately after that they are subjected to tax, GST. It has to be considered as the inter-state sale of goods. This paper tries to analyze the impact of GST and perspectives of it.

Objectives of the Study

- To learn the impact of GST on imports
- To find how IGST works on imports.
- To find whether the implementation of GST has positive or negative impact on imports in the country.

Methodology

The overall research work is done on base of secondary data with which the data has been collected and analyzed in detail to have the real knowledge about GST and imports. Nagapattinam port has been taken for the study and it is the old ports of Tamil Nadu. Normally this port is the place of import of acyclic hydrocarbons, palm oil and its fractions.

Results and Discussions

Table 1 Products Imported at Nagappatinam Port

S. No.	Top Products Imported at Nagapattinam Port	Jan-Dec-2014	% Import Share	Jan-Dec-2015	% Import Share	YOY Growth%	Jan-Oct-2015	% Import Share	Jan-Oct-2016	% Import Share	Growth%
1	Acyclic Hydrocarbons	$26.20M	100.0000	$17.09M	44.1216	-34.7854	$13.56M	45.0359	$6.65M	16.4103	-50.9297
2	Palm Oil And Its Fractions, Whether Or Not Refined, But Not Chemically Modified	$0.00M	0.0000	$21.64M	55.8784	0.0000	$16.55M	54.9641	$33.89M	83.5897	104.8027

Source: https://www.infodriveindia.com/india-ports-customs/nagapattinam-imports.aspx

Import of goods or services will be treated as deemed inter-State supplies and would be subject to Integrated tax. While IGST on import of services would be leviable under the IGST Act, the levy of the IGST on import of goods would be levied under the Customs Act, 1962 read with the Custom Tariff Act, 1975.

Import of Services

Import of services has specifically been defined under IGST Act, 2017. It refers to supply of any service where the supplier is located outside India, the recipient is located in India, and the place of supply of service is in India.

As per the provisions contained in Section 7(1)(b) of the CGST Act, 2017, import of services under consideration of whether or not in the course or furtherance of business. It shall be considered as a supply. Thus, in general, imports of services without consideration shall not be considered as supply. However, business test is not required to be fulfilled for import of service to be considered as supply.

Table 2 Nature of Services and Need for Business Test

Nature of Service	Consideration	Business Test
Import of services	Necessarily Required	Not required
Import of services by a taxable person from a related person or from a distinct person	Not required	Necessarily Required
Source:http://www.cbec.gov.in/resources//htdocs-cbec/gst/imports-of-GST-onlineversion-07june2017.pdf		

No business test is required for the import of services by taxable person from a related person. Normally the non-requirement of business test will help the service sector to flourish a lot. This would further develop the economy in a proper manner.

Table 3 Situation and Place of Supply

S.No.	Situation	Place of Supply
1	Default Rule other than specific situations mentioned below	Location of the recipient of services; If not available, location of the supplier of services.
2	Services supplied in respect of goods which are required to be made physically available	Location where the services are actually performed
	Services which require the physical presence of the recipient or the person acting on his behalf with the supplier of services	
2.1	Services are provided on goods but from a remote location by way of electronic means	Location where goods are situated at the time of supply of services
2.2	Above provisions is not applicable in respect of goods which are temporarily imported into India for repairs and are exported after repairs	
3	Services supplied directly in relation to an immovable property	Place where the immovable property is located or intended to be located
4	Admission to, or organization of an event	Place where the event is actually held
4.1	Above Services provided in more than one country including India	India
4.2	Above Services provided in more than one state	Proportionate Basis
5	Services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders	Location of the supplier of services
5.1	Intermediary services	
5.2	Services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month	
6	Transportation of goods, other than by way of mail or courier	Place of destination of such goods
7	Passenger transportation services	Place where the passenger embarks on the conveyance for a continuous journey
8	Services provided on board a conveyance	First scheduled point of departure of that conveyance for the journey
9	Online information and database access or retrieval services (OIDAR)	Location of the recipient of services

Source:http://www.cbec.gov.in/resources//htdocs-cbec/gst/imports-of-GST-onlineversion-07june2017.pdf

Table 3 discusses about the services and the place of supply in detailed manner. The data, online information and passenger transportation services determine the place of supply in a succinct way. The passenger transportation service requires the convenient journey also. The location of the recipient of services paves the line for the online information and data base access.

Suggestions

- GST will integrate the Indian market and stimulate economic activities, potentially leading to an increase in GDP growth.
- The implementation of GST would lead to major structural changes in the economy. Hence care has to be taken for the correct carry out of it. It is desired that GSTN must be catering the need of
- Eligible companies for registration purposes also. Development encompasses the growth of networks and integrated tax which has been in the form of GST.

Conclusion

GST on import is treated as GST on inter-state supply of goods and services. Nagapattinam port is basically public sector port. Mostly they cater to the immediate needs of the consumers in the form of single price without variation in all states. It is expected that GST would provide a lot of opportunities for prices to be aligned in line with international conditions. This is a right step towards making a common market under one indirect taxation umbrella. Being a customer oriented tax GST would remove cascading effect in the form of fair import prices. GST may pave way for normal and fair prices, essential products, and infallible network involving GST transactions. On the whole GST on importation of goods and services would have far reaching positive effects on the Indian Economy. The success of GST depends on its proper implementation. Nagapattinam port may utilize the opportunities thrown by economic reforms and indirect taxation reforms unleashed in the economy. This will further develop India into a good destination for the international trade.

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INTEGRATING THE NATION THROUGH INFRASTRUCTURE DEVELOPMENT

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Abstract

India needed investments over Rs.50 trillion in infrastructure to "increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services". Government was committed to this and would ensure the required investment. The challenge is not so much in the allocation of funds as in strategizing appropriately and ensuring timely implementation.

The 2018 - 2019 Union Budget recognizes a total allocation of Rs.5.97 trillion in infrastructure. This compares with an expected expenditure of Rs. 4.94 trillion in 2017 - 18. The infrastructure allocations have not only been increasing in absolute terms, but also as a share of total budgetary allocation. The allocations have been going up in all the sub - sectors of infrastructure including railways, roads, aviation, etc.

The single largest entity spend is for the Indian Railways. The thrust in the current budget has been on capacity creation, including track doubling, third and fourth line works; 5,000 km of gauge conversion; redeveloping 600 railway stations; and introduction of modern train - sets. The proposed gauge conversion would make the country broad gauge based unigauge system. The budget also has a special focus on suburban railways including Mumbai and Bengaluru. The spend on Mumbai would be part of phase 3A of the Rs. 0.55 trillion Mumbai Urban Transport Project (MUTP).

The Union Budget includes a total outlay of Rs. 1.21 trillion on road infrastructure. The spend is part of the approved Rs. 5.35 trillion Bharatmala Project, which includes development of economic corridors, efficiency improvements on key national corridors; and border, coastal and port connectivity roads.

Both the Railways and the National Highways Authority of India (NHAI) are expected to source funds beyond just internal surpluses and budgetary support. The Railways, apart from the traditional sourcing through bonds, are expected to bring in funds through public - private partnerships (PPPs), especially in railway station redevelopment and rolling stock manufacturing. The NHAI would use schemes like toll, operate and transfer (TOT) and raising equity from the market using road assets that have crossed the transfer phase of the earlier build, operate and transfer (BOT).

In the maritime sector, the focus is on spends as part of the Sagamala Project. In aviation, the focus is on improving airport capacity, developing new airports and increasing connectivity to unserved airports and helipads.

Other domains of infrastructure spend include the 99 smart cities and rural infrastructure through development of rural roads, houses, electricity, sanitation, irrigation and water supply.

Bandwidth for Spending

One of the important challenges with the increased allocations is our ability to spend it effectively. For example, even though the allocation for railways from Gross Budgetary Support (GBS) in 2017 - 2018 was Rs. 0.55 trillion, the expected actual spend has been revised downward to Rs.0.42 trillion. Consequently, the GBS provision for 2018 - 19 has been kept at Rs. 0.55 trillion, without any increase and almost identical to the previous year's provision.

The inability to spend is a function of insufficient governmental bandwidth in putting out well - written project documents and quick processing of permissions; lack of legal and judicial bandwidth; and the significant non-performing infrastructure assets that put limits on debt financing. Stalled permissions and /or legal issues have help up many projects mid way. A concerted effort to protect and unlock such assets is important. The Ministry of Road Transport and Highways (MORTH) must be commended for attempting to resolve legal issues in many projects, though there are many others still stuck.

It is rather unfortunate that though the budget gets such heightened annual attention, there is no mechanism of reviewing the budgetary performance, not just financially, but in actual outcomes achieved with an analysis of the causes. The annual economic survey is at best a document that looks at performance in an aggregate manner, albeit in different sub sectors. Budgets tend to focus on political rhetoric, often repeating the same activities. For example, the railway station development and the new airports development have been repeated in many successive budgets. While earlier budgets had schemes like Setu Bharatam (to remove level crossings on National Highways), Special Unit for Transportation Research and Analytics (SUTRA) and Special Railway Establishment for Strategic Technology and Holistic Advancement (SRESHTA), it is difficult to find the state of progress of these activities vis-a-vis their original intent.

Projectising as a Means of Directing the Spend.

On the credit side though, the allocations in different sectors over the past few years have tended to be guided by long-term multi-activity project conceptualization like the PradhanMantri Gram SadakYojana (PMGSY), Sagarmala, High Speed Rail (HSR) and Bharatmala Projects. The HSR and Bharatmala Projects were announced in September and October 2017 respectively. (Of course, the Bharatmala is, in many ways, a modified version of the earlier National Highways Development Project.) Such conceptualization provides more stability and direction, rather than being buffeted by varying annual demands.

In spite of projectising, there are domains where we falter. For example, the BharatNet project (the earlier National Optical Fibre Network), which is to provide broadband connectivity to every Gram Panchayat, has had implementation issues, causing significant delays in timelines. Part of the problem was due to the implementation being 'handed over' to public sector undertakings, which did not have this as a priority.

In the context of rural infrastructure, the PMGSY has been one of the most successful infrastructure projects. The second decadal phase of this project has been advanced to be completed by 2019 (instead of 2021), so that the third phase can be put in place. Apart from deeper penetration, the rural road network is focusing on improved maintenance and two -

sided connectivity to facilitate not just physical connectivity, but also services. In the context of rural electricity, the focus is shifting from village- level connectivity. In terms of sanitation, though the focus is on building toilets, full effectiveness can be achieved only by changing the behavior to increase usage. This needs ‘marketing’ like efforts.

Inter-sectoral Issues

However, a related challenge is one of examining inter - sectoral implications. For example, it is not clear whether building and connecting more airports is the way to go, given the improving road connectivity. More airports will reduce the catchment per airport, reducing frequency of service and thus putting the overall viability in question. For example, Hubbali and Belagavi are less than 100 kilometers apart with excellent road connectivity, but still wish to have modern airports with just a couple of flights a day each. It would take under two hours to reach either airport from their catchment. As a comparison, there are many parts in Bengaluru where reaching the airport would take more than two hours. An overall approach to air connectivity by integrating roads, and keeping a focus on access time rather than distance would be the way to go. For example, in hilly areas, airports closer to one another may still be okay.

Another inter-sectoral domain is that of intermodal connectivity between the metro and the railways. Bengaluru and Delhi are examples where such connectivity has as of now been compromised, leading to poor service quality for customer transfer, and resulting in reduced demand. It does make one reflect on the need for basic smartness, rather than what is implied by ‘smart’ cities.

There are inter-sectoral issues between energy and transportation. This government has demonstrated significant awareness of this matter. Electric traction in railways is being promoted, with significant allocations. Similarly, the government has announced that the policy would be to convert all road vehicles to electric vehicles by 2030. In the road instrance, the industry is not fully in agreement with the government, both in terms of the announced timeline and the focus on electric vehicles over hybrids.

Conclusion

The Finance Minister at the start of his budget speech indicated that India needed investments over Rs. 50 trillion in infrastructure to “increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services”. He declared that the government was committed to this and would ensure the required investment.

The challenge is not so much in the allocation of funds as in strategizing appropriately and ensuring timely implementation.

OPINION OF BUSINESS PEOPLE ON THE DOWNSIDE OF GST IN TIRUCHENDUR

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Abstract

GST is one indirect tax for the whole nation, which will make India one unified common market. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the Goods and Services Tax Council. GST simplified a slew of indirect taxes with a unified tax and is therefore expected to dramatically reshape the economy. GST is thought of as a superior tax regime that could boost exports and trigger the overall economic development of India. Hyped as a highly advantageous and meritful taxation system, experts have never really assessed how much pitfalls adopting this structure could pose to the nation and her citizens. Hence the paper focuses on the downside of GST and how it is going to affect the business people in Tiruchendur.

Introduction

Goods and Services Tax (GST) is an indirect tax levied in India on the sale of goods and services. The tax came into effect from July 1, 2017 through the implementation of One Hundred and First Amendment of the Constitution of India by the then President of India, Pranab Mukherjee, and the Prime Minister of India Narendra Modi. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of centre and all the states. GST simplified a slew of indirect taxes with a unified tax and is therefore expected to dramatically reshape the economy. In the study, I would look into GST Taxation and its disadvantages and the opinion of business people on the downside of GST in Tiruchendur.

Meaning

GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

The single GST (goods and service taxes) replaced several former taxes and levies which included: central excise duty, services tax, additional customs duty, surcharges, state-level value added tax and Octroi. Other levies which were applicable on inter-state transportation of goods have also been done away within GST regime. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the State governments. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax/destination-based tax, therefore, taxes are paid to the state where the goods or services are consumed not the state in which they were produced. Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. IGST complicates tax collection for State Governments by disabling them from collecting the tax owed to them directly from the Central Government.

Objectives

- To examine the demographic profile of the business people
- To identify the problems faced by the business people towards GST
- To know the level of satisfaction of the business people by the launch of GST

Methodology

The study is based on both primary and secondary data. Primary data are collected directly from the respondents through the interview schedule. The secondary data are collected from the books, journals and websites. A total of 75 respondents are selected by adopting convenient sampling method in Tiruchendur. The data are analyzed by applying simple percentage and Garrett's ranking.

Problems associated with GST

GST is thought of as a superior tax regime that could boost exports and trigger the overall economic development of India. Hyped as a highly advantageous and meritful taxation system, experts have never really assessed how much pitfalls adopting this structure could pose to the nation and her citizens. Below, I have outlined the downside of GST and how it is going to affect our society.

Increased costs due to software purchase

Businesses have to either update their existing accounting or ERP software to GST-compliant one or buy a GST software so that they can keep their business going. But both the options lead to increased cost of software purchase and training of employees for an efficient utilization of the new billing software.

Being GST-compliant

Small and medium-sized enterprises (SME) who have not yet signed for GST have to quickly grasp the nuances of the GST tax regime. They will have to issue GST-complaint invoices, be compliant to digital record-keeping, and of course, file timely returns. This means that the GST-complaint invoice issued must have mandatory details such as GSTIN, place of supply, HSN codes, and others.

GST will mean an increase in operational costs

GST is changing the way how tax is paid, businesses will now have to employ tax professionals to be GST-complaint. This will gradually increase costs for small businesses as they will have to bear the additional cost of hiring experts. Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

State-wise registration hurdle

In the registration process, a taxpayer is required to register his business in each of the states in which it operates.

Composition scheme is unfair

Under GST Law 2017, composition scheme is available only for units selling goods. No such schemes are provided for service providers.

GST is an online taxation system

Unlike earlier, businesses are now switching from pen and paper invoicing and filing to online return filing and making payments. This might be tough for some smaller businesses to adapt to.

SMEs will have a higher tax burden

Smaller businesses, especially in the manufacturing sector will face difficulties under GST. Earlier, only businesses whose turnover exceeded Rs 1.5 crore had to pay excise duty. But now any business whose turnover exceeds Rs 20 lakh will have to pay GST. However, SMEs with a turnover upto Rs 75 lakh can opt for the composition scheme and pay only 1% tax on turnover in lieu of GST and enjoy lesser compliances. The catch though is these businesses will then not be able to claim any input tax credit. The decision to choose between higher taxes or the composition scheme will be a tough one for many SMEs.

Analysis of data

The data collected with the help of interview schedule are analysed in this section.

a. Demographic profile of the respondents

The demographic profile of the respondents is given in the Table 1.

Table 1 Demographic profile of the respondents

S.No.	Demographic factors	Classification	No. of Respondents	Percentage
1	Age	20-30 years	13	17
		30-40 years	49	66
		Above 40 years	13	17
		Total	**75**	**100**
2	Marital Status	Married	65	87
		Unmarried	10	13
		Total	**75**	**100**

3	Educational Qualification	Upto Secondary	11	15
		Higher Secondary	16	21
		Graduates	36	48
		Others	12	16
		Total	**75**	**100**
4	Monthly Income	Below Rs.20,000	4	5
		Rs.20,000- Rs.30,000	19	25
		Rs.30,000- Rs.40,000	36	48
		Rs.40,000- Rs.50,000	14	19
		Above Rs.50,000	2	3
		Total	**75**	**100**

Source: Primary data

It can be seen from the above table that 66 percent of the respondents were in the age group of 30-40 years, 87 percent of the respondents were married, 48 percent of the respondents were graduates and 48 percent of the respondents were earning a monthly income of Rs.30,000-Rs.40,000.

b. Problems of business people

As every coin has two sides, GST has its own problems. However, business people need to overcome these problems to run the business smoothly. Let's see the barriers which are faced by the respondents in their business life.

Table 2 Problems of business people

S. No.	Problems	Rank								Mean Score	Rank
		I	II	III	IV	V	VI	VII	VIII		
1	Higher tax burden	4	15	8	9	15	3	3	18	4.30	VI
2	GST- Compliance	9	15	8	6	10	9	10	8	4.52	IV
3	Increased operational costs	10	7	11	9	16	11	8	3	4.75	III
4	Problem of finance	15	6	2	16	1	5	14	16	4.23	VII
5	Professional assistance	10	4	15	16	9	10	7	4	4.85	II
6	Cost of software purchase	9	12	9	1	16	18	9	1	4.96	I
7	Stiff competition	11	4	16	3	2	6	21	21	4.21	VIII
8	Online registration and filing returns	7	12	6	15	6	13	3	18	4.44	V

Source: Primary data

Table-2 described that the first and foremost problem faced by most of the business people was Increased cost of software purchase. It was followed by Professional assistance, Increased operational costs, GST- Compliance, Online registration and filing returns, Higher tax burden, Problem of finance and Stiff competition.

c. Level of satisfaction

Table-3 shows the level of satisfaction of the business people towards GST.

Table 3 Level of satisfaction

S.No.	Level of satisfaction	No. of Respondents	%
1	High	5	7
2	Medium	25	33
3	Low	45	60
	Total	**75**	**100**

Source: Primary data

Table-3 portrayed that out of 75 respondents, 7 percent of the respondents had high level of satisfaction, 33 percent of the respondents had medium level of satisfaction and 60 percent of the respondents had low level of satisfaction.

Conclusion

Change is definitely never easy. The government is trying to smoothen the road to GST. It is important to take a leaf from global economies that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits. The key is to be GST-compliant at any time. We at Clear Tax have an All-in-one GST kit specially designed for CAs. Though GST is considered to be a historical tax reform in India, it also has some demerits. Ignoring negative aspects, positive aspects can be taken into consideration, in order to improve the economy of the country.

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SMALL TRADERS' PERCEPTION TOWARDS GST IMPLEMENTATION

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Abstract

Goods and Services Tax (GST) is an inclusive tax implemented at national level on manufacturing and sale of goods and services. It is an indirect tax implemented to replace the all indirect tax imposed by central and state government. Experts say that by removing the barriers of indirect tax GST will help to improve the economy of India. It will also integrate the central and state government taxes via single tax system. This tax reform will definitely be a big boon to the large scale traders. But all the small traders are not having the same perception towards GST. Hence the present study is undertaken. Interview schedule was prepared by the researchers and both primary and secondary data were collected. The collected data is analyzed with the help percentage analysis and weighted ranking technique. 30 samples from Eral, Kulasekaranpatinam, Authoor and the nearby areas are selected at random by adopting convenient sampling method. Results show that registration is the major problem faced by the small traders followed by paperwork in the second position. Besides, some recommendations are also propounded for helping the small traders to adhere to GST implementation.

Keywords: *Goods and Services Tax, GST Implementation, Small Traders*

Introduction and Need for the Study

The present system of tax is rooted from the theory of maximum social welfare. In a country tax payment is the obligatory liability for each and every citizen. In India two types of tax system is followed i.e. direct tax and indirect tax. GST is an indirect tax and it is considered as one of the important tax reforms in India. Goods and services tax may be an essential perfection and the next logical step in the direction of a wide spread tax reforms in India.

As per the Empowered committee of the state finance ministers it's been made clear that there might be a "Dual GST" in India because taxation synergy lies with both with the aid of the central government and the state government to levy the taxes on the goods and services. GST will substitute all indirect taxes of central government and state government levied on goods and services. GST is a tax on goods and services below which every trader is susceptible to pay tax on his output and is entitled to get Input Tax Credit at the tax paid on its inputs. It is an acceptable fact that in Indian economy's small and medium enterprises are the promotional growth drivers and major contributors to Gross Domestic Product. But many small traders find it difficult to understand the upcoming effect of GST on their business hence they are not very convinced by the implementation of GST. But many experts argue that it will be effective to start up new business under this system. With this note the present study on Small Traders perception towards GST implementation is made.

Objectives of the Study

The following are the objectives framed for the present study

a. To identify the positive and negative impact of GST on small traders.

b. To spot out their problems involved in implementing GST in their business.
c. To offer suitable suggestions for helping small traders.

Methodology Used

This study is complied with the help of both primary and secondary data. The primary data were collected from the respondents with the help of interview schedule. Secondary data were collected from journals, websites and books. 30 respondents from Eral, Tiruchendur, Authoor and Kulasekarpatinam were selected as samples by adopting convenient sampling method. It was conducted during the period January 2018 to March 2018. Percentage analysis is used to assess the positive and negative impact of GST. Besides Ranking technique is used to find out the problems associated with GST implementation.

Analysis and Interpretation of Data

The analysis is carried out in the following parts:

Positive Impact of GST

The percentage analysis is used to spot out the positive impact of GST on the perception of small traders. The result of it is displayed Table.1.

Table 1 Positive Impact of GST

S.No	Aspects	SA	A	NO	DA	SDA	Score
1	Ease of starting business	6 (30)	5 (20)	10 (30)	3 (6)	6 (6)	61.33
2	Market Expansion	4 (20)	5 (20)	14 (42)	4 (8)	3 (3)	62
3	Reduction of tax burden on new business	9 (45)	9 (36)	3 (9)	5 (10)	4 (4)	69.33
4	Elimination of difficulties distinction between goods and services	8 (40)	10 (40)	7 (21)	2 (4)	3 (3)	72
5	Improved logistics and faster delivery of goods and services	4 (20)	9 (36)	11 (33)	2 (4)	4 (4)	64.67
6	Removal of multiple taxation	10 (50)	7 (28)	6 (18)	3 (6)	4 (4)	70.66

From Table 1, it is clear that the item 'Eliminate of distinction between goods and services' is considered to the primo most positive impact of GST, followed by 'Removal of multiple taxation', 'Reduction of tax burden on new business', 'Improved logistics and faster delivery of goods and services', 'Market expansion' and 'Ease of starting business is in the second, third, fourth, fifth and sixth positions respectively.

Negative Impact of GST

Table showing the negative impact of GST is portrayed below.

Table 2 Negative Impact of GST

S.No	Aspects	SA	A	NO	DA	SDA	Score
1	Registration owes	8 (40)	11 (44)	2 (6)	5 (10)	4 (4)	69.33
2	Concept of casual taxable person	7 (35)	8 (32)	9 (27)	3 (6)	3 (3)	68.66
3	Composition lay mechanism is very restructive	9 (45)	9 (36)	4 (12)	6 (12)	2 (2)	71.33
4	The reverse charge mechanism	4 (20)	8 (32)	8 (24)	4 (8)	6 (6)	60
5	Technological challenge	7 (35)	6 (24)	6 (18)	6 (12)	5 (5)	62.66

6	Working capital blockage	8 (40)	8 (32)	7 (21)	5 (10)	2 (2)	70
7	Harsh Mechanism of Input Tax Credit	4 (20)	5 (20)	11 (33)	4 (8)	6 (6)	58
8	Compliance Rating	7 (35)	6 (24)	7 (21)	7 (14)	3 (3)	64.66
9	Added compliances for exports	6 (30)	11 (44)	4 (12)	5 (10)	4 (4)	66.66
10	Challenges for SME's	7 (35)	3 (12)	2 (6)	8 (16)	10 (10)	52.66

From Table 2 it is clear that the items 'composition levy mechanism is very restrictive' is the prime most factor having negative impact. Further the items 'working capital blockage', 'registration owes', 'added compliance for exports' and 'concept of casual taxable person' are ranked in the second, third, fourth, and fifth positions respectively.

The items 'compliances rating', 'technological challenge', 'the reverse change mechanism', 'harsh mechanism of input tax credit' and 'challenges for SME's', are in the sixth seventh, eighth, nineth and tenth positions respectively.

Ranking of Problems of Small Traders in Implementing GST

Table 3 shows the problems involved in implementing GST in small traders' business.

Table 3 Problems in Implementing GST

Problems	Rank				$\frac{\sum fx}{\sum f}$	Rank
	1	2	3	4		
Paper Work	7	6	13	4	2.53	2
Registration	8	10	4	8	2.60	1
Unclear Process	9	6	6	9	2.50	3
Customer Dissatisfaction	6	8	7	9	2.37	4

From Table 3 it is clear that 'registration' is the prime problem for small traders, 'paperwork' is the second most problem for small traders, unclear process is the next problem and customer dissatisfaction is ranked in the fourth position.

Suggestion

The following are some of the suggestions for helping small traders in GST implementation.

- Small traders are not familiar with the registration process of GST. Hence some technical centers can be opened at places where small traders have vicinity.
- The process involved in GST registration, the papers required for it must be clearly informed to the small traders in their regional language to avoid ambiguity.
- Working capital blockage is considered to be a negative impact of GST. As small traders deal with minimum working capital, the blockage of it will lead to results situation. The ways to cope up with this must be communicated through expert's advice to relive them from restless situation.

Conclusion

The lack of information coupled with the apathy towards reforms may paralyze the speedy implementation of this system especially in small towns where still not a single orientation programs have been planned and executed till date by competent authorities. The association of business turnover with the apprehensions can be issue worth considering when designing training programs and modules. In lien of this it is suggested associations, NGO'S should come forward to organize such programs at town level to orient small traders so that nobody is left out of this biggest tax reform in the country.

A STUDY ON IMPACT OF TASMAC IN RURAL AREAS OF TIRUNELVELI DISTRICT

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Abstract

This study embarks on the assessment of the effects of TASMAC (alcoholism) on rural areas in Tirunelveli district of Tamil Nadu using sociological, economical and psychological perspective. The major objectives are to study the impact of TASMAC shops in the study area. The study adopted survey method of research and surveillance technique was used for sample size determination. Descriptive statistics was used for data analysis in the study area. Alcohol consumption has created neglect, frustration and fear among the families of the drunkard as well as unrest (lack of peace) within the society. and concluded that alcohol consumption has had profound negative effects on the individual drunkards, the family (especially the children and women) and recommends that all other sources of law should emulate the mahatma's concept of total abstinence on alcoholic beverages.
Keywords: *Alcohol, drunkards, perception, consumption*

Introduction

Over half of Tamil Nadu total population lives below the poverty line and these people are more depend on rain-fed agriculture. Noting that about half of the workforce relies on agriculture for their livelihoods, the statement said the sector is now threatened by falling crop yields caused by floods, droughts, erratic rainfall and other climate change impacts. Thus most of the rural workers find alternate sources of employment in the non-farm sector in the state. Besides the non-farm sector provides a regular employment throughout the year. Even today, a section of the rural society is unable to fulfil even its basic necessities of life. When a substantial segment of the society is developed the minimum level of living continues at a bare subsistence level, the society is said to be plagued with mass poverty. Under this circumstance, most of the rural workers spend half of their daily earnings in drinking alcohol particularly in TASMAC. This leads to them below poverty line and social, economic and psychological distress.

In the recent years, there have been limited studies on the impact of TASMAC to the tune of poverty, inflation and changing consumer preferences. Thus, this study going to fill the gap and proposes and some policy recommendations. The TASMAC, this monopoly was established by the year 2003. The company has about 30000 employees in 32 districts of Tamil Nadu. It has 6800 retail outlets throughout the state. Employees of TASMAC are not considered as government employees and are not entitled to the benefits and legal rights (like statutory pay, paid holidays and an 8 hours working in a day) of other employees of the state. They sell other kinds of liquor as well. Almost all the outlets have bars attached to them.

Annual Revenue of TASMAC

Fiscal Year	Revenue in Crores	% Change
2002-03	2,828.09	-
2003-04	3,639	28.67%
2004-05	4,872	33.88%
2005-06	6,086.95	24.94%
2006-07	7,300	19.93%
2007-08	8,822	20.85%
2008-09	10,601.5	20.17%
2009-10	12,491	17.82%
2010-11	14,965.42	19.80%
2011-12	18,081.16	20.82%
2012-13	21,680.67	19.91
2013-14	23,401	7.93
2014-15	26,188	11.91
Source: Secondary data		

Since the TASMAC take over by the government, TASMAC has seen annual revenue of around 20 percent every year. The turnover in 2014-1 was 26.188 Crore Rupees. The growth of the annual revenue has increased to 11.91 per cent compared with the last year. This profit is from the daily earnings of poor rural mass in Tamil Nadu and the tears and wears of rural woman in Tamil Nadu. Thus, this needs a fresh study on **'**A Study on Impact of Tasmac in Rural Areas of Tirunelveli District**".**

The reorganisation of retail alcohol trade in the state has brought record revenues for the government allowing it to increase spending on welfare schemes. The revenue from alcohol sales constitutes nearly half of the state's annual tax revenues. Tamil Nadu ranks first among the states of India in alcohol sales by volume. While consumption of alcohol has increased among the population, deaths due to consumption of contaminated illicit liquor (common during the prohibition era) have gone down. The monopoly trade has led to widespread irregularities like adulteration, corruption, overpricing and black marketing in the retail outlets. It has also led to increased complaints about disturbances created by drunken patrons from residents in areas where the retail outlets are situated. High retail prices (due to a higher tax rate) and absence of a wide range of choices have led to a thriving alcohol tourism industry in the neighbouring union territory of Pondicherry, where alcohol prices are lower and different brands are available. TASMAC has been forced to offer more choices of brands to counter the increase in smuggling of non-available alcohol brands into the state.

Findings

- There exist wide spread negative perception among the drunkards in Tirunelveli district about alcohol consumption in relation to their health. This include the belief of alcohol to act as energy booster, anti-stress/anti-hypertensive, broaden the mind, medicinal/non-harmful and so on.
- The study discovered that majority of drunkards in Tirunelveli district are heavy drunkards except the beginners who got intoxicated easily and are addicted to drinking given that there were no special days for heavy drinking only that the number increased during weekends, festive and celebration periods.
- The study established the fact that drunkards in Tirunelveli district have become potential debtors as a result of alcohol drinking given their overall behaviour with regards to credit drinking, disposal of valuables as well as borrowing from friends, relatives, colleagues and others for continued drinking.

- The study also found strong effects of alcohol on both family and the society at large in Tirunelveli district. Alcohol consumption has created neglect, frustration and fear among the families of the drunkard as well as unrest (lack of peace) within the society.
- Mostly the literates are the alcoholic consumers.
- More than half of the earnings spend on the alcoholic consumption in the study area.
- It is noticed that most of the TASMAC rules are only on paper.
- Most of these shops and bars attached to them often find themselves in the midst of the storm for violation of rules.
- The Tamil Nadu Liquor Retail vending (in shops and bars) Rules , 2003, state that every bar attached to a liquid shop must be housed in a 'pacca' building and the bar must be sufficiently screened so that consumption of liquor is not visible for outside. But it is not so in reality. Mostly the TASMAC bars have been functioning with tin sheets serving as roof and walls.
- It is heard from the respondents who complain that it is the women, young girls and children who face a great deal of difficulty in passing through the street as the drunk spill over into the street, especially during Sundays, and tease the passer by.
- "They also sit on the stairways leading to the houses in the street, throw away liquor bottles here and three and indulge in all sorts of indecent activities", women respondents lament.
- The rules state that no liquors shops should be set up near places of worship and educational institutions but still the rule has been violated.
- Liquor shops run by the state has ruined many happy families and made the youth addicted to booze.
- Rules 11-A of the TNLRV rules states that liquor should not be sold or served to any person below the age of 21 years. Contrary to the rules, one can easily witness to school/college students in uniform buying liquor bottles and stuffing them into their pockets.
- It is heart rending to see such scenes like even women buying liquor at TASMAC shops.
- Even after a decade, the TASMAC employees continue to be working as contract labourers. People are hired and fired at will. They are treated like slaves despite helping TASMAC to augment its revenue from Rs. 3,639.93 crores in the financial year 2003-04 to Rs. 21,680.67 crores in 2012-13, the employees add.
- The contribution of the TASMAC income is 11% of the State income.

Recommendations

1. Government should institute public campaigns and awareness in order to create intensive information bank for public on the dangers of alcohol consumption on human health, family and society. This will help correct wide spread negative perception about alcohol consumption.
2. There should be effective rules and regulations on registration, production, distribution, place of sales including high tax rate to serve as discouragement to the seller and drunkards in order to minimize the burden of indebtedness among drunkards.

3. There should be modalities of educating society members, especially the family to cope and manage the drunkards such that family as well as societal impact can be greatly reduced.
4. Civil organizations as well as other sources of law should explicitly take a stand on the ideal effect of alcohol consumption on human health.
5. The Government cannot be running liquor shops in the guise of preventing sale of illicit arrack. Since it's the solution to numerous ills plaguing TASMAC.
6. The Government should not earn the income by sucking the blood of the rural innocent people.

Conclusion

The Government of Tamil Nadu must develop its states through full utilisation of all available resources. Of them, Human resource is the most important one. In order to earn income of the state, the state should not destruct the human resource through TASMAC. A Man should not be happy by making others unhappy. The government ignores even this simple philosophy. On the contrary the slogan, "Liquor ruins life, family, society and country" The government itself ruins the ordinary man, his family, its society, its state, and its country. It seems to the saying of "A GLUTTON DIGS HIS GRAVE WITH HIS TEETH".

The Government cannot be running the TASMAC in the guise of preventing sales of illicit arracks, the researcher points out.

"One wrong act cannot be used as a shield to perpetrate another wrong act".

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A STUDY ON PERCEPTION TOWARDS MUTUAL FUND INVESTMENT AMONG INVESTORS IN BANGALORE

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Abstract

The evolution of mutual fund began in the 19th century by London merchant bankers they started taking investment funds among the rich and then these funds floated among small investors they tried investing in small shares which in turn took a wide turn of huge investments taking place in a wide variety of financial institutions. India's mutual fund assets are high but its penetration is skewed towards few states only few investors tend to invest in mutual funds. The study is about creating awareness among general public that mutual funds are not very risky instruments to invest as it is perceived by the public.

Introduction

The term ' mutual' signifies a system where in the benefits of investment applies to all investors in proportion to their investment. It's a financial institution through which the pooled devoted money is invested in a diversified portfolio. In India the interest of mutual funds all started when Indian economy was adversely affected by war in 1962. In 1963 the setting up of unit trust of India got established by Shri T.T. Krishnamachari where he introduced the unit trust of India bill in the Indian parliament. The main objective of this trust was to recover India's economy which suffered from scarce resources while allocation had to be increased for defence. The main objective was to introduce small investors to financial markets. The RBI, LIC, SBI and its subsidiaries and other banks and financial institutions contributed as initial contributors to UTI.

The first open ended mutual fund scheme started in 1964 which mobilised a subscription of Rs 17.5 crores from 125000 investors. Later mutual fund investments gained faster speed amongst the country. Later government opened up the sector to other markets and players later security exchange Board of India was introduced in 1992. according to security exchange board of India ''A mutual fund means a fund established in the form of trust to raise money through the sale of units to the public or sections of public under one or more schemes for investing in securities including money market instruments."

The mutual funds have their own advantages and disadvantages compared to the direct investing in individual securities. But today mutual fund investment plays an important role in household finance. So many factors influence the performance of the mutual fund industry in India. The mutual fund industry faces a few problems which can be reduced through proper measures. The increasing number of households and rise in the income levels etc. provides wide scope to make investments in mutual funds.

Objectives

1. To study the current scenario of India's mutual fund industry and to analyse its growth.
2. To study the perception of investors towards the investment in mutual funds among investors in Bangalore.

Hypothesis

The tentative statements of the study are

H01: There is no significance difference between the percent of investment in mutual funds with the individual person's perception towards buying of mutual funds.

Data

The study conducted was on primary and secondary data basis

Primary data was conducted under simple random sampling method where information was gathered from 100 samples.

Secondary data was collected from second hand related books, journals, annual reports, and websites.

Sources

Money control.com, SEBI, IMF, AMFI were the main sources where information was gathered.

Tools of analysis

Tools like simple factor analysis, where many variables were interrelated to each other were taken into consideration for data reduction. Similarly multiple regressions were also done to find out which factors cause significance with the dependent variable.

Review of literature

Mutual fund investments naturally depend on many variables that needs to be explored. some of them were as follows Ferreira et al, (2011) studied the determinants of mutual fund performance using a new data set of 16,316 open-end actively managed domestic and international equity funds in 27 countries. They concluded that mutual funds underperform the market overall, but performance persists on a short-term basis. Domestic funds outperform international funds, and U.S.-domiciled funds outperform funds elsewhere in the world. Fund age and fees are negatively related to performance, while funds that belong to large fund families, solo-managed funds, and funds distributed in several countries perform better. Country characteristics also help to explain fund performance. Domestic funds located in developed countries, especially those with liquid stock markets and strong legal institutions, display better performance.

Statistical analysis

The Indian mutual funds industry has been one such industry that has provided a platform to all type of investors to participate in India's growth story. Investors today can pick and choose as many mutual funds easily at lower cost.As per sources by MD & CEO of CRISIL Ltd quotes "How mutual funds have emerged as the new establishing force. As it has reflected in the increasing share of equity mutual funds in the total equity market cap from 2.9% to 5.5% in past 3 years ended March 31, 2017."Keeping this reference in mind we decided to study the current scenario of India's mutual fund industry and to analyze its growth. Maharashtra ranks at 43.4% growth of mutual fund investments, followed by New Delhi at 9.8%, karnatataka having 7% followed by Gujarat and Haryana with 5.8% and 5.6% growth of mutual fund investment activities taking place all over India.The results show us that customers outlook towards investment is less and savings is more, perception towards mutual funds is tend to be looked as risky investment and so trying to deposit in fixed and savings deposits more investors in Bangalore towards the investment of their savings was the second objective.

Multiple regressions

Multiple regressions are a statistical tool used to derive the value of a criterion from several other independent or predictor, variables. It is the simultaneous combination of multiple factors to assess how and to what extent they affect a certain outcome. Here in our statistical analysis from factor analysis we further tried doing multiple regressions among the four variables that showed correlation for the investment of mutual funds.

Hypothesis

H01: There is no significance difference in the percentage of savings and past performance

H02: There is no significance difference in the percentage of savings and ratings by research agency

H03: There is no significance difference in the percentage of savings and newspaper & magazines

H04: There is no significance difference in the percentage of savings and reputations of the fund companies.

The equation will be % of investment in mutual funds=1.278-0.179* past performance+0.168*ratings by research Agency+0.280* newspapers & magazines +0.000* reputation of the fund companies. The standard error of estimated of reputation of the fund companies is 0.128 compared to estimates of others that means estimation regression of the reputation of fund companies is more accurate as compared to other estimates.

Regression coefficient of past performance shows that an -0.179 implies decrease in the% of investment in the mutual funds. Similarly with ratings in research agency shows decrease in the % of investment in mutual funds, followed by an increase in the estimation regression coefficient of magazines & newspapers of 0.280 shows an increase in the investment % of mutual funds. Whereas reputation of mutual funds shows no accurate results with increase or decrease in the % of investment in mutual funds.

Significance of the regression coefficients T test is carried out to find if regression coefficient is significant HO: B1=0, i=1, 2, 3, and 4

For B1 Test statistic value T= -1.195 with P value 0.237 which is greater than 0.05.

Therefore we accept HO: The regression coefficient is not significant between % of savings and past performance. Similarly the rating by research agency and reputation of fund companies also shows the regression coefficient is not significant with P values more than the level significance. But newspaper & magazines show the regression coefficient is significant with Value being 0.059 which can be partially accepted. With low VIF measures showing there is absence of multicollinearity in the model.

Conclusion

India ranks 8th all over the world for its mutual fund: GDP ratio, moreover Indians believe in savings rather than investments because the precautionary motives are generally high. The demand can only be reached through advertisements, technology diversification in the form of e-wallet, online applications and mobile apps where documents can be submitted online.

Though the mutual fund industry's assets are at a record high, its penetration is skewed towards a few states and the larger cities. This is because in most parts of the country, the focus is more on savings rather than investing. Lack of information about mutual funds and the perception that it is a risky product have resulted in investors preferring banks' fixed deposits and physical assets such as gold and real estates. Amfi's recent multimedia campaign allowing celebrity endorsements are welcome moves to increase investor awareness. There is ample scope to increase financial awareness, especially in the untapped rural areas.

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IMPACT OF ENVIRONMENTAL POLLUTION ON HUMAN HEALTH: AN ECONOMIC ANALYSIS

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Abstract

Environmental resources like air and water can be regarded as global public goods and they have to be preserved for the well-being of the humanity. Economists consider environment as an asset and the services provided by the environment have a direct relationship with the economy. Though environment has enormous capacities for recycling, there are tolerance limits. When such limits are exceeded, a pollution crisis exists. Pollution is considered a harmful return which affects the economic and social well-being. This study is concerned with economic analysis of environmental pollution in general and drinking water pollution on human health in particular which refers to the adverse effects on the quality of human life.

Research objective of the study is to evaluate the loss in employment, health and productivity of urban community employed in various fields due to environmental pollution. In this study both primary and secondary data are used. In this study Tirunelveli Corporation has been divided into fur zones. They are i) Tininelveli zone, ii) Palayarnkottaizone. iii) Melapalavam zone and iv) Tachanallur zone. Apart from these zones, the entire area is divided into 55 wards. Each ward is divided according to the size of' population not exceeding a maximum of 7.500 per ward. In the wards 12 twelve 35 (Thirty five), there are a minimum of nine streets and the 19th ward has a maximum of 53 (fifty three) streets.

Introduction

Rapid urbanization in India and the growth of city contribute considerably to the deterioration in the urban environment and quality of life. Urban environment is defined as "including such physical elements as water and air quality, waste disposal, noise levels, neighbourhood conditions and availability of open and green space. It also includes ecological conditions, opportunities for recreational activities, aesthetic quality of architecture and landscape and urban amenities (defined as characteristics and qualities which contribute to the pleasantness, harmony and cultural quality of the surroundings)". (OECD 1990)

In developing countries about 17 million people die every year of infections and parasitic diseases such as diarrhoea, malaria and tuberculosis (Human Development Report 1995) which are essentially environmental oriented. As the Seventh Five Year Plan (1985-1990)reports pointed out that high rate of incidence of death and disease in urban poor settlements can be attributed largely to the poor quality of' water and sanitation facilities. (Planning Commission) According to a study conducted in 1994 by a group of students of SMS Medical College, Jaipur indicated that on an average, a person living in Jaipur inhaled25 bacteria every two minutes. (The Hindu Survey of the Environment 1995)

The main water-borne diseases that break out frequently in Chennai (Madras)include enteric fever, hepatitis-A, leptospirosis, acute diarrhoeal diseases and tuberculosis. The cholera epidemic in 1987 claimed over 70 lives, while a more virulent and varied strain of bacteria which struck in 1992 claimed 13 lives. Besides these epidemics, Chennai (Madras) has a high incidence of Malaria and filariasis, both transmitted by mosquitoes.

According to Tirunelveli Municipal Corporation officials, in the first half of this century, the outbreak of cholera was common as Tirunelveli City had no proper drainage system. In 1992, there was an outbreak of cholera in Tirunelveli town when the district was hit by floods. About a dozen people lost their lives, according to government records.

Previous Studies on Impact of Environmental Pollution on Human Health

Beveridge has attempted to explain how animal health affects man in three important ways. According to him some diseases of animals are transmissible to man. There are over a hundred zoonoses as these diseases are called. The most widespread zoonosis is salmonella food poisoning. This disease is due to international trade in human foods, importation of feed stuffs, widespread use of house hold detergents and also industrial centralization of food processing. According to Beveridge's findings the diseases are transmissible from animals to man. (Beveridge 1967)

Dubos in his article on "Promises and Hazards of Man's Adaptability" has pointed out that environmental pollution has become a universal problem. Economic wealth is produced by people in contaminated atmospheres. Many environmental factors affect human life. Adaptability is almost an asset for survival. At the same time it may lead to some stressful effects on the human beings. The chemical pollution of water and food will have to be sufficiently controlled to prevent the kind of toxic effects. The world is becoming more and more urbanized and industrialized. Scientific progress is not the only factor of importance in the control of disease. The cost of preventing and treating diseases has become higher. lie has concluded that the public health programme should include the control of pollution of the environment as one of the major objectives. **(**Dubos 1971)

A study by Desai was undertaken to deal with the health problem of people living in and around the Sandhur mine area of Karnataka State of India, during1978-82. The census method was used in order to cover the entire area mainly composed of Iron and Manganese. The findings of this study confirm that the 'Slow Killer" diseases attacked the people of this area which were mainly air and waterborne. (Desai R G 1985)

Research objective

To evaluate the loss in employment, health and productivity of urban community employed in various fields due to environmental pollution.

Sampling frame work

In this study both primary and secondary data are used. The data published by the Central and State Government in India and data published by international reputed institutions are used. Further the data from the Department of Animal Husbandry, Public Health, Public

Works Department, the various zonal offices of Tirunelveli Corporation and all the government departments including pollution control offices in Tirunelveli District are also used for analysis.

Survey Method

The Researcher used two types of questionnaires and schedules for this study. Questionnaire I is meant for the public households of Tirunelveli Corporation which is the universe of this study and Questionnaire II is meant for the four zonal officers of the Tirunelveli Corporation.

Location of Survey for the Questionnaire

Tirunelveli Corporation has been divided into fur zones. They are i) Tininelveli zone, ii) Palayarnkottaizone. iii) Melapalavam zone and iv) Tachanallur zone. Apart from these zones, the entire area is divided into 55 wards. Each ward is divided according to the size of' population not exceeding a maximum of 7.500 per ward. In the wards 12 twelve 35 (Thirty five), there are a minimum of nine streets and the 19th ward has a maximum of 53 (fifty three) streets.

In order to give equal representation to every zone and to every ward of the Tirunelveli Corporation, it was decided to take 300 sample households out of 81,400 households in Tirunelveli Corporation.

The number of households selected from each zonal area is

Tirunelveli zone 111 Households
Palayamkottai zone 110 Households
Melapalayam zone 60 Households
Tachanallur zone 19 Households

Impact of environmental pollution on human health

Nearly one fifth of the people in the sample households were suffering from some diseases or the other due to environmental pollution. Totally 8.73 per cent of people in the sample study were affected by water borne and water related diseases alone and 20.46 per cent of affected persons were due to environmental pollution.

These environmental diseases are Typhoid (enteric fever), Cholera, Leprosy, (Jastro Enteritis, Cerebrospinal Meningitis, and Diphtheria. Wooping Cough, Tuberculosis, Fever, Viral Encephalitis, Virus Fever, Common Cold, Hepatitis A(Jaundice), Mumps, Measles, Chicken-pox, Diarrhoea, Dysentery, Stone-formation, Scabies, Malaria, Tetanus, Asthma, Depression, Madness and Snake bites. Therefore this chapter is mainly devoted to study the economic impact on human beings due to environmental pollution related diseases.

Illness and death due to environmental pollution based diseases account for loss of several thousand man-days of labour and considerable morbidity and mortality. In terms of man-days loss and the cost of treatment for curing the diseases, the consequent drain on individual's timely budget would work out to a few thousands of rupees per annum which pushes back the individual family into heavy economic loss. The actual and potential effects of human activities on the natural environment and its impact on human beings are calculated exactly y in this chapter with the help of' collected primary data in Tirunelveli Corporation.

Economic Loss to Human-beings

Loss of Man-days

During the illness period, the savings of the person concerned goes down by way of medical expenditures. Assuming that he does not have any savings to meet his medical expenditures, then, the family borrows money from their relatives or money lenders or sells their valuables or property to save the ailing person. This trend would increase their burden on loan. This affects the quality of life. Larger these effects are', stronger is the effect of pollution felt and experienced by the individual family, society and finally the nation. First, the real effect is on the family, that is, the standard of living of the family goes down, then on the society which means the productivity loss due to the leave of the ailing person which automatically reduces the gross national product of a country. Thus family, society and nation experience an economic loss due to environmental pollution.

Table 1 Number of Mandays Lost in 1996 by Sample Households Due to Environmental Pollution

Zone	No. of Sample Households	Number of Man-days lost			Total Man-days lost	Average man-days lost per household in 1996
		Due to Sickness	Due to Assistance by employed persons	Due to Assistance by other unemployed persons		
Tirunelveli	111	216	41	222	479	4.32
Palayamkottai	110	278	72	300	650	5.91
Melapalayam	60	262	09	202	473	7.88
Tachanallur	19	35	19	94	148	7.79
Total	300	791	141	818	1750	5.83

Source: Primary Data.

The average number of man-days lost per year per household shows a high, that is, 7.88 days in Melapalayam which is environmentally degraded zone among the four Zones of Tirunelveli Corporations. The average number of man days include, man days lost due to sickness, man days lost due to assistance of employed persons and the man days lost by other helpers to assist the sick person.

Man-days lost due to sickness are the total number of days lost by the sick person due to environmental pollution inflicted diseases alone. Man-days lost due to assistance to the sick person refer to man days lost by an employed person due to assistance given to the sick person who is affected by environmental pollution inflicted diseases alone. Other unemployed persons man-days lost refer to man-days lost by unemployed persons due to assistance given to the sick person who is affected by environmental pollution inflicted diseases.

In this regard, Tachanallur shares the second place which shows a total loss of 7.79 man-days lost per household in 1996, followed by Palayarnkottai 5.91 man-days and Tirunelveli 4.32 man-days.

Monetary Loss due to Man-days lost

Since this study is an economic analysis to measure the intensity of pollution, there is a clear need to express the socio-economic value of natural goods and services in monetary terms.

Table 2 Zonal-Wise Conversion of Mandays Lost (Due to Environmental Pollution Inflicted Diseases) Into Money (Rupees) Term In 1996

Zone	No. of Sample Households	Money Loss in (in Rs.)				
		Due to Sickness	Due to Assistance by employed persons	Due to Assistance by other unemployed persons	Total	per sample household
Tirunelveli	111	20995	2526	5550	29071	261.90
Palayamkottai	110	39560	10664	7500	57724	524.76
Melapalayam	60	12803	670	5050	18523	308.72
Tachanallur	19	1900	880	2350	5130	270.00
Total	**300**	**75258**	**14740**	**20450**	**110448**	**368.16**

Source: Primary Data.

Table 2 shows that the pollution effect on monetary value of man-days lost in a sample household's income in 1996 comes to Rs. 524.76 to Palayamkottai followed by Melapalayam (Rs. 308.72), Tachanallur (Rs. 270) and Tirunelveli. (Rs.261.90). On an average, a resident in Tirunelveli Corporation lost Rs. 368.16 in 1996 due to man-days loss for environmental pollution caused diseases alone.

Cost of Medical Treatment

The severity of illness inflicts a heavy economic loss on a family. As seen earlier, the man-days lost is also one of the methods to study the severity of illness. But the cost of medical treatment whether taken in a private hospital or public hospital has a direct impact on the householder's monthly budget. Therefore, the cost of medical treatment ought to be studied in order to assess the impact of environmental pollution in an urban area like Tirunelveli Corporation.

As shown in Table 3 the cost of medical treatment incurred by the sample households in the form of doctor's fee and the other medical treatment expenditure.

Table 3 Actual Cost Incurred for Medical Treatment Due to Environmental Diseases in 1996

Zone	Number of Sample Households	Total Money Value of Medical Treatment (in Rs.)	Average Medical Cost per Sample Household in 1996
Tirunelveli	111	237650	2141.00
Palayamkottai	110	300775	2734.32
Melapalayam	60	82970	1382.83
Tachanallur	19	22875	1203.95
Total	**300**	**644270**	**2147.57**

Source: Primary Data.

It is evident from Table 3 that the environmental pollution in Tirunelveli Corporation has caused a heavy economic loss to the householders. In 1996, the annual average medical treatment cost was Rs. 2,734.32 to a sample householder in Palayamkottai, followed by Tirunelveli resident (Rs. 2,141), Melapalayam (Rs. 1,382.83) and Tachanallur sample householder (Rs. 1,203.95). '1'he overall average medical treatment cost (exclusively for environmentally inflicted treatment cost) was Rs. 2,147.57 per year per sample household.

Related Medical Expenditures

The related medical expenditures are recurring expenditures due to environmentally inflicted diseases. It also includes 'after recovery' expenditures or post treatment expenditures incurred by the sample households after they had returned home from hospital to recoup the body or reduce the after effect of environmentally inflicted diseases.

Table 4 Related Medical Expenditures Due To Environmental Diseases In 1996

Zone	Number of Sample Households	Yearly related Medical Expenditures (in Rs.)	Average related Expenditure in 1996(in Rs.)
Tirunelveli	111	54600	491.89
Palayamkottai	110	78100	619.09
Melapalayam	60	23850	397.50
Tachanallur	19	6125	322.36
Total	300	162675	542.25

Source: Primary Data.

The related medical expenditures as shown in Table 4 was high, that is, Rs. 619.09 per household in the Palayamkottai zone in the year 1996, followed by Tirunelveli zone (Rs. 491.89), Melapalayam zone (Rs.397.50) and Tachanallur zone (Rs .322.36). The overall average expenditure per household for the related medical expenditure due to environmental diseases was Rs. 542.25 in the year 1996 in Tirunelveli Corporation.

Total Pollution Cost for Tirunelveli Corporation in the year 1996

Pollution cost is the cost incurred by the people of Tirunelveli Corporation due to pollution. This cost is the total of the environmental damage costs and the pollution preventive costs. As per the result of this study, the pollution cost is Rs.632886302.40. The environmental management cost is Rs.3525789 17.40.

Pollution Costs per Household = $\frac{632886302.40}{81400}$ = Rs.7775.016 in the year 1996

Since the pollution cost per household is Rs.7775.016 in the year 1996, the environmental cost per month comes to Rs.647.92. But the Government of Tamil Nadu grants only Rs.50 per employee as medical allowance per month. This is too meagre when compared to the pollution cost (that is, Rs.647.92 per month) per household. Therefore, the people who are residing in Tirunelveli Corporation area suffer very much due to environmental pollution. It hampers their quality of life by affecting the people both physically and economically.

Policy implication

- The Tambiraparani, a clean water river, is being polluted by Corporation and household sewage water which directly enter it. The large volume of clean water is being polluted by manmade urban polluted sewage water. Therefore, it is suggested that a separate drainage and sewer system is necessary for the Tirunelveli Corporation.

- In each and every ward of Tirunelveli Corporation an 'environment supervisor' should be appointed in order to cheek street squatting. If any person whether a child or an adult willfully commits street squatting he/she should be fined ‘on the spot' itself. This fine should be imposed by applying' polluters pay' principle.

Conclusion

Intensity of water contaminated diseases is fairly spread over all types of income and occupational groups. Therefore, drinking water pollution in Tirunelveli Corporation has affected all the sections of people irrespective of income and occupational hierarchy. Further, as the water-borne diseases are fairly spread over all income and occupational groups, it is proved that the drinking water supplied by Tirunelveli Corporation is not potable.

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AN ECONOMETRIC ANALYSIS OF STRUCTURE AND PERFORMANCE OF INDIAN BANKING SECTOR

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Abstract

In the context of the ongoing reforms process in Indian economy in general and banking sector in particular, the present paper makes an attempt to examine structure, conduct and performance of Indian banking sector. The study is carried out with necessary data collected from the Prowess Database of the Centre for Monitoring Indian Economy (CMIE). It is observed that structure of the market, conducts of the banks and their performance have changed over the years in the post-reform era, especially in the current decade. Using a panel data set of 59 banks operating in India during 1999-2000 to 2015-2016and applying the two-stage least squares (2SLS) method of estimation, the paper finds that there are strong inter-linkages between market structure, banks' conducts and their financial performance. The banks that have larger market or make greater selling efforts have larger share in the market. On the other hand, the larger banks end up with lesser market share. Similarly, selling efforts of the banks vary directly with their market share, market size and debt-equity ratio, whereas their financial performance vary directly with market size and selling efforts, but inversely with banks' size, market share and cost inefficiency. It is also found that the nature of ownership has significant influence on its market share, selling efforts and financial performance of the banks. On the basis of the above findings, the paper suggests for proactive regulatory role of the RBI to ensure effective competition and greater efficiency in Indian banking sector.

Keywords: *Banking, Structure, Conduct, Performance, Policy, India*

Introduction

Indian economy has taken a new dimension, particularly after initiation of economic reforms in 1991. The banking sector has also experienced a number of such reform initiatives. The basic objectives of these measures are to make Indian banking system internationally competitive, especially in respect of capital adequacy and other prudential norms. Hence, improving productivity, efficiency, technology and profitability of the banks are a few important aspects which have got adequate attention in recent years. As the Narasimham Committee 1992 recommends integrity and autonomy of the public sector banks is the more relevant issue in the present context and they can improve profitability and efficiency without changing their ownership if competition is enhanced. Interestingly, instead of a drastic privatization measure, Indian government chose a gradual approach toward restructuring these banks to enhance their competitiveness through deregulatory measures and entry of foreign and domestic banks.

However, introduction of the deregulatory policy measures is largely based on the assumption that efficiency of banks increases in a liberalized framework. What is more important, perhaps, is that with deregulation leading to competitive business environment, the banks have started appropriate strategies to cope with the emerging situation. The major strategies applied by the banks include creating product/service differentiation and strategic entry barriers through advertising, widening customer base through promotional activities, diversification of product/service portfolio to reduce risk of operation and grow, mergers and acquisitions to consolidate business and enhance and floating joint ventures with foreign firms to bring in better management and enhance capital base

SCP in Indian Banking Sector: An Overview

As mentioned above, the analytical approach of the present paper is based on the structure-conduct-performance (SCP) framework. The traditional S-C-P paradigm, developed initially and modified subsequently postulates a unidirectional relationship between market structure, conduct and performance with structure of the market (concentration, conditions on entry, etc.) influencing performance of the firms (profits, growth, etc.) via their conducts (price and non-price behavior). However, the successive developments in the industrial organization literature result in multidirectional structure-conduct-performance-policy relationships. In the revised SCP framework the components are endogenous because of inter-dependencies between market structure, conducts and performance (Scherer/Ross 1990 and Neuberger 1997). Inclusion of public policy and allowing for feedback across various components make the framework even more interlinked.

SCP Relationships in Indian Banking Sector: Model Specification

In the present paper, following Khambampati (1996), we apply simultaneous equation approach This approach contains three different models assuming that structure (S), conduct (C) and performance (P) is a function of the other two, i.e.,

$$S = f_1(C,P),\ C = f_2(S,P),\ P = f_3(S,C)$$

Here, we take market share (SHARE) as a proxy for market structure, selling intensity (SELL) for conduct and profitability (PROF) for performance. In addition to market share, structural aspects of market include market size (MSZ) and size of the banks (BSZ). Similarly, debt-equity ratio (DER) is an important conduct of the banks along with selling their efforts, whereas, apart for profitability, total inefficiency (COST) and current ratio (CR) can be considered as an important indicator of banks' performance. Therefore, the above three equation can be rewritten as:

$$SHARE = \phi_1(S',C,P),\ SELL = \phi(S,C',P),\ PROF = \phi(S,C,P')$$

Here, *S'* stands for set of variables relating to market structure other than market share of the banks, *C'* conducts other than selling efforts, and *P'* for performance other than profitability. As the above functional relationships may not be necessarily instantaneous in nature, following Kambhampati (1996) we incorporate appropriate lag structure in the envisaged models.

Determinants of Market Structure

We assume that $SHARE_{i,t}$ is a function of lagged profitability ($PROF_{i,t-1}$), lagged selling intensity ($SELL_{i,t-1}$), lagged market size ($MSZ_{i,t-1}$), current bank size ($BSZ_{i,t}$) and nature of ownership, i.e.,

$$SHARE_{it} = f(PROF_{i,t-1}, SELL_{i,t-1}, MSZ_{i,t-1}, BSZ_{it}, D_1, D_2) \qquad \cdots(1)$$

Here, $MSZ_{i,t-1}$ and BSZ_{it} are other proxy for structural aspects other than market share, $SELL_{i,t-1}$ for strategy, $PROF_{i,t-1}$ for performance and D_1 and D_2 are dummy variables that capture the nature of ownership of the banks. We divide all the banks into three categories, viz., public sector banks, domestic private banks and foreign private banks. We take public sector banks as the base category. As such, $D_1 = 1$ for private domestic banks and $D_1 = 0$ otherwise, whereas $D_2 = 1$ for private domestic banks and $D_2 = 0$ otherwise.

Assuming the functional relationship to be linear, (1) can be rewritten as

$$SHARE_{it} = \alpha + \beta_1 PROF_{i,t-1} + \beta_2 SELL_{i,t-1} + \beta_3 MSZ_{i,t-1} + \beta_4 BSZ_{it} + \beta_5 D_1 + \beta_6 D_2 + \chi \qquad \cdots(2)$$

Determinants of Conduct

We assume that $SELL_{it}$ is a function of lagged market share ($SHARE_{it-1}$), lagged profitability ($PROF_{it-1}$), lagged market size (MSZ_{it-1}), current bank size (BSZ_{it}), current debt-equity ratio (DER_{it}) and nature of ownership, i.e,

$$SELL_{it} = f(SHARE_{i,t-1}, PROF_{i,t-1}, MSZ_{i,t-1}, BSZ_{it}, DER_{it}, D_1, D_2) \qquad \cdots(3)$$

Here, $SHARE_{i,t-1}$, MSZ_{it-1} and BSZ_{it} control for structural aspects of the market, DER_{it} is for conduct other than selling efforts and $PROF_{i,t-1}$ and $DER_{i,t}$ for performance.

Assuming the functional relationship is to be linear, (3) can be rewritten as

$$SELL_{it} = \alpha + \beta_1 SHARE_{i,t-1} + \beta_2 PROF_{i,t-1} + \beta_3 MSZ_{i,t-1} + \beta_4 BSZ_{it} + \beta_5 DER_{it} + \beta_6 D_1 + \beta_7 D_2 + \varepsilon_t \qquad ...(4)$$

Methodology and Data

If there is no simultaneity problem, the OLS estimators produce consistent and efficient estimators. On the other hand, if there is simultaneity, OLS estimators are not even consistent. The three equations specified above contain independent variables that are endogenous in nature. Therefore, the system cannot be estimated consistently with ordinary least square (OLS) method of estimation. This is so because one of the crucial assumptions of the OLS method is that the explanatory variables are either non-stochastic or even if stochastic are distributed independently of stochastic disturbance term. When neither of these conditions is satisfied, the least-square estimators become biased and inconsistent. This means that even if the sample size increases indefinitely, the estimates do not converge to their true values. Since in simultaneous equation models the endogenous variable in one equation may appear as an explanatory variable in another equation of the system, this endogenous explanatory variable becomes stochastic and is usually correlated with the random disturbance term making the OLS estimators inconsistent (Gujarati, 2007). So in the present paper, we use two-stage least square method (2SLS) to deal with the simultaneity problem. In the presence of simultaneity, the methods of two stage least squares (2SLS) and instrumental variables give estimators that are consistent and efficient. This 2SLS method is used to estimate the three-equation model with the included lag structure.

In the present paper, the endogenous variables include are current market share, current selling efforts, current profitability, current market size, current bank size, debt-equity ratio, current total cost inefficiency and current ratio. On the other hand, the lagged market size, lagged market share, lagged selling intensity and lagged profitability, and nature of ownership are treated as the exogenous variables. In the first stage, the endogenous explanatory variables are regressed on all the exogenous variables included in the system. In the second stage, the predicted values of the endogenous explanatory variables from the first stage regression are used as their instruments for estimating the three structural equations. The lagged structure of the equations is also expected to control endogeniety of the independent variables.

The present paper uses secondary data and the necessary data are collected from the PROWESS database of the Centre for Monitoring Indian Economy (CMIE), Mumbai. The sample includes 27 out of 28 public sector banks, 18 out of 22 foreign banks and 14 out of 16 private sector banks. Hence, a total of 59 banks are included in the sample. The above equations are estimated with a pooled dataset of these 59 banks over the period from 2000-01 to 2008-09. Necessary adjustments to the data are made to overcome data inconsistencies and other fundamental problems. The cooperative banks and a few other banks are excluded due to availability of discontinuous data as well as their peculiar operating structure.

Results and Discussions

The variables used in estimating the regression models. It is observed that the F-statistic is statistically significant for all these three equations. This means that the estimated equations are statistically significant. Value of adjusted R^2 is reasonably high in the equation for market structure and quite low for the other two equations. However, this does not necessarily indicate that the estimated models are not acceptable. As pointed R^2 has a very modest role in regression analysis. Nothing in classical linear regression model (CLRM) requires that the value of R^2 should be high. Neither is a high value of R^2 evidence in favour of a model nor is a low value of R^2 evidence against it. As regards individual coefficients, the t-statistics are computed by using robust standard errors to control for heteroscedasticity.

Finally, as regards the determinants of performance, we find that the coefficients of all the variables except CR_{it} and D_1 are statistically significant. While the coefficient of $SELL_{it}$, MSZ_{it} and D_2 are positive that of $SHARE_{it}$, BSZ_{it}, $COST_{it}$ are negative. This means that the banks with greater selling efforts and larger market demand record higher profitability. On the other hand, the banks that have greater market share or are larger in size or suffer from higher cost inefficiency suffer from lower profitability. Further, the private foreign banks experience higher profitability vis-à-vis the public sector banks. However, current ratio does not have any significant impact on banks profitability. More interestingly, the profitability of the private domestic banks does not differ significantly from that of the public sector banks discarding the proposition that the private banks are necessarily better performers as compared to the public sector banks, i.e., nature of ownership does not necessarily influence banks' performance.

Summary Findings and Conclusions

The findings discussed above have some important policy implications. First, as aggressive selling efforts by the banks and hence their larger market penetration raises market share, the RBI should play a proactive regulatory role particularly in respect of unfair and restrictive business practices. However, as larger asset base has inverse relationship with market share, growth of the banks in size should not be a serious concern. Second, entry of private domestic banks fails to enhance market competition or improve cost efficiency in a significant way. This means that better financial performance of the bank does not necessarily depend on the nature ownership. This raises an important question, what should be the policy approach to the private banks, especially the domestic ones? Are the customers and investors benefitted from the changing dynamics of the sector? What are the macroeconomic impacts of these changes? Addressing these issues, however, requires detailed further research in this line.

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GOODS AND SERVICE TAX IN INDIA: AN OVERVIEW

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Abstract

Traditionally India's tax regime relied heavily on indirect taxes. Revenue from indirect taxes was the major source of tax revenue till tax reforms were undertaken during nineties. The major argument put forth for heavy reliance on indirect taxes was that the India's majority of population was poor and thus widening base of direct taxes had inherent limitations. But the Indian system of indirect taxation is characterized by cascading, distorting tax on production of goods and services which leads to hampering productivity and slower economic growth. There are endless taxes in present system few levied by Centre and rest levied by state, to remove this multiplicity of taxes and reducing the burden of the tax payer a simple tax is required and that is Goods and Service Tax (GST). This paper throws an insight into the Goods and Service Tax concept, advantages and disadvantages of GST.
Keywords: *GST in india, Goods and service tax, Indirect tax.*

Introduction

Tax policies play an important role on the economy. The main source of revenue for government of India is from tax. Direct and indirect taxes are the two main source of tax revenue. When the impact and incidence falls on same person it is called direct tax. When the impact and incidence falls on different person that is when burden can be shifted to other person it is called indirect tax. The indirect tax system is currently mired in multi-layered taxes levied by the Centre and state governments at different stages of the supply chain such as excise duty, octroi, central sales tax (CST) and value-added tax (VAT), among others. . First Indirect Tax Reform occurred in India when the Modified Value Added Tax (MODVAT) was introduced for selected commodities in 1986 to replace the Central Excise Duty. The other reforms are the introduction of service tax in 1994, decision to introduce VAT in 1999, introduction of Constitution Amendment Bill on GST in 2011.

GST Model in India

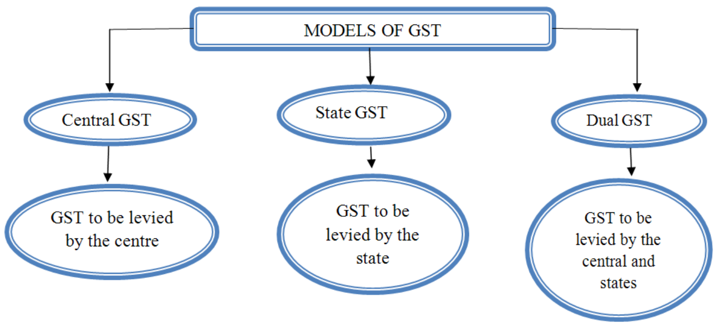
In India, GST was first time introduced on 28 th February 2006 in the Budget speech of the year 2006-07 by finance minister P. Chidambaram A message was left by the Finance Minister in the Union Budget 2007-08 that GST will be introduced with effect from 1 st April 2010. Central and State Governments will be work together to prepare a roadmap for the introduction on of GST in India. They planned to introduce GST or "replacing the previous VAT and Services Tax" on 1 st April 2010, but some of the states were not ready to implement the GST. After that on April 2012, again Government was going to introduce GST, but due to some management and infrastructure problems it was not introduced. Finance Minister Arun Jaitley introduced the 122 nd Constitution Amendment Bill in Parliament and intends to implement GST reform by 1st April 2016. The advantage of GST is that it will replace Indirect

Taxes which are levied by Central and State Government. The GST structure will present a transparent system which will be helpful to reduce the burden of cascading effect and it will also improve the Tax compliances and Tax collection. GST will prove the uniformity of Taxes in all over the country.

Rate of GST (some countries)	
Country	**Rate of GST**
Australia	10%
New Zealand	15%
France	19.6%
Canada	5%
Germany	19%
Japan	5%
Singapore	7%
Sweden	25%

Need for GST Model in India

1. Present system allows for multiplicity of taxes, the introduction of GST in likely to rationalize it.
2. Many areas of services which are untaxed. After the introduction of GST they will also get covered.
3. Provides, greater certainty and transparency of taxes.
4. Ensure tax compliance across the country.
5. GST will avoid double taxation to some extent.
6. Achieves, uniformity of taxes across the territory, regardless of place of manufacture or distribution.



For Intra State Transactions

In case of Intra State transactions, Seller col-lects both CGST & SGST from the buyer and CGST needs to be deposited with Central Govt. and SGST with State Govt.

For Inter State Transactions

Integrated Goods and Service Tax (IGST) shall be levied on Inter State transactions of goods and services which are based on Goods and Services Tax (GST) is most ambitious and biggest tax reform plan, which aims to stitch together a common market by dismantling fiscal barriers between states

Central Indirect Taxes and levies

1. Central Excise Duty
2. Additional Excise Duties
3. Excise Duty levied under the medicinal preparations (Excise Duties) Act 1955.
4. Service Tax
5. Additional customs Duty (CVD)
6. Special Additional duty of customs
7. Central surcharge and Cess

State Indirect Taxes and levies

1. Vat / sales Tax
2. Entertainment tax (other than the tax levied by local bodies)
3. Central sales Tax

4. Octroi and Entry Tax
5. Purchase Tax

Advantages of GST

1. GST is structured to simplify the current indirect system by removing multi-ple taxes. It creates India as a single market.
2. It taxes goods and services at the same rates so many disputes are eliminated on tax matter.
3. GST will be levied only at the final destination of consumption based on VAT principle and not at various points (from manufacturing to retail out-lets). This will help in removing economic distortions and bring about devel-opment of a common national market.
4. The procedural cost is reduced due to uniform accounting namely, CGST, SGST, IGST have to be maintained for all types of taxes.
5. Tax burden on companies will reduce production cost making exporters more competitive at national and international level.
6. More business entities including unorganized will come under the tax sys-tem thus widening the tax base. This may lead to better and more tax revenue collections.
7. Many businesses create depots and go downs in different states simply because there is a difference in tax rates. Now that GST will come, this dif-ference between states will vanish. It would help to remove the tax differ-ence as a bias, thereby helping businesses.

Disadvantages of GST

1. There will be dual control on every business by Central and State Govern-ment. So compliance cost will go up.
2. All credit will be available on from online connectivity with GST Network. Hence, small businesses may find it difficult to use the system
3. VAT and service tax on some products may become higher than the current levels.
4. States may lose autonomy to change their tax rates.
5. Manufacturing states would lose big revenue
6. Service sector may oppose because they have to register in every state with central and state government. So every business at all India level will have around 60 registrations while they are having just one today. Moreover their rates will also go up.
7. Retail business may oppose because their taxes will go up and they will also have to deal with Central Government now in addition to States.
8. GSTN may not work optimally for quite some time.

Conclusion

Due to dissilent environment of Indian economy, it is demand of time to implement GST. Consumption and productions of goods and services is undoubtedly increasing and because of multiplicity of taxes in current tax regime administration complexities and compliance cost is also accelerating. Thus, a simplify, user-friendly and transparent tax system is required which can be fulfilled by implementation of GST. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry. Thus, necessary steps should be taken.

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DEMONETIZATION IMPACT ON VARIOUS SECTORS

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Abstract

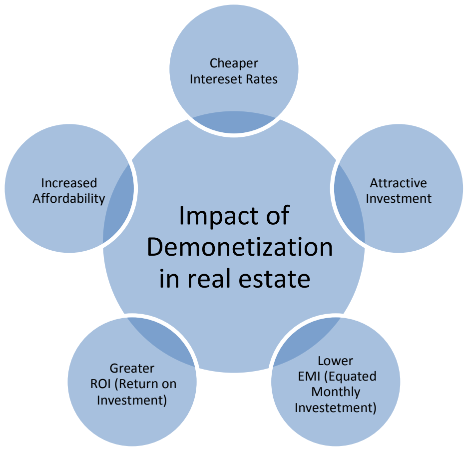
The argument posited in favor of demonetization is that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility. The impact of demonetization will be felt in different sectors with differing intensities and across varied time areas. Different affected sectors of demonetization namely like Real Estate, E-Commerce, Banking, Automobiles, gold, tourism Agriculture, etc.

Keywords: *Demonetisation, Impacts, Black money, development*

Introduction

On November 8, 2016, it was decided to demonetize high-value currency notes of the denomination of ` 1000 and `500 (called specified bank notes - SBNs). Such notes, valued at ` 15.4 trillion, constituted 86.9 percent of the value of the total currency in circulation. The decision was in continuation of a series of measures taken by the Government of India during last two years aimed at eliminating corruption, black money, counterfeit currency and terror funding. The decision was guided by the aim of reaping its enormous potential medium-term benefits in the form of reduced corruption, greater digitization of the economy, increased the flow of financial savings and greater formalization of the economy. All of these would lead to higher GDP growth and tax revenues that could be used by the Government for inclusive and stronger economic growth within the norms of fiscal prudence, besides contributing to overall improvement in the business environment. India has traditionally been a cash-intensive economy. According to an estimate, about 78 percent of all consumer payments in India are affected by cash.

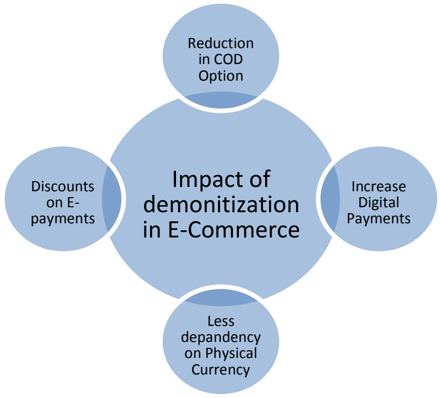
Real Estate



Insiders say there's a 40%-plus drop in inquiries and sales across key markets of Mumbai, Delhi, Bengaluru, and Pune. Deals in the secondary market have come to a standstill. In Bengaluru, drop in deal closings is as much as 60%. Most homebuyers are waiting for big price reductions. With fear of black money transactions and cash crunch added to an already slumping real estate sector, near future is bleak.

E - Commerce

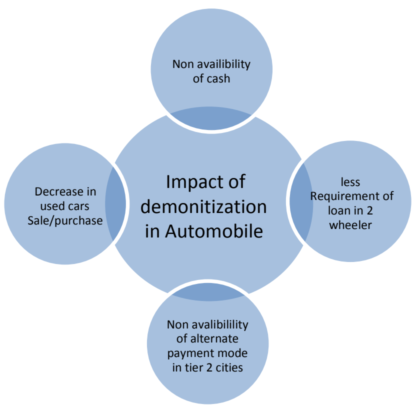
Mostly bad, some good. For the online retail market, gross merchandise value (GMV) of players fell by 40-50% in first few weeks after demonetization, in the middle of their biggest quarter for sales. Things may remain bleak till March. Even high-value items like expensive smartphones are selling less. Products returned are up by 50%. And experts feel consumer sentiment won't improve quickly. But the boost to digital payments (100% jump in transacting.



Tourism

Peak tourism period of November-December badly hit. For tourist destinations beyond metros, a business may be down by as much as 40%. Tourism business in metros may go down by 10%. Cash shortage at airports and hotels are a big problem. And many national monuments entry points don't have card payments facilities. Western countries have issued advisories on cash crunch in India.

Automobile



Post-demonetisation, there was some cushion at the wholesale level for Maruti Suzuki, Toyota Kirloskar Motor, and Tata Motors from dealer demand for new models or new variants like Baleno, Brezza, Fortuner, Innova, and Tiago. Hyundai India, Honda Cars India, and Mahindra & Mahindra have seen some short-term impact on sales. At the retail level, sales for cars without waiting period is down 30-50%. Two-wheeler and commercial vehicles have.

Agriculture

Interestingly, villages have adapted in some ways better than cities. GoI allowing tax-free deposits of any amounts for farmers have led to many of them getting 20% premium from traders when transacting. Informal credit for daily purchases and use of old notes for key inputs and selling produce have kept the rural economy going. Crop planting increased 20-35% every week after demonetization and remained higher than last year in all weeks after November.

Metals

Real estate slowdown has hit steel and may hit further. Aluminum, copper, zinc also hit since they are raw materials in building industry products. If auto sales are hit badly, metals business will do worse.

Consumer Spend

Consumption, a big GDP contributor, will take a hit for at least two quarters, say companies and analysts. Two main problems: Low circulation of lower denomination notes, which may be temporary, and wealth erosion, that is impacting big-ticket purchases. FMCG sales dropped 20-30% in November. At store levels, impulse buys like snacks, biscuits were hard hit, as were personal care items, Nielsen data shows. December can be worse than November,

Gold

Scared by government warnings, the sale of gold against old currency notes fell drastically. NRI customers have fled. Sales are down sharply, and it was already a bad year for gold.

Telecom

Mobile phone shipments fell by 26% in November, compared to the previous month. Smartphone shipments are down by 23%. Inventory pile up with retailers. Big sellers who do a card and online transactions less badly hit. IDC analysts expect sales for feature phones to drop by 25% in the quarter, and smartphones to fall by 17.5%.

Aviation

In world's fastest growing aviation market, passenger traffic growth will fall below 20% from an average 23-24% growth recorded in previous years. Flight bookings dropped drastically in days after demonetization. Recovered somewhat later. Offline travel agents, who took cash, badly hit. Flights to small towns, where cash payments are the norm, are also badly hit, may post negative growth.

Economy

Demonetisation torpedoed India's economy just when it was getting into a cruise mode, fired by good monsoon-led rural demand and Seventh Pay Commission-enabled urban buying. The 8% growth that looked within grasp in FY17 is beyond horizon now. Only about a quarter of currency canceled is back in circulation, and that too is being stashed away for an emergency. Lower denomination notes are not available to facilitate transactions.

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DEMONETISATION AND RURAL INDIA

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Abstract

The paper discusses the demonetization and rural Indian Demography has more than 70% of populace in provincial region and horticulture/cultivate based activitivities play real salary source. Having tech arrangement as a major aspect of their life is key for progress. The UPI based monetary exchanges have turned into the biggest received model in most brief possible of time. The Indian players like Truepay are presently running head on with Visa and Mastercard. The Government needs to discover new, extra approaches to infuse trade liquidity out the rustic economy, as quickly setting up camps in towns for the best possible trade of old cash. The Government can utilize the foundation of the agreeable banks.

Introduction

The current declaration of demonetization by the Modi Government has no uncertainty began an unrest of tidy up in the nation. Be that as it may, since it has come at such a vital time for the agriculturists, it is probably going to influence them more than any other individual. Agriculturists in India for the most part bargain in real money, and this present period, which is the beginning for the Rabi season, is making a great deal of frenzy among them since ranchers normally get just 15-20 days to plant their products. Subsequently, the trade smash out rustic India must be dealt with before long by the Government. The Government needs to ensure that the money achieves the ranchers rapidly than to different areas of society. Any kind of postponement in this planting season will undermine to scratch the nation's agrarian and general monetary development to a vast degree.

The Modi Government, catching the circumstance, has in certainty taken two or three choices to facilitate the cash stream to ranchers, such as enabling them to buy seeds with the old money and furthermore giving them a chance to pull back upto Rs25,000 from their ledgers. In any case, considering the colossal money lack with banks, particularly in rustic India, most banks are not permitting such withdrawals for need of assets. This has additionally exacerbated the emergency time frame for the agriculturists.

Demonetization is probably going to impact the rustic and cultivating economy since this is thought to be the busiest time for agriculturists in connection to the money exchanges, as they will critically expect money to furrow their fields, to buy compost, to enlist hardware and work, and make courses of action for water, buy of diesel and so forth, aside from purchasing seeds from the market. For instance, for sugarcane cultivators, the devastating season has quite recently begun and the agriculturists don't have money to gather the sticks, pay for work and transport the stick to the sugar factories.

In like manner, when ranchers go to the neighborhood mandis to offer their deliver, it will be hard to discover a money purchaser; and by possibility in the event that they discover one, it is far-fetched that they will get the suitable cost of their harvests. They will basically need to offer using a loan. The agriculturists, who had officially done their furrowing and water system before the demonetisation, are thinking that it's hard to keep the dirt sodden since they don't have sufficient money to move further. What's more, this deferral in sowing can incredibly influence the yield and is likewise liable to open the harvests to number of helpless sicknesses, which thusly will make it troublesome for ranchers to recoup their cost of development. For instance, a deferral in sowing of wheat can radically diminish the wheat respect 1.5 quintals for each section of land every week. This situation is presently critically requesting that the Government find a way to help the agriculturists.

The saving money infiltration in rustic India is very low and the agriculturists are thinking that it's hard to handle this intense move by the Modi Government. Agriculturists live miles from their closest bank office, and the quantity of ATMs in the provincial locales is likewise insignificant, as the banks by and large spotlight on urban regions for their keeping money business — which has made the circumstance somewhat more troublesome for ranchers in this vital period. The Union Government has proposition to begin the Indian Post Payment Bank (IPPB), which can turn into an intense and viable vehicle of genuine budgetary infiltration in the nation. Be that as it may, that still is some time away to begin, and in this penniless period it would have unquestionably came helpful with its 650 branches and 5,000 ATMs the nation over, particularly in the country part. The Government needs to discover new, extra approaches to infuse trade liquidity out the country economy, as promptly setting up camps in towns for the best possible trade of old money. The Government can utilize the framework of the helpful banks, which have been rejected in this demonetisation program, to open counters of the Reserve Bank of India.

Since the general populations of the nation have indicated overpowering help to this choice by the Prime Minister, it is additionally now the obligation of the Government to not simply stop at this, but rather to take this battle to clean and enhance the framework advance by thinking about other related measures. An all encompassing methodology is called for. Issues like huge concealed endowments and assessment discounts and exceptions offered every year to the corporate segment in India by the Union and State Governments ought to be reevaluated in the light of an announcement by Prime Minister Modi early this year. He had said, "When an advantage is given to ranchers or to poor people, specialists and Government officers regularly call it an appropriation. In any case, I find that if an advantage is given to industry or business, it is typically a motivator or a subvention." An investigation of National Tax Data unmistakably demonstrates that, because of the Government motivations around 52,000 organizations made benefits in the year 2014-15, however shockingly had paid zero assessment. The quantum of expense finding/exclusions given by the Government to these organizations are to the degree that, amid the time of 2014-15, the general population organizations paid higher powerful duty rates than privately owned businesses This measure of assessment discounts to the corporate area in India, in the event that we ascertain, will roughly be no less than twice that of the sum which the Government is probably going to get from the present demonetisation program. The Government gives these assessment discounts to the corporate area after affirmations from them that they will work towards the advancement of the nation and will likewise help in work creation and deal with their corporate social duty. This has not worked by any stretch of the imagination. Corporates have never conveyed on this confirmation however have helpfully taken the refunds and exclusions from the Government. Presently, with the huge drive of demonetisation, the Government should likewise put a top on these gigantic duty discounts and endowments so the nation can really push ahead by taking every one of the areas of the general public with it. Narandar Modi has provoked it will take 50 days for individuals to conform to the change. This declaration gives off an impression of being the most critical change made by the Narandar Modi's administration to date, says Girish Vanvari, accomplice and head KPMG in India. A choice like this can bring about the broad up of a framework for which numerous assume that it wasn't possible, as prior endeavors did not have rich effect. Be that as it may, the choice by Prime Minister Mr. Narandar Modi is one the most recorded strides in India. A choice like this can help control expansion, recapitalise banks, limiting the loan fees and making the economy lively, with capital inflows. India is the second most populated nation on the planet with almost a fifth of the total populace. Out of the aggregate 121 crore Indians of Indian populace, 83.3 crore of populace live in country zones while 37.7 crore remain in urban regions, said the Census of India 2011. As a rustic populated nation a large portion of the provincial populaces are occupied with horticultural exercises as the majority of the number of inhabitants in country zones relies upon farming. Agribusiness frames the foundation of the nation's economy. The horticultural area like ranger service, logging and angling represented 17% of the GDP contributes most to the general monetary improvement of India. it is the biggest business source and an imperative bit of the general financial improvement of India The conditions of Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Andhra Pradesh, Telangana, Bihar, West Bengal, Gujarat and Maharashtra are key supporters of Indian farming.

Goals of Paper

- To think about the effect of demonetization on normal individual of India
- To contemplate the effect of demonetization on agrarian division and ranchers of country India.
- To think about the effect of demonetization on economy of India.

Research Methodology

The paper depends on optional information. The information has been gathered from web, articles daily papers and so forth. Diagram and percentile technique has been utilized to dissect the information.

Effect of demonetization on normal individual of India

Demonetization is an age's important affair and will be one the financial occasions of our opportunity. Its effect is felt by each Indian subject. As the nation says farewell to the old Rs. 500 and Rs. 1,000 rupee notes and with limitations on trading cash and tax collection on high measures of stores, Indian economy had looked through some genuine stirs. In any case, how is this going to influence the normal individual of India in the short keep running and in addition the long run? At first, there was an immense clamor about the thought; individuals needed to hold up in extremely long lines just to pull back the fundamental cash they required. General society questioned PM's arrangement and rebelled against the awful planning they looked in such manner. The progressions invited a ton of inconvenience to the general population to start with however everything appeared to be justified regardless of that, to the extent the long haul impacts were concerned. There was a farthest point to the per-capita withdrawal and that was a gigantic issue for some individuals, predominantly on account of their own prerequisites which included marriage, wellbeing, property and so forth. During the time spent checking dark cash the blameless average citizens and poor had appeared to be most endured like, those individuals who don't approach post workplaces and banks had appeared freezing for trading notes. Those families who had weddings and other uncommon events are discouraged because of absence of cash a large number of weddings have been wiped out which affected the sellers who supply for those weddings. Likewise, agriculturists have confronted part of issues since they could never again stand to offer their reap from Kharif yield or sow Rabi crops. Additionally Many road sellers have loosed their business in light of the fact that would prefer not to part with money or can't roll out improvement. Individuals have reduced spending on the grounds that the banks are proportioning money. Numerous Daily wage laborers can't look for some kind of employment. Additionally Demonetization directly affects areas managing money—merchants, auto rickshaw proprietors, cab drivers, day by day breadwinners and little dealers. The Indian framework principally works on money, thus less trade implies disturbance out the stream. In this way, the administration's progression to check dark cash and phony money has hit hard to destitute individuals the most. Be that as it may, as the time passed the things backed off a bit. The lines in the banks abbreviated, ATMs were loaded with cash, new money circled and all these standardized the circumstance. By and by, this change will hugy affect the economy. It will require some investment for things to wind up ordinary again and for the time being, it is only a play of time till we become more acquainted with whether it was an okay choice or a misrepresented ramification.

Conclusion

Demonetization is a one stage of numerous means in battling defilement, dark promoting, and financing insurrection. However readiness for demonetization was trim sided and its effects were shocking on Indian open. On the off chance that 86% of money is taken out, with a small sum accessible, all market exchanges have been murdered. The general population, who were focused on, did not go ahead boulevards, but rather normal people are out from their work puts and additionally homes., Somebody put an illustration on social net. For executing ten crocodiles, government directed out all water from the lake comes about slaughtering ten thousand fish in lake yet Crocodiles strolled off on dry sand. With an aim to free the nation of dark cash and uncover impose defaulters and dark cash holders, government has made move to demonetized Rs 500 and Rs 1000 notes. This move will have real effect on the parallel economy yet sudden declaration and inability to get ready ahead of time has made impermanent tumult and inconvenience among the overall population. Basic Men are thinking that it’s hard to purchase with no cash in stash, squandering hours in lines which despite the fact that could have been maintained a strategic distance from if arranged ahead of time.

MACROECONOMIC IMPACT OF DEMONETISATION

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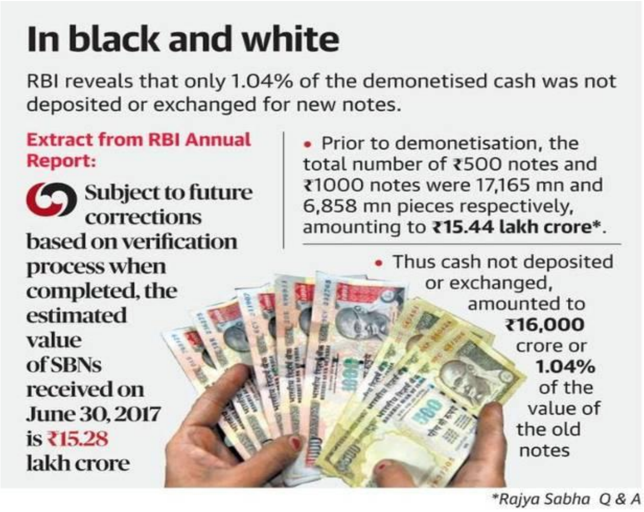
Abstract

Demonetisation announced on November 8, 2016, was aimed at addressing corruption, black money, counterfeit currency and terror financing. Although demonetization holds huge potential benefits in the medium to long-term, given the scale of operation, it was expected to cause transient disruption in economic activity. The analysis in this paper suggests that demonetization has impacted various sectors of the economy in varying degrees; however, in the affected sectors, the adverse impact was transient and felt mainly in November and December 2016. The impact moderated significantly in January 2017 and dissipated by and large by mid-February, reflecting the fast pace of remonetization. The latest CSO estimates suggest that the impact of demonetization on GVA growth was modest. Currency squeeze due to demonetization along with seasonal factors pushed food inflation significantly down but has not had much impact on inflation excluding food and fuel. A surge in deposits led to a sharp expansion in the consolidated balance sheet of scheduled commercial banks and created large surplus liquidity conditions. These were managed by the Reserve Bank of India through a mix of conventional and unconventional policy instruments. There has not been any significant impact on the external sector. There has been a sharp increase in the number of accounts under the Pradhan Mantri Jan Dhan Yojana and the deposits in such accounts have also surged. Financial re-intermediation may have received a boost following demonetization. An important consequence of demonetization has been the sharp increase in the use of digital transactions.

Keywords: *Demonetisation, Development, India, Reserve Bank of India.*

Introduction

On November 8, 2016, it was decided to demonetize high-value currency notes of the denomination of ` 1000 and ` 500 (called specified bank notes - SBNs). Such notes, valued at ` 15.4 trillion, constituted 86.9 percent of the value of the total currency in circulation. The decision was in continuation of a series of measures taken by the Government of India during last two years aimed at eliminating corruption, black money, counterfeit currency and terror funding. The decision was guided by the aim of reaping its enormous potential medium-term benefits in the form of reduced corruption, greater digitization of the economy, increased the flow of financial savings and greater formalization of the economy. All of these would lead to higher GDP growth and tax revenues that could be used by the Government for inclusive and stronger economic growth within the norms of fiscal prudence, besides contributing to overall improvement in the business environment. India has traditionally been a cash-intensive economy. According to an estimate, about 78 percent of all consumer payments in India is affected by cash. It was, therefore, obvious that currency squeeze during the demonetization period would have had some adverse impact on economic activity, although such impact was expected to be transient.



Methodology

Secondary data may either be published data or unpublished data. Usually published data are available in (a) various publications of the central, state are local governments; (b) various publications of foreign governments or of international bodies and their subsidiary organisations; (c) technical and trade journals; (d) books, magazines and newspapers; (e) reports and publications of various associations connected with business and industry, banks, stock exchanges, etc.; (f) reports prepared by research scholars, universities, economists, etc. in different fields; and (g) public records and statistics, historical documents, and other sources of published information.

History of Demonetization in India and the World in India

There were many occasions when high denomination banknotes were demonetized. RBI printed the highest denomination notes of 10,000 in 1938. After that government demonetizes 1,000 and higher denomination banknotes in 1946. Higher denomination banknotes (₹1,000, ₹5,000, ₹10,000) reintroduced in 1954 and all of them were demonetized in 1978 to curb unaccounted money. First time ₹500 banknotes were introduced in 1987 in order to restrain over increasing banknotes, due to inflation and in 2000 again ₹1000 banknotes came back in circulation in order to contain the volume of bank notes in circulation, due to inflation. However, ₹2,000 banknotes were first time introduced in Nov 2016.

Along with India, many countries in the world had done demonetization in the history. Most countries that had done demonetization had some common objectives of demonetization which were to curb corruption and black money and their government decided to demonetize their higher denomination notes to rid of these problems.

List of countries in the world that had done Demonetization

Country Name	Year	Objective	Results
Nigeria	1984	To fix, debt burdened and inflation ridden economy	Economy collapsed
Soviet Union	1991	Fight against unearned income, smuggling, and corruption	The economic system of the USSR was essentially crushed
Ghana	1982	To control black money	People turned to foreign currency
Myanmar	1987	To curb black money	led political dispute and died thousands of people
North Korea	2010	To lower down the market for black money	Miserably Failed
Zimbabwe	2010	Sliding out from Hyperinflation	Failed

Australia	1996	To the curb black money crisis and improve security features on the notes	Success
Britain	1971	To bring uniformity in currency	failed in other countries except for Britain
Zaire	1990	A plan to withdraw obsolescent currency from the system	Failed
USA	1969	Due to black money	Success
Pakistan	2015	To get rid of Black Money, Counterfeit Currency	Messed Up
Germany	1923	Due to high domestic prices	Inflation fell
Philippines	2016	To preserve the integrity of currency	--

By investigating the table, we can observe that most of the countries that have done the demonetization have failed miserably in doing that. The main reasons behind the success could be the behavior of Indians to find a way to show patriotism and the belief of Indian people in their strong government.

Growth

This section assesses the impact of demonetization on growth and inflation and their outlook in the context of subsequent remonetization.

Growth The growth of gross value added (GVA)is expected to have been impacted primarily by the liquidity shock, i.e., limited access to currency as a medium of exchange for effecting transactions in the economy. This impact is expected to have worked through two channels: (a) decline in demand due to shortage of cash to make payments, mostly on discretionary spending; and (b) disruption in production activity due to man hours lost as some workers, especially those in the unorganised sector who get their wages paid in cash, experienced temporary loss of work. The construction sector and some of the labor-intensive manufacturing sectors such as textiles, leather, gems and jewelry and the transportation sector engage casual/migrant laborers extensively. The loss of wage income for workers is also expected to have caused a drag on consumer demand.

The wealth effect is another channel through which demonetization could have impacted economic activity. However, the precise estimate of currency that returned to the banking system is not yet available as the reconciliation process is still on. Hence, the adverse wealth effect on account of SBNs not returning to the banking system could be assessed only after the reconciliation exercise is complete.

The Reserve Bank in its Fifth Bi-monthly Monetary Policy Statement on December 7, 2016, placed the GVA growth for 2016-17 at 7.1 percent, which was lower than 7.6 percent GVA growth projected in its Fourth Bi-monthly Monetary Policy Statement of October 4, 2016. The 50 basis points (bps) downward revision in GVA growth was on account of 35 bps loss in momentum, which was reflected in GVA growth in Q2 estimated by the Central Statistics Office (CSO) in November 2016 and 15 bps on account of the adverse impact of demonetization. The CSO in its first advance estimates released on January 6, 2017, placed the GVA growth for 2016-17 at 7.0 percent. The overall GVA growth in the Sixth Bi-monthly Monetary Policy Statement on February 8, 2017, was pegged lower at 6.9 percent. The impact of demonetization on GVA growth was estimated at about 33 bps for the full year 2016-17.

After the peak impact in Q3, GVA growth was estimated to strengthen with the progressive remonetization in Q4. As per the second advance estimates of the CSO released on February 28, 2017, GVA growth for 2016-17 is pegged at 6.7 percent, which is about 30 bps lower than what was estimated on January 6, 2017. Importantly, Q3 growth (at 6.6 percent) was only marginally lower than that recorded in Q2 (6.7 percent), thereby suggesting that demonetization had only a modest impact on growth in Q3 of 2016-17.

Conclusion

Initially Govt's Objective was to curb black money but if we look at the figure, 97% of ₹500 and 1000 rupees' banknotes were deposited in banks and only 3% (.43 trillion rupees) black money scraped as undeclared income hence we can say a less part of Black Money is in cash so this action isn't effective to curb black money. However, Tax GDP ratio will increase in future. Due to demonetization counterfeiting currency market offhand shut down for a while but they have the capability to create new notes' duplicate so we can say in short run their activity will be slowdown but in long run they can rebuild their market and also it is easy to handle 2000 rupees notes instead of 1000 rupees notes in briefcase to giving bribe. In this study, we have found some important points about the short-term effects of demonetization as well as about the long-term effects by observing the previous cases of demonetization in other countries. We have to be alert and thoughtful to sustain our growth because many countries which demonetizations have done could not sustain the same. In short run, almost all the sector in the Indian economy has been affected negatively due to shorting of cash.

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DEMONETIZATION IS A REVOLUTIONARY STRATEGY

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Abstract

On 8 November 2016, in a sudden Address to the nation, Prime Minister Narendra Modi announced that banknotes of Rs.500 and Rs.1000 would cease to be legal tender from the midnight. He said that decision was taken to crack down on black money and corruption which is destroying the country. He also said that the process of cash circulation directly related to corruption is his country impacting the lower classes of society. The number of income tax returns filed for 2016-17 grew by 25 percent to 2.82 crores and the advance tax the collections during that period in India, black money is funds earned on the blackmarket, on which income and other taxes have not been paid. Also the unaccounted money that is concealed from the tax administrator is called black money. The black money is accumulated by the Criminals, Smugglars, hoarders, tax evaders and other anti-social elements of the society who are not scared of the punishment given by the law for such crimes. Around 20,000 Crs of rupees are supposed to have been accumulated by the criminals for vested interests. But we are unable to obtain corrupt-free economy due to lack of apt policy. The need of the hour is suitable policy and make a country in a corrupt -free economy.

Keywords: *Demonetization, objectives, demonetization process, effect on various terms and impact.*

Introduction

India is having young population as compared to the most of developed nations. Around 65% of Indian population is under the age of 35 (www.census India.gov.in 2011). World has criticize India for having high birth rate but at the same time, India has developed its population into the trained professional including IT Engineers, Medical experts, scientists and management professionals. Unlike professional of other competitive countries Indian professional are fluent English Speakers. Indeed India is the second largest English speaking country and it is second to United States (US) (www.times of India. India times.com 2005) Moreover improved health care facilities resulted into the decline of mortality rate and various birth control awareness programmes caused a declining fertility. But we are unable to obtain corrupt free economy due to lack of apt strategy. In this article deals with objectives of demonetization strategy, demonetization process, effects on GDP, effect on Agriculture, effect on transportation and effect on Black money.

Background of Demonetization Policy

Sudden demonetization is not a new phenomenon to India. This is third demonetization since 1946 and 1978. However the circulation of the higher denomination bank notes during that period was very limited and the most of the higher denomination bank notes held with banks only. According to Reserve Bank of India (RBI) records 2016, Indian Rupee bank notes worth 16.664 billion are being circulated among the public of these 86% (14.180 billion) are in Rs.500 and Rs 1000 bank notes. It is a general thought that the corrupt hold money in the form of such ` 500 and ` 1000 notes will curb black money holdings. However relief was provided to people as they could exchange their old banknotes with the banks from Nov. 10, 2016 to 31dec.2016 Further they could also deposit these old bank notes in their respective bank accounts. Use of these bank notes for necessary services such as purchasing petrol, diesel, air tickets and rail tickets was permitted by the government. Since the announcement was made, people have had a mixed reaction to this policy. However mayhem occurred on Nov. 10, 2016 when huge crowds flooded every single bank in the country. The government started facing major criticism because the banks did not have enough of the new bank notes to meet the daily requirement of people still, the government insisted that these are just a few initial hiccups that are being faced and ultimately this would defeat the black money monster that had cripple the economy.

Objectives of Demonetization

The government has different objectives beyond this demonetization.

1. The first and foremost objective is to attempt to make an India corruption free country.
2. In his different, speech on demonetization, Indian prime minister Narendra Modi clearly points out that this bold step has been taken to get a control over corruption in the country.
3. It is done to curb black money.
4. It is also a step to control escalating price rise.
5. To stop the fund flow to illegal activity. On the other hand demonetization in India is also a very well planned step of government of India to earn enormous amount of tax from citizen.

Demonetization Process

The plan to demonetize the Rs.500/- Rs.1000/- bank notes was initiated between six and 10 months before it was announced, and was kept confidential, with only 10 people being completely aware of it. The preparations for printing new Rs.500 and Rs. 1000 bank notes began in early May 2016. The Union Cabinet was informed about the plan on 8^{th} Nov 2016 in a meeting called by the Indian Prime Minister Narendramodi. The process involved five steps Viz., Public announcement, Exchange of oldnotes, withdrawal limits, ordinance and information leaks. The following are the various effects related to Demonetization Strategy.

Effect on Blackmoney

The government had estimated that three Trillion (or) approximately 20% of the demonetised notes would be permanently removed from circulation. However by 30 dec 2016, approximately 97% of the demonetized bank notes (or) 14.97 trillion ($ 220 billion) of the 15.4 trillion that had been demonetized, had been deposited with the banking system. A central Bank Report released in Aug.2017 started that a total 99% of the Rs.500 and Rs.1000 notes that were demonetized returned to the banking system. Prime Minister of India stated that due to demonetization, corrupt officials, business men and criminals – popularly believed to hoard large amount of illicit cash – would be worthless pieces of paper.

Effect on Death

Several people were reported to have died from standing in queues for hours to exchange their old bank notes. Deaths were also attributed to lack of medical help due to refusal of old bank notes by hospitals. As on 15 Nov. 2016, death rate was 25 and 33 death as on 18th Nov. By the end of the year opposition leaders claimed that over 100 people had died due to demonetization.

Effect on Transportation

After the demonetization was announced about 8,00,000 truck drivers were affected with Scarcity of cash, with around 4,00,000 trucks standed at major high ways across India were reported. While Major highway toll junctions on the Gujarat, and Delhi and Mumbai highways also saw queues as toll plaza operators refused the old bank notes. Nitin Gadkari, the Minister of Transport, Subsequently announced a Suspension of toll collections on all National highways across India until Midnight of 11th Nov, Later extended till 2nd Dec 2016.

Effect on Agriculture

Transactions in the Indian agriculture sector are heavily dependent on cash and were adversely affected by the demonetization of Rs.500 and Rs.1000 bank notes. Due to scarcity of the new banknotes, many farmers have insufficient cash to purchase seeds, fertilizers and pesticides needed for the plantation of rabi crops usually sown around mid November 2016. Farmers and their unions conducted protest rallies in Gujarat, Amritsar and Muzaffar Nagar against the demonetization as well as against restrictions imposed by the RBI on district Co-operative central banks which were ordered not to accept (or) exchange the demonetized bank notes. The demonetization led to unavailability of cash to pay for food products. The reduction in demand that arose in turn to a rise in the prices of crops. Farmers were unable to recover even the cost of transportation from their fields to the market from the low prices offered. The prices dropped as low as 50 paise / Kg for tomatoes and and onions. This forced the farmers across the country to dump their products in desperation. Some farmers resorted to buying unsold vegetables. Agricultural produces vegetables, foodgrains, sugarcane milk nad eggs were dumped on roads. Some farmers dumped their produce due to the protest against the government.

Effect on GDP Growth Rate

Global analysers cut their forecasts of India's GDP growth rate for the financial year 2016-2017 by 0.5 to 3.0 percent with an increase of 2.5% due to demonetization . India's GDP in 2016 is estimated to be US $ 2.25 trillion, hence each one percent reduction in growth rate represents a shortfall of US $ (dollar) 22.5 billion ` (1.54 Lakh Crs) for the Indian economy. According to Societe General, India's quarterly GDP growth rates would drop below 7% for an entire year at a stretch for the first time since June 2011. India's GDP growth for the quarter

Jan- Mar'17 was 6.1% was predicted by economists. The GDP Growth for the entire financial year 7.1% growth was attribute from the 8% of previous year. This drop in GDP was attributed to demonization which was predicted by economists. The GDP growth rate for the quarter APR – June 2017 dropped to 5.7% in comparison to 7.9% for the same quarter in the previous year. This drop in GDP growth was attributed to demonetization.

Impact on Demonetization

1) All the currency in higher denomination either come out into banking circulation or dumped in sewer. In case of former if this income comes from illegitimate sources, owner might need to face scrutiny or he will have option to take advantage of recent IDS to help them, If it latter, that would help in increase value of currency, as all currency notes in circulation is liability on government. So overall advantage common man, as what ever money he/she hold would see improvement in their values.
2) Since all the money is coming back to banking channel, will result in lowering of Interest rates for loan, which would help infrastructure companies to invest more hence whole economic cycle would start resulting in humongous number of jobs. The downside would be elders or senior citizen who are dependent on interest income to run their houses, they going to be impacted most.
3) Banks and their employees have done commendable job to help citizen in this demonetization process, however due to some bankers, now all other getting bad name due ongoing IT raids resulting in catching hugh deposits of money in old as well new currency. However again this is good news is all confiscated money would again either taken by government or returned to actual owner after deducting tax and penalty resulting in increase in value of currency
4) Demonetization exercise all helped people to identify political class, what their stand on corruption and black money. As per my belief no one oppose demonetization till he has something to hide (and their criticism towards scheme increase with amount they hide), their is no question their are shortcoming in the implementation of scheme e.g. bank queues even after the month, however kudos to Indian population they are resilient and accepting scheme with open heart.

Conclusion

Indian Social activist, Anna Hazare stated that demonetization as a revolutionary step. The former president of India pranab Muharjee welcomed the demonetization move by calling it bold step. By and large International response was positive which saw the move as a bold crack down on corruption. Also International Monetary Fund (IMF) issued a statement supporting Modi's efforts to fight corruption by the demonetization policy. Moreover, the common people suffered a lot during the time of introduction of the demonetization strategy. First educate the society is more important because large no.of traders are doing the retail business and basically they are doing cash transactions only. Finally the need of the hour is change the attitude in the minds of people is essential for the success of the demonetization strategy.

DEMONETIZATION AND ITS IMPACT ON INDIAN SOCIETY

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Abstract

*"Demonetization is one of the most trending topics which occupied the columns of Indian newspapers in 2016. INDIAN PM Mr.Narendra Modi took a bold step against the black money holders by declaring demonetization in November 2016. Initially, implementation of demonetization in a populous country like India was not a cakewalk for the government. The sudden declaration of **demonetization** in the country has created lots of chaos and confusion among the common people of the country, but gradually everything becomes normal."*

***Keywords**: Impact, Growth rate, Inflation, Gross Value Added,*

Introduction

On November 8, 2016, it was decided to demonetize high value currency notes of denomination of '1000' and '500' (called specified bank notes - SBNs). Such notes, valued at 15.4 trillion, constituted 86.9 per cent of the value of total currency in circulation. The decision was in continuation of a series of measures taken by the Government of India during last two years aimed at eliminating corruption, black money, counterfeit currency and terror funding. The decision was guided by the aim of reaping its enormous potential medium-term benefits in the form of reduced corruption, greater digitalization of the economy, increased flow of financial savings and greater formalization of the economy. All of these would lead to higher GDP growth and tax revenues that could be used by the Government for inclusive and stronger economic growth within the norms of fiscal prudence, besides contributing to overall improvement in business environment.

Objectives of Demonetisation

The foremost objective of demonetisation is to make India a corruption free country. In his different speech on demonetization Indian prime minister Narendra Modi, points out that bold steps has been taken to get a control over corruption in the country. Secondly, it is done to curb black money, thirdly it is also a step to control escalating price rise, fourth to stop fund flow to illegal activity.

Impact on Growth and Inflation

Growth

The growth of gross value added (GVA) is expected to have been impacted primarily by the liquidity shock, i.e., limited access to currency as a medium of exchange for effecting transactions in the economy. This impact is expected to have worked through two channels: (a) decline in demand due to shortage of cash to make payments, mostly on discretionary spending; and (b) disruption in production activity due to man hours lost as some workers, especially those in the un organized sector who get their wages paid in cash.

Although the organised sector on the whole remained resilient, some manufacturing and services segments were adversely affected. Within industry, electricity generation was expected to have been impacted the least, with the share of the un organised sector being very low and the share of informal employment close to zero. Weak demand for electricity was already a challenge before demonetisation, with power generation in excess relative to demand. In November and December, however, electricity generation increased by 8.9 per cent and 6.3 per cent, respectively, which was higher than the average growth of 4.5 per cent recorded during April-October, 2016 . In January 2017, however, it decelerated to 3.9 per cent. Coal production also increased by 6.4 per cent in November, 4.4 per cent in December and 4.8 per cent in January (as against contraction in the previous three months).

Table 2 Growth in Consumer Durable Segments (in per cent)

Category	Volume Growth		Value Growth	
	October 2016	November 2016	October 2016	November 2016
Microwave	90.6	-53.0	90.7	-51.5
Refrigerator	74.0	-41.2	73.4	-40.3
Air conditioner	1.8	-34.0	4.0	-33.8
Washing machine	116.7	-31.7	113.1	-34.4
Flat panel TV	94.7	-30.4	99.4	-26.6

Source: Retail sales data by GFK-Nielsen.

Inflation

The impact of demonetisation on inflation in the near-term stemmed mainly from moderation in food inflation, especially perishables, as inflation excluding food and fuel remained broadly unaffected. With demand expected to recover from the latter part of Q4 of 2016-17, inflation risks to CPI excluding food and fuel and headline inflation are, therefore, tilted to the upside. I.2.1 Food Inflation Food inflation declined from 3.7 per cent (year-on-year, y-o-y) in October 2016 to 2.6 per cent in November, to 2.0 per cent in December and further to 1.3 per cent in January 2017. This was mainly on account of vegetables and pulses. Vegetable prices declined by 6.2 per cent on a month-on-month (m-o-m) basis in November 2016 and further by 11.7 per cent in December 2016. The vegetable price decline continued in January 2017 albeit at a lower rate of 4.7 per cent. Pulses prices declined by 7.4 per cent between October 2016 and January 2017. The sharp decline in prices of pulses and vegetables was due to a number of factors. In the case of pulses, there was a record production of kharif pulses of 8.7 million tonnes due to good monsoon aided by favourable weather conditions. Adequate provision of quality seeds, fertiliser and pesticides, and timely hike in minimum support prices also provided suitable incentives.

Impact on Financial Sector

This section sets out the impact of demonetisation on banks; liquidity conditions and transmission of monetary policy; non-banking financial intermediaries; and, Jan Dhan accounts. Balance Sheet and Profitability of Banks Demonetisation has had a significant impact on the balance sheet of scheduled commercial banks (SCBs), both in terms of size and composition. Balance Sheet Effects Decline in currency in circulation on account of demonetisation led to a surge in bank deposits. The demonetised notes were accepted at bank counters till December 30, 2016. Between October 28, 2016 and January 6, 2017 (i.e., days immediately prior to and after demonetisation for which fortnightly banking system data are available), total currency in circulation declined by about ` 8,800 billion. This, in turn, was largely reflected in sharp increase of about ` 6,720 billion in aggregate deposits of the banking system even after outflows in NRI deposits during the period.

Impact on Non-Banking Financial Intermediaries

Demonetisation has impacted various financial intermediaries differently. As explained earlier, consolidated balance sheet of SCBs has expanded by about ` 6.7 trillion in the post-demonetisation period. Debt oriented mutual funds and insurance companies have also gained. Non-banking financial companies (NBFCs) and micro finance institutions (MFIs) were adversely affected, both in terms of disbursals and collection of dues. However, the situation with regard to most NBFCs has started to improve from late December 2016. II.3.1 Mutual Funds Reduction in deposit interest rates by banks after demonetisation enhanced the relative attractiveness of debt oriented mutual funds (MFs). As a result, there were net inflows in income/debt schemes during November 2016-January 2017 in contrast to net outflows during November 2015-January 2016. This was reflected in a sharp increase in the overall resources mobilised by mutual funds during November 2016-Janauary 2017 in contrast to outflows in the same period.

Conclusion

Demonetization act, to drive the economy towards digitization. The process of forging an efficient path towards digitalization of the payments economy and prospects in financial inclusion initiatives, have been the biggest agenda for the financial regulators and the Government since 2014. There have been sizable improvements and progress between private companies and the ‘organized sector’ and those in the population who have accepted electronic/online methods of payment. Demonetisation has also improved transmission in the banking system and led to the greater financialisation of savings.

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OVERVIEW OF GST IN INDIA

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Abstract

The Goods and Service Tax (GST) is defined as a uniform indirect tax levied on goods and services across a country. More than 160 countries have implemented GST. The GST rolled out from July 1, 2017. GST, as an umbrella tax has replaced central taxes such as central Excise Duty, Service Tax, Additional Duties of Excise & Customs, Special Additional Duty and Customs and cesses and surcharges on supply of goods and services. The present paper it has been shown that which sectors are positively or negatively affected by GST.

Introduction

When the history of modern India is written, three events will stand out. The first of course, is the 15th of August 1947; the day India's awoke to life and freedom. The second happened in 1991 when India dusted the cobwebs of socialism to marry market economy. But the biggest breaking news of the century, its most defining moment, is the GST, which when handled well, can dramatically after the landscape of India's taxation.

"The Goods and Services Tax (GST) is a Canadian Value Added Tax levied on most goods and services sold for domestic consumption. The tax is levied to provide revenue for the federal Government. The GST is paid by consumers, but it is levied and remitted to the Government by businesses selling the goods and services".

The Goods and Services Tax (GST) is a multi-level Value Added Tax introduced in Canada on January 1, 1991, by then Prime Minister Brian Mulroney and his finance minister Michael Wilson. The Goods and Services Tax was launched on the midnight of 30 June 2017 by the Prime Minister of India Narendra Modi. The launch was marked by a historic midnight (June 30- July 1, 2017) session of both the houses of Parliament convened at the Central hall of the Parliament.

Slays Taxes

The GST Act kills a number of other taxes at the least five at the Central Value Added Tax (CENVAT or Excise duty), the Service Tax, the Central Sale Tax (CST), the Countervailing Duties (CVD) and the Special Additional Duty of customs (SAD). The most significant taxes include the State Value Added Tax (VAT), the Sales Tax (in some states), the Entry Tax, the Luxury Tax and the Entertainment Tax.

But hold on. This does not mean that we are going to become a tax heaven. Taxes will not disappear overnight. They will come with a different name; Goods and Services Tax (GST). On a transaction, both the centre and the state will levy a tax. The centre's levy is called Central

GST (CGST) and the State's GST (SGST). In the case of interstate sale the tax is called Integrated GST (IGST) and will be collected by the Centre.

GST Objectives

- Ensuring availability of input credit across the value chain.
- Minimizing cascading effects of taxation.
- Simplification of tax administration and compliances
- Harmonization of tax base, laws across the country
- Prevention of unhealthy competition among state
- Increasing the tax base and raising the compliances

Need of GST

There are three reasons to have GST.

- It is psychologically far more appealing to pay one tax instead of ten taxes even if the rate of the one tax is higher than the cumulative rate on the ten taxes. With many taxes, you get the feeling of being taxed at infinite.
- Today an identical product is taxed at different states. GST shifts this and ensures that the tax on a single product is the same across all over India. This is the best way for making states competitive, this gives the feeling of oneness in the country as an identical product get taxes at an equal rate across India, leading to the chorus 'One Nation, One Tax'.
- Like, internationally, GST will shift the collection of tax from the producing state to the consuming state. The view is that by shifting the collection points, these states will gain and could use that money for development. All economists are not agreed on this point. There argument is that the best countries of the world are producing countries and a shift to rewarding consuming states with more cash, could make them consume rather than produce.

Benefits of GST

1. **No cascading effect of taxes**

The term 'cascading effect of taxes' refers to a tax on tax. As if paying a tax is not bad enough, under the present regime you pay tax on tax. Tax on tax is at best irrigation and worst is a pain. With GST, as there will be only one tax, the tax on tax is eliminated.

2. **GDP Growth**

GST will not just increase indirect tax collection. It will also affect direct taxes by widening the tax base. Money from parallel economy finds its way to the real economy and GDP will go up in the short run not because production will get reportedly more correctly. Over the long period, as inflation tumbles, prices fall and more purchasing power stays in the hands of the customer GDP will go up.

3. **Black money**

Since GST will have a proper trail, which can be accessed by the income tax department, it will discourage the generation of black money. PAN and Aadhar will be required to file GST returns. This will help the income tax department track transactions, which it is unable to do today. Moreover, the tax boards, Central Board of Direct Taxes and the Central Board of Excise and customs have already started sharing the data with each other to better tracking of black money.

4. **Consumers**

GST will not make commodity cheaper immediately. The uniform rate of GST will increase the prices in the short term. However, in the long run, GST will reduce the prices of goods and services due to no tax on tax and account of improvement in productivity. But while some commodities will become cheaper, others could turn dearer. From the consumer point of view, the biggest advantage would be a reduction in the overall tax burden on goods, free movement of goods from one state to another without stopped at state borders for hours for payment of entry tax and reduction in paperwork to a large extent.

5. **Industry**

Currently, the industry faces multiple taxes. Under the new regime, there will be only one tax, albeit by two agencies, the Central and the state. If the compliance obligations, uniform tax rates, better administration of taxes, are some of the pluses. The removal of barriers of state boundaries for interstate trade would go a long way in the creation of a buoyant economy.

6. **Government**

GST will increase tax buoyancy. As we saw, the GDP will go up, which would mean more incomes are reported, and hence more taxes are collected.

Revenue Surplus

A Surplus refers to the excess revenues a business or Government agency has after it has completed its budget. The surplus funds can then be appropriated for other expenses that may.

GST and Revenue Surplus

Single biggest taxation reform since independence, GST will subsume 16 different levies and transform India into a common market for seamless transfer of goods services. The Centre and States have already fitted over 1200 goods and 500 services in tax slabs of 5, 12, 18 and 28 percent.

Besides, cues would be levied on certain demerit and luxury goods and the proceeds from it will make good any shortfall in revenue to the States post GST. GST will mark a shift away from production to consumption based tax. Overall, the States are likely to achieve higher revenues in the GST phase, including compensation from the Centre. In the initial years, most of the surplus is likely to be used to reduce fiscal deficits, as states will not know the actual surplus that might accrue to them GST.

Impact of GST in India

GST is a destination based tax, levied on the consumption of goods and services.

Positive Impact of GST in India

1. GST will also help to build a transparent and corruption free tax administration.

2. Presently, a tax is levied on when a finished product moves out from a factory, which is paid by the manufacturer, and it is again levied at the retail outlet when sold.
3. GST is backed by the GSTN, which is a fully integrated tax platform to deal with all aspect of GST.
4. GST also has an optional scheme of lower taxes for small businesses with turnover between INR20 to 50 lakhs. It is called the composition scheme. It has now been proposed to be increased to 75 lakhs. This will bring respite from tax burdens to many small businesses.
5. Removing cascading tax effect, simpler online procedure under GST, defined treatment for E-commerce and regulating the unorganized sector.

Negative Impact of GST In India

1. Some Economist says that GST in India would impact negatively on the real estate market. It would add up 8 percent to the cost of new homes and reduce demand by about 12 percent.
2. Some experts says that CGST (Central GST), SGST (State GST) are nothing but new names for Central Excise/Service tax, VAT and CST. Hence, there is no major reduction in the number of tax layers.
3. Some retail products currently have only four percent tax on them. After GST, garments and clothes could become more expensive.

Conclusion

Implementation of GST is one of the best decisions taken by the Indian Government. For the same reason, July 1 was celebrated as Financial Independence Day in India when all the members of Parliament attended the function in Parliament house. In fact, the introduction of GST is only the next stage of reform. In that sense, the introduction of GST will not be a silver bullet and we should keep expectations at a realistic level.

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GST: ONE NATION, ONE TAX, ONE MARKET

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Abstract

The Goods and Service Tax (GST) is the biggest and substantial indirect tax reform since 1947. The main idea of GST is to replace existing taxes like value –added tax, excise duty, service tax and selas tax. It will be levied to manufacture sale and consumption of goods and servic. GST is expected to address the cascading effect of the existing of tax structure and result in uniting the country economically. The paper highlights the back ground and objectivies of the proposed GST. Finally the paper examines and draws out a conculsion.

Introduction

The most revolutionary tax reform in the Indian taxation history; will streamline the system through a single tax for supply of all goods and services across the country.

In India, the unified tax will take form of a "dual" GST, to be levied concurrently by the both Centre and States. The unified tax will comprise of a GST and a State GST, which will be legislated, levied and administrated by the respective levels of government. The same taxable base will be subject to both GSTs.

The words "legislate, levy and administer" are key, since the Centre and State will legislate the respective GST Acts and both will have power to administer the taxes.

The proposed system will subsume a variety of central and state levies such as Central Excise Duty, Service tax and VAT, there by simplifying the complicated tax structure and reducing compliance costs.

Key features of GST

Terrestrial Spread: Whole country including J&K

Applicable on "supply" of goods and services and not on the present concept of tax on manufacture of goods/sale or on provision of services

Based on the principle of destination based consumption taxation as against the present principle of origin based taxation

Introduction in India required amendment to the Constitution of India: Introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill.

Amendment Why?

Centre: Had the power to levy tax on the manufacture of goods (expect alcoholic liquor for human consumption, opium, narcotics, etc.)

States: Power to levy tax on the sale of goods

Inter – State sales: Centre had the power to levy a tax (the Centre and Sales tax) but the tax was collected and retained entirely by the States.

Services: Only Centre was empowered to levy the Services Tax

GST Council – Constitution

- Chairperson – Union FM
- Vice Chairperson – to be chosen amongst the Ministers of State Government
- Members – MOS (Finance) and all Ministers of Finance / Taxation each State
- Quorum is 50 % of total members
- States – 2/3 weightage and Center – 1/3 weightage
- Decision by 75 % majority
- Council to make recommendations on everything related to GST including laws, rules and rates ect.

GST Council – Decisions

- Threshold limit for exemption to be Rs. 20 lac (Rs. 10 lac for special category States)
- Compounding threshold limit to be Rs. 50 lac with –

Categories	Tax Rate
Traders	1 %
Manufactures	2 %
Restaurants	5 %

- Government may convert existing Area based exemption schemes into reimbursement based sheme
- Four taxes rates namely 5%, 12%, 18% and 28%
- Some goods and services would be exempt
- Separate tax rate for precious metals
- Cess over the peak rate of 28% on specified luxury and sin goods
- To ensure single interface – all administrative control over
  (i). 90% taxpayers having turnover below Rs. 1.5 cr would vest with State tax administration
  (ii). 10 % tax payers having turnover below Rs. 1.5 cr would vest with Centaladministration
  (iii). Taxpayers having turnover above Rs. 1.5 cr would be divided equally between Centre and State tax administration

Objectives of the GST

1. Interest of poor and vulnerable sections of the society are protected and goods of mass consumption and essential commodities remain at affordable level
2. The overall revenues of the States and the Centre are protected
3. The tax incidence on the goods and services does not increase or decrease substantially from the present incidence of tax.

How GST came into being?

First recommended by: **Kelkar Committee Task Force**

2000	In 2000, the Vajpayee Government started discussion on GST by setting up an empowerment committee. The committee was headed by AsimDasgupta, (Finance Minister, Government of West Bengal)
2002 – 2004	The Kelkar Task Force on the implementation of Fiscal Responsibility and Budget Management (FRBM) Act, 2003 and suggested that a comprehensive Goods and Service Tax (GST)
2006	A proposal to introduce a national level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006 - 07
2007	May 2007, Empowerment committee of State Finance Minister, on the request started, worked on

	GST roadmap. November 2007, The Join working group, submitted its report to the Empowerment Committee on November 19, 2007
2008	April 2008 – Empowerment Committee finalized views over GST and submitted report titled "A model roadmap for Goods and Services Tax (GST) in India"
2009	November 2009 – First Discussion paper on Released by Empowerment Committee
2010	Feb – 2010 – Mentioned in the speech of then FM – GST to be introduced in April 2011
2011	Mar – 2011 – The Constitution 115th amendment bill introduced in Loksabha for levy of GST all goods and services except for the specified goods
2013	Aug 2013 – Standing Committee Submitted its report on GST Nov 2013 – EC rejected Govt's proposal to include petroleum products
2014	Dec 2014 – The Constitution 122th amendment bill passed in Lok Sabha for levy of GST which enables the introduction GST probably by April 2016 on 17th December, 2014.

Which taxes at the Centre and State level are being subsumed into GST?

Central Level

- Central Excise Duty
- Additional Excise Duty
- Services Tax
- Additional Customs Duty commonly known as Countervailing Duty
- Special Additional Duty of Customs

State level

- Subsuming of State Value Added Tax / Sales Tax
- Entertainment Tax, Central Sales Tax
- Octroi and Entry tax
- Purchase Tax
- Luxury tax
- Taxes on lottery, betting and gambling

Conclusion

In the light of the discussion, the authors have recommended that GST system is more beneficial for the Government at well as stakeholders from the management and analysis point of view. We believe that CGST must have the authority to collecting Tax and SCGST should be given the power to take the decision regarding Tax rate. GST is also helpful in avoiding tax evasion, improved tax collection and compliances. It can be looked as simplification of Taxes in country and avoiding unnecessary complexities. Researcher's observation is in support of GST system, experience of other countries strengthen the belief that it will be a will be a milestone in the development of Taxation in India. As for challenges are concern it is between State and Central Government proportion in Taxes majorly, but directly or indirectly it is adding wealth to nation only. It has great prospects in favor of the nation.

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IMPACT OF DEMONETIZATION ON BANKING SECTOR

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Abstract

The paper examine the impact of demonstration its effect of banking sector has move by the administration to demonetize Rs.500 and Rs.1000 notes by supplanting them with new Rs.500 and Rs.2000 notes has taken the nation with astonish. The administration is to handle the danger of dark cash, defilement fear financing and phony money. From a market point of view, we imagine this is an exceptionally welcome move by the legislature and which has taken the dark cash hoarders with amaze. The aggregate estimation of old Rs.500 and Rs.1000 notes in the flow is to the tune of Rs.14.2 trillion, which is around 85% of the aggregate estimation of cash available for use. This implies the aggregate money needs to now pass however the formal managing an account channels to get authenticity. The World Bank in July, 2010 evaluated the span of the shadow economy for India at 20.7% of the Gross Domestic Product (GDP) in 1999 and ascending to 23.2% out of 2007. Accepting that this figure has not ascended from that point forward and that the money segment of the shadow economy is additionally corresponding evaluated unaccounted estimation of the cash could be to the tune of Rs.3.3 trillion.

Introduction

Demonetization is a procedure by which a progression of cash won't be lawful delicate. At that point the arrangement of Currency won't satisfactory as substantial money. The declaration done by our Prime Minister Sri Narendra Damodardas Modi on eighth November 2016 with respect to the demonetization of Rs. 500 and Rs. 1000 notes is a striking choice identifying with financial arrangement of the country. The essential purpose for the choice is controling all dark cash in India. Optional wellsprings of information have been utilized for contemplate which is gathered from different diaries, news notices, periodicals, and online sources. Consequently it can be reasoned that separated from upsetting day by day lives of regular national, there are much greater ramifications for the economy in general. The rustic zones specifically, which don't have formal wellsprings of saving money, additionally bargain generally in real money from disorderly segment like land rulers, private cash moneylender and Chites. The present paper is an endeavor to ponder the effect of demonetization on Indian economy especially on business condition. It was discovered that as an effect of demonetization the loan fee may go down, builds the employability opportunity, diminish the cost of the item and other item.

Banks are center piece of any economy. They channelized the cash to the smooth working of various areas. Activities of Green Banking, made the banks to change ordinary managing an account administrations into current keeping money administrations. The items and administrations are offered through electronic gadgets with the assistance of web. Presently a day, bank administrations are provided food at the fingertip of clients. Surgical Strike on Black

Money called 'Demonetization' got tremendous changes every one of the divisions of the nation. Banks are not excellent from the impact of Demonetization and it made vibrations in the activities and additionally items and administrations of Banks. It made more noteworthy request to computerized keeping money administrations where cashless exchanges are organized. Everyday activities of Banks are influenced and discovered extreme in Management of liquidity and Employees. It made more noteworthy effect on Management of liquidity and its request brought by clients up in trading of their prohibited cash notes while limiting danger and augmenting nature of administration. In the meantime meeting the direction of Reserve Bank of India was testing. Demonetization has irritated the bank activities and made the representatives to work under unequivocal worry in broadened working hours of a day. A large portion of the banks were not ready to release other saving money administrations while trading the prohibited cash notes. Subsequently, the present examination is made to make sense of the impact of demonetization on managing an account part. It grandstands post demonetization impact on banks and its tasks.

Define Demonetization

Demonetization - ending something, termination, conclusion as no longer the legal tender of a country. The act of ending something; the termination of the agreement. There is a famous saying in Telugu, the one who gets caught doing a mistake is a thief, and the one who doesn't get caught, and doing the same mistake is a king".

1. The numbers and calculations for this are mind-boggling. According to the RBI press conference, there are 16.5 billion ‘500-rupee’ notes and 6.7 billion ‘1000-rupee’ notes were circulated.
2. Of this Rs 500 notes constituted almost 45% of the currency in circulation while 39% of the notes were of the Rs 1,000 denomination. In value terms. However Rs 10 and Rs 100 notes constituted 53% of the notes in circulation.
3. The Financial Action Task Force, a global body that looks at the criminal use of the international financial system.
4. In two words: black money. Unaccounted money, often used in any form of corruption or illicit deals, usually takes the form of high-value notes, which in this case are the Rs 500 and Rs 1,000 bills.

Impact of Demonetization

It is too soon to remark on the effect of demonetization or impact of demonetization. This is still under usage process. There are both positive and negative effects of demonetization. Overabundance store development in the keeping money framework amid the demonetisation time frame (i.e., November 11, 2016 to December 30, 2016) works out to 4-4.7 rate focuses. On the off chance that the period up to mid-February 2017 is considered to take into account some surge to decrease, abundance store development is in the scope of 3.3-4.2 rate focuses. The liquidity support coming about because of the demonetisation declaration on November 8, 2016 has remained with the managing an account segment a year after the occasion, helping banks lessen their high-cost stores and boosting their present record and investment account

(CASA) proportion. CASA is condensing of current Account Savings Account. It is the proportion which demonstrates the amount of the aggregate stores with bank in the present record and investment account. In a basic dialect, the stores with the bank are in the present record and investment account. Banks don't pay enthusiasm on the present record stores and pays an exceptionally low% of enthusiasm on funds on account stores. Consequently, it is a decent measures to get stores at no or minimal efforts.

Review of Literature

Nikita Gajjar (2016) examined demonetization and its effect on Indian Economy. They opined that demonetization has here and now negative effect on various segments of the economy and such effects are comprehended when the new money notes are broadly coursed in the economy. They additionally contended that the legislature should clear every one of the issues made because of demonetization and help the economy to work easily.

Nithin and Sharmila (2016) thought an investigation on Black Money in India: Present Status and Future Challenges and Demonetization. She portrayed the structure, approach choices and systems that Indian Government should adjust to handle with this issue and the future difficulties to be looked by the Government.

Manpreet Kaur (2017) demonetization and its entire money related incorporation. They felt that the prizes of demonetization are much reassuring and the demonetization is in the long haul enthusiasm of the nation. They communicated that it had given brief agony yet it educated money related lessons. It affected saving money enterprises to do extensively venture on digitalization of saving money administrations.

Vijay and Shiva (2016) inspected led an examination on demonetization and effect on Cashless Payment System. He said that the cashless framework in the economy has numerous productive advantages less tedious, less cost; paper less exchange and so on and he expected that the future exchange framework in every one of the divisions is cashless exchange framework.

Objectives

1. Aimed at combating corruption. And Check black money and fake currency note.
2. 1000 and 500 were put out of circulation and Effect on parallel economy.
3. All the bank accounts are tied up to one PAN (Permanent Account Number).
4. This move shows strength of the Banking system, Retail boost, and increases deposit.
5. This move will also cause short-term pain for the working class, small businesses and nearly anybody who deals with cash on a daily basis.
6. Remove black money from the economy as they will be blocked since the owners will not be in a position to deposit the same in the banks.

Methodology of the Study

The study is based on Secondary Sources of data. It includes available published literatures such as books, journals, newspapers and relevant government websites. The study tries to look at the extent of demonetization influence on normal banking operations.

Conclusion

Demonetisation would be sure for divisions like saving money and framework in the medium to long haul and could be negative for parts like shopper durables, extravagance things, adornments, land and unified segments, in the close to medium term. It can likewise prompt enhanced assessment consistence, financial adjust, bring down swelling, bring down defilement, finish end of phony money, a stage for supported monetary development in the more drawn out term. Banks have picked up stores generously after demonetisation which they can contribute for enhancing their productivity. There non-performing propels have additionally descended. Other than as banks will decrease their money possessions because of more computerized interface it will add to their long haul productivity and money misfortune for different reasons like burglary, dacoit and misappropriation will be avoided.

IMPACT OF DEMONETARIZATION IN UNORGANIZED SECTORS IN INDIA

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Abstract

On the 9th of November 2016, the Government of India, delivered a masterstroke, by declaring, as illegal tender, the Rs. 500/-and Rs. 1000/-denominations in the currency system. National Restaurant Association of India had reported downfall of averaging upto 40% revenue in the sector in their initial weeks. Demonetization is the current biggest challenge in Unorganized sector in India have described in this paper. After a tumultuous fortnight for the entire country ever since the government declare the partial demonetization of the higher value rupee notes. Objective: To study the impact of demonetarization in Indian economy. To study the impact of demonetarization in unorganized sectors. Methodology of the study- the study includes only secondary methods of data collection. The paper includes impact of demonetarization in unorganized sectors in India, conclusion- The study conclude that demonetization, unorganised sector is the worst hit. Most of the traders are not familiar with technology and do not know about mobile banking, e-wallets and other cashless means. The people working in the unorganised sector have traditionally functioned through cash and did have the habit of saving money in banknotes.

***Keywords**: Demonetarization, Unorganized Sectors, Currency, etc.*

Introduction

Government of India announced demonetization of the high value currencies of Rs. 500 and 1000 with an objective to unearth the black money and to curb the corruption, counterfeit currency as well as terror funding. This decision is considered as biggest cleanliness drive against the black money in the history of Indian economy whose benefits will be reaped in the long run. However, the impact of this sudden move is causing major cash crunch in the economy affecting day to day requirements of the common man and businesses.

Black money is kept in the form of land, building, gold or kept abroad. Most of the transactions in these sectors are held in cash. The demonetization reduced the transaction of cash in real estate and the above sector. Many other countries have also followed the demonetization in their country. Some countries achieved success and some countries got failure in the policy. India will get success or will not get success it depends on how this move affect the Unorganised sectors.

Various analysts, experts and scholars have expressed their views regarding impact of demonetization on the economy and have estimated 0.5% - 3% impact on the Gross Domestic Product (GDP) of the country in the current financial year 2016-17.

Definition of Demonetarization

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency. The opposite of demonetization is demonetization, in which a form of payment is restored as legal tender.

Definition of Unorganized Sector

The term "Unorganised Sector" used by the Indian National Account Statistics is equivalently known as informal sector internationally. Unorganised, unregulated, traditional, household and informal are different terms used interchangeably in contrast with organised, regulated, modem, corporate and formal sector.

Scope of the Study

The study on impact of demonetarization in unorganized sectors in India. The total population of the India is 121cr in 2011. Formal jobs now comprise over a quarter of our employment, higher than previous estimates, which pegged the informal sector employing over 90 per cent (including agriculture) of our 460 million-odd workforce. Government employment policy has no better work in the India, labour of India are unorganized, no wage policy, most farmer holding in less than one hectares so agricultural labour problems arises in the India.

Objective of the Study

The following objectives are in the study:

- To study the impact of demonetarization in Indian economy.
- To study the impact of demonetarization in unorganized sectors.

Methodology

The study of impact on demonetarization in unorganized sector in India is based on secondary method of data collection from various books, Newspapers, government publication report etc.

Impact on Demonetarization in Indian Economy

Small farmers, sellers, merchants, daily wage laborers and traders are suffering because of lack of proper planning, intelligence and foresight such as recalibration of ATM machines. If we look at the farm sector, this is the harvest time. Farmers generally deal in cash and India is also largely a cash economy. If suddenly implementing demonetization this sector suffering lot. People are facing problems because the limit of withdrawal has not been kept at a higher level. If this would have been kept at a higher level, there were chances that the recycling of black money might begin. In the tribal and farmers heartland of the country, the poor people through middlemen are getting their currencies exchanged for Rs.300 or Rs.400 because of lack of proper information which is hitting them. Temporarily unorganized sector buying capacity will decrease for examples purchasing of raw material, fertilizers, and selling cost. Majority of Indians unorganized sector have no knowledge about cashless transaction and resources also limited. When a poor farmer is unable to repay his small loan Picking holes in the cashless economy five-six percent of the amount deducted in every digital transaction as service charge.

Impact on Demonetarization in Unorganized Sectors

A January 2017 report by Crisil highlighted that as many as 41% of 1,100 of micro, small and medium enterprises (MSMEs) surveyed said their clients had shifted to cheque or electronic payments since demonetisation, yet the wage decline or job loss in the unorganized sector was on an unprecedented scale. Like most of the unorganised sector, some industries in the organised sector had also suffered due to the slowdown in consumer spending after demonetisation. The impact of demonetisation was clearly visible from the 5% contraction in production of consumer non-durables and 10.3% fall in production of durables until January 2017. The decline signaled that consumption demand in both rural and urban had been impacted. Two-wheeler sales dropped to a 16-year low in December 2016 and a Nielsen survey over 750 stores (November 2016) reported a 20-40% drop in sales of most of the fast-moving consumer goods (FMCG) goods.

According to an India Spend analysis reported in January 2017, tomato farmers in Karnataka and Tamil Nadu were affected the most as prices fell by 60-85%, while onion farmers in Maharashtra and Gujarat were also badly hit. In an earlier study by Nidhi Agarwal and Sudha Narayan in November 2016, the short-term decline in farm supply to the agricultural produce markets was highlighted. The striking feature was the significant variation across states. For example, aggregate soya bean and maize arrivals across mandis in Madhya Pradesh fell by about 97%. In contrast, aggregate soya bean arrivals in Maharashtra fell by 68%. Their hypothesis was that more cash-intensive mandis with limited penetration of banks or connection to urban areas were likely to be more affected.

The decline of employment in the unorganised sector (especially construction) possibly led to some reverse migration. According to Bihar's finance minister in December 2016, 95% of migrant workers from Bihar had returned home because their employers had no money to pay their salaries. Reverse migration in Bihar and other states may have put pressure both on agricultural labour markets and MGNREGA. In key states such as Bihar, Rajasthan and Maharashtra, the total number of people who demanded and got work under the MGNREGS in November and December 2016 shows a jump over 2013-14, which was a normal monsoon year.

Findings of the Study

Finding is that India increasing unorganized sectors labour problem due to high birth rate and decreasing employment opportunities and capital formation. Government policy does not work better in the India. While medium and large scale business is unaffected to such ban, many small-size commercial establishments are deeply affected by such sudden move by the government. The economy of the country may experience recession in the coming few weeks but is expected to get back to its shape shortly after the influence of Modi government. Central government's recent decision to demonetize the high value currency is one of the major step towards the eradication of black money in India. The demonetization drive will affect some extent to the general public, but for larger interest of the country such decisions are inevitable. Also it may not curb black money fully, but definitely it has major impact in curbing black money to large extent.

Conclusion

From this study demonetisation, unorganised sector is the worst hit. Most of the traders are not familiar with technology and do not know about mobile banking, e-wallets and other cashless means. The people working in the unorganised sector have traditionally functioned through cash and did have the habit of saving money in banknotes. According to a recent report, the unorganised sector in India will be the worst hit by demonetisation and might lose a major amount of its business. Organized players will be least affected but will have some impact.

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IMPLICATIONS OF IMPLEMENTING GST IN INDIA

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Abstract
Goods and Services Tax is a Comprehensive, multistage, destination based tax that will be levied on every value addition. Goods and Service Tax (GST) implemented in India to bring in the "one nation one tax" system, but its effect on various industries will be slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a Service. It is expected to remove the cascading effect of taxation. At present the date of introduction of Good and Service Tax is like a "mirage". It is because of lack of support from opposition party and other political parties in the Parliament in amending the Constitution improper support and autonomy of various State governments, creation of information Technology Infrastructure for tax administration. In spite of all these challenges the government has taken lot of steps in implementing GST, as if everything goes well as the union Finance minister says that GST would be come into force from 1st April, 2016.
***Keywords**: Indirect tax reform, Goods and Service Tax(GST), cascading effect and Implementing tax system.*

Introduction

In India, the idea of GST was contemplated in 2004 by the task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services in the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and move Pragmatic approach of efficient resource allocation under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added.

India has witnessed significant reforms in indirect taxes over the past two decades. The Goods and Service Tax (GST) is one of the prime indirect tax reforms in India. The decision on which is pending in parliament since March 2010. The fundamental idea behind this form of taxation is to replace existing indirect Taxes like central excise duty, customs duty, service tax and value-added tax (or) sales tax by levying a comprehensive tax on the manufacture, sale and consumption of goods and services in the Country. i.e., GST.

GST is definitely a good move to reform indirect taxation in India and has positive effects on GDP growth, Tax revenue, exports, employment and so many. But even after a decade Government have failed to implement it, due to variety of reasons like, compensation mechanism for the states, GST rates, and issues relating to food products, petrol and tobacco and many political issues as well. With lots of flaws in the present tax structure which is affecting the growth of economy, there is a need to implement GST and to streamline our growth with global economy. The implementation of GST would pave way for a simple and understandable tax structure, and also help in avoiding any evasion taking place at any level. Thus, lot being said and done, an appropriate implementation would lead to actually understand whether "GST is a boon (or) bane". Definitely a positive for manufacturing sector and negative for service sectors, as the present tax rate for manufacturing is way higher then proposed GST tax rate and for services, proposed GST will be a higher rate of tax.

Goods and Services Tax popularly known as GST a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage.

Objectives of the Study

1. To understand the concept and features of the proposed GST.
2. To evaluate the advantages and challenges of GST.
3. To understand the implications of implementing GST in India.
4. To study about the suitable conclusion in GST.

Research Methodology

The present study is purely depending upon secondary data which is procured from web pages, books, Journals.

Positive Impact of GST

All most every industry body are "fully prepared" for implementation of the new indirect tax regime, while commending the government's efforts towards its rollout. The nationwide GST will overhaul India's convoluted indirect taxation system and unify the over $2trillion economy with 1.3 billion people into a single market. The medium-term impact of GST on macroeconomic indicators is expected to be extremely positive. Inflation will be reduced as cascading of taxes will be eliminated. Assocham president Sandeep Jajodia said India would move many notches up the global ease of doing ladder by this single, but the most important tax reform in the country.

Negative Impact of GST

India has adopted dual GST instead of national GST. It has made the entire structure of GST fair.

Tax calculations in pre GST regime

Action	Cost	10% Tax	Total
Manufacturer	1,000	100	1,100
Warehouse adds label and repacks @300	1,400	140	1540
Retailer advertises @ 500	2,040	204	2,244
Total	**1,800**	**444**	**2,244**

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the cascading effect of taxes where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Tax Calculations in GST regime

Action	Actual liability	Cost	10% Tax	Total
Manufacturer	100	1000	100	1,100
Warehouse adds label and repacks @ 300	30	1300	130	1430
Retailer advertises @ 500	50	1800	180	1980
Total	**180**	**1800**	**410**	**1980**

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input what happens in this case is, the individual who has paid a tax already can claim credit for this tax when the submits his taxes.

Conclusion

In simple, GST would definitely a positive for manufacturing Sector and negative for Service sectors, as the present tax rate for manufacturing is way higher than proposed GST tax rate and for services, proposed GST will be a higher rate of Tax. In order to measure the Impact the GST we need to wait for the time and the government need to communicate more and more about the systems. It could be a good way to reduce the black money and good effort by the Government of India after the demonetization of the money in 2016.

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CONTEMPORARY MACRO ECONOMIC ENVIRONMENTAL ISSUES

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Abstract

GST is meant to be a unified indirect tax across the country on products and services. In current system, tax is levied at each stage separately by the Union government and the States at varying rates, on the full value of the goods. But under the GST system, tax will be levied only on the value added at each state. It is a single tax with a full set-off for taxes paid earlier in the value chain. Thus the final consumer will bear only the GST charged by the lat dealer in the supply chain with set-off benefits at all the previous stages. Thus the GST should benefit all sections of the society. The GST being a nationwide tax could lead to possibly higher inflation in the first few years of its introduction but would gradually increase the overall GDP GST Act was passed in the Lok Sabha by our Union Finance Minister Arun Jaitley during 1st July 2017.

Introduction

Macroeconomic environment influences are broad economic factors that either directly or indirectly affect the entire economy and all its participants in our business. Factors include: interest rate, taxes, currency exchange rates, consumer discretionary income, savings rates, consumer confidence levels, unemployment rate, recession, depression, Gross Domestic Product (GDP), inflation, monetary and fiscal policy. The Multiplicity of taxes at the State and Central levels has resulted in a complex indirect structure in the country that is ridden with hidden costs for the trade and industry. In order to simplify and rationalize indirect tax structures, Government of India attempted various tax policy reforms at different points of time. A system of VAT on services at the Central Government level was introduced in 2002. The Sates collect taxes through state sales tax VAT, introduced in 2005, levied on intra-state trade and the CST on inter-state trade. Despite all the various changes the overall taxation system continues to be complex and has various exemptions. This led to the idea of 'One nation One Tax' and introduction of GST in Indian financial system. GST is one indirect tax for the whole nation, which will make India one unified common market. The GST intends to subsume most indirect taxes under a single taxation regime. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The GST is said to bring about the economic integration said by our Union Finance Minister Arun Jaitley during the Budget speech at 2016. GST Act was passed in the Lok Sabha on 29th March, 2017 and came into effect from 1st July 2017. It was termed as One Nation One Tax.

Need and importance for GST

1. To bring about the uniformity in the system of indirect taxation.
2. To remove the cascading effects of tax.
3. To bring about the economic integration.

4. The taxes are imposed at various rates among various states in India. So there is a huge loss of revenue to the central and state government, though GST a uniform tax rate is followed all over the country and so that there will no such loss of revenue.
5. Reduces complexities and increases more number of economic transactions.
6. The main aim of GST is to bring about the single tax system which will reduce the cost of production for the manufacturers. So that it will be a big boost for those producers who made their products at lower cost and involves in international trade that is exports.
7. It is the Single tax system; the tax burden for starting industrial units will be reduced.
8. Through GST the government receives more amount of Tax revenue which will be utilized for the services to the public.
9. To avoid the tax burden of the common consumers and the public by making it into a single tax system.
10. The GST brings about a competitive pricing. As all the products are taxed uniformly across the country, the various forms of indirect taxes will remove and which in turn will reduce the tax burden of the consumers. This will reduce the prices of the products and increases the consumption which in turn will be more beneficial for the companies.

GST and Economic Growth

To make Indian as a financial super power, the introduction of GST is must. Taxation both direct and indirect plays an important role in promoting economic growth as well as equitable distribution. The structure of GST will be based on the destination principle. As a result, the tax base will shift from production to consumption whereby imports will be liable to tax exports will be relieved of the burden of the goods and service tax. Moreover GST will redistribute the burden of taxation equitably between manufacturing and services bringing out a qualitative change in the tax system. It will lower the tax rate by broadening the tax base and minimizing exemptions.

The greatest impact of the implementation of the GST would create a common market across the country and reduce compliance costs and thus, create an equitable distribution. In the absence of significant fiscal options, incentivized policy to attract investors to states would shift of greater emphasis on structural reforms. The over macroeconomic effect of reduction in economic distortions due to GST would be to provide an impetus to economic growth. The manufacturing sectors would benefit from economies of scale. The implementation of a comprehensive GST will lead to efficient allocation of factors of production and will lead to gain in GDP and exports. It would enhance economic welfare and returns to the factors of production, i.e. land, labour and capital.

The manufacturing sectors would benefit from economies of scale. Output of sectors including textiles and readymade garments; minerals other than coal, petroleum, gas and iron ore; organic heavy chemicals; industrial machinery for food and textiles; beverages; and miscellaneous manufacturing is expected to increase. The sectors in which output is expected to decline include natural gas and crude petroleum; iron ore; coal tar products; and nonferrous metal industries. The results also suggested of GST's positive environmental impact on the economy. A fall in tax incidence on goods and services offered would enable producers to sell their focus at a lower price, leading to increased demand. Finally a more rational tax system would lead to lesser disruption to the market economy and more efficient distribution of resources within industry. To conclude, the implementation of GST will play an important role in the growth of Indian Economy.

GST impact on Gross Domestic Product (GDP) and inflation in India

The biggest tax reform i.e. Goods and Services Tax is now a part of Indian Economy. A new and unified tax structure is followed for indirect taxation on the place of various tax laws like Excise duty, Service Tax, VAT, CST etc. and for sure the new tax regime is determined to eliminate the cascading effect of tax on transaction of products and services and it will result in availability of product and services to consumers at lower price. It is expected that it will be helpful increasing production and the purchasing power of the buyer which may increase the GDP by 1% to 3%. Due to the implementation of GST, the tax rates on goods and services will decline. At present, service oriented components 25.30% of the CPI basket with a major share belonging to housing, transport and communication. Services tax is net imposed on certain services and these service are expectedly remain exempt under GST. A hike in tax rate on services will not be having any material a direct impact on CPI. Hence, the overall transition to get will not have a significant impact on inflation.

Sector Wise Impact on GST

The tax rate under GST are set at 0%, 5%, 12%, 18%, and 28% for various goods and services and almost 50% of goods and services comes under 18% tax rate. The GST is said to have a positive impact on the economy as a whole. Here are some sectors given below:

Agriculture: Agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. GST provide India with its first National Market for the agricultural goods.

Textile: The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export and this value is likely to increase under GST.

Automobile Sector: Currently taxes paid by car manufacturers are 27.6% to max 45.1% and the GST rates on automobile sector would be 28%. So rates seem to be revenue neutral though gains would occur from easy compliance and less cascading effect.

Banking, Financial Services and Insurance (BFSI): Among the services provide by Banks and NBFCs, financial series such as fund based, fee-based and insurance services will major shifts from the current scenario.

Telecommunication: In the telecom sector, prices are expected to come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. The will also save up on logistics costs.

Technology:The GST system of indirect taxation has made the duty on the manufacturing goods. The prices of the software products will be at high which will give either a neutral or slightly negative impact on the Technology Sector as a whole. But they will be benefited through the reduction of tax and benefits of other industries and can somewhat mitigate it.

Hospitality: Goods and Services Tax (GST) role levy on the hospitality sector is within the range of 2 to 28%. On the whole, GST is expected to benefit the pharma and healthcare industries. The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

Engineering, Capital goods and poor equipment: Introduction of GST is expected to improve prospects engineering, capital goods and power equipment (ECPE) sector by simplifying the structure.

Conclusion

GST aims to replace all indirect levied on goods and services by the Indian Central and State governments. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. However GST is a long term strategy planned by government and its positive impacts will be seen in the long run only. Also this can happen if GST is introduced at nominal rate to reduce overall tax burden.

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IMPACT OF DEMONETIZATION ON PEOPLE - A STUDY WITH REFERENCE TO AMBASAMUDRAM TOWN

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Abstract

Demonetisation is an arrangement where the Reserve Bank of India withdraw the old currency notes of certain denomination as an official means of payment. On 9th of November, when the citizens of India- were told that the 500 and 1000 Indian Rupee currency notes in their hands will no longer continue to be lawful tender, the entire country was in astonish. The next few days that followed were lengthy queue outside ATM's. The prime minister promise the citizens that the soreness would last a few days and this was a brave move to tackle black money, corruption as well as counterfeit notes that terrorists use to cause havoc in our country. This paper helps to study the impact of demonetization on public located at Ambasamudram town.

Keywords: *Demonetization, Black money, Corruption, Terrorism, Success and failures.*

Introduction

History of demonetisation in the world:

The French were the foremost to use the Demonetize in the years between 1850 to1855. Many countries have introduced the demonetization policy which disrupts economics and population at large.In 1982, Ghana revolve out the decision to demonetise their 50 cedi currency notes in order to watch money laundering and corruption. The change was not welcomed warmly, creating chaos across the country and finally resulted in a move back to physical assets and foreign currency. Nigeria's economy buckled after the 1984 demonetisation move that did not go as designed. The military government of their President Muhammadu Buhari introduced different coloured notes to quash their old currency in order to fight black money. Around 80% of Myanmar's currency was demonetised in 1987 by the military to curb black money, but the move resulted in a lot of dispute and the country witnessed several killings. Under the governance of Mikhail Gorbachev in 1991, the Soviet Union demonetised the higher denominations of ruble bills, the 50s and 100s. The move did not go well and resulted in takeover of Mikhail's leadership within eight months of the plan. North Korea face demonetisation of their currency in 2010, which led to major financial system breakdown with people left to go hungry for basics. In India demonetization was first introduce on 12th January 1946, out of total issue of Rs.143.97 crores of the high denomination notes, notes of the value of Rs.134.9 crores were exchanged. In the second time on 28th february 1978, demonetization was aimed at controlling illegal transactions. It is a part of a series of measures which government has taken and is determined to take against anti social elements. In the third time On 28 October 2016 the total banknotes in circulation in India was Rs.17.77 trillion (US$260 billion). In terms of value, the annual report of Reserve Bank of India (RBI) of 31 March 2016 stated that total bank notes in circulation valued to Rs.16.42 trillion (US$240 billion) of which nearly 86% (around Rs.14.18 trillion (US$210 billion)) were Rs.500 and Rs.1,000 banknotes. They were taken out of circulation from 2016.

Definition of 'Demonetization: **Demonetization** is the act of strip a currency unit of its position as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pull from flow and retired, often to be put back with new notes or coins.

Black Money: Black money is money which is earned through any unlawful activity controlled by country regulations. Black money earnings are usually received in cash from underground economic activity and, as such, are not taxed. Recipients of black money must hide it, spend it only in the alternative economy, or attempt to give it the appearance of legitimacy through money laundering. Black money is money on which tax is not paid to the government. A store that accepts cash for its products and does not issue receipts to its customers will be transacting in black money since it would not pay tax on the unaccounted sales.

Corruption: *Corruption* is a form of fraudulent done by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery, embezzlement, though it may also involve practices that are legal in various countries.

Terrorism: T**errorism** is "a violent act or an act hazardous to human life in violation of the criminal laws of the United States or of any state to threaten or coerce a government, the civilian population, or any segment thereof, in continuance of political or social objectives."

Statement of the Problem

The purpose of this study is to investigate the **Impact of Demonetization on people at Ambasamudram Town, Tirunelveli District.**

Objectives of the Study

- To study the ***Demographic Profile*** of the Sample Respondents
- To study the ***people's impact on demonetization***.
- To check the ***awareness of Net banking transactions.***

Methodology

This study is based on primary data collected from the people located at ambasamudram. They are analysed and interpreted with the help of statistical device like percentage, Garrett ranking etc among the collected data.

Data Collection and Sampling Method

The primary data are obtained using a well-set questionnaire. The questionnaire contained questions relating to Demonetization and given to the respondents. The questions included in the questionnaire were open-ended and giving multiple choices. For this study, 50 respondents irrespective of their occupation, age and educational level have been selected randomly as a sample of the data analysis.

Limitations of the Study

- This study is restricted to ***Ambasamudram*** town only.
- The sample size is 50 hence findings ***cannot be haphazard.***

The Table Shows Distribution of Respondents on the Basis of Demographic Factors

Demographic Variables	Categories	No. of Respondents (In %)
Gender	Male	35 (70%)
	Female	15 (30%)
Age	Below 30 years	4 (8%)
	30 - 40 years	20 (40%)
	40 - 50 years	18 (36%)
	above 50 years	8 (16%)
Qualification	Below HSC	21(42%)
	UG Degree	17 (34%)
	PG Degree	4 (8%)
	Diploma	8 (16%)
Occupation	Employee	8 (16%)
	Business	24 (48%)
	Agriculture	12 (24%)
	House hold	4 (8%)
	Student	2 (4%)
Annual Income	Up to Rs.2,00,000	16 (32%)
	Rs .2,00,000 - 4,00,000	8 (16%
	Rs .4,00,000 - 6,00,000	22 (44%)
	Above Rs .6,00,000	4 (8%)

(Source: Primary Data)

Do you aware of Demonetization?	a) Aware b) Not Aware	**40 (80%)** **10 (20%)**
Whether demonetization impact on your procure decision?	a) Yes b) No	**45 (90%)** **5 (10%)**
Whether demonetization impact on your loan burden?	a) Yes b) No	**35 (70%)** **15 (30%)**
Whether demonetization impact on your savings decisions?	a)Yes b) No	**32 (64%)** **18 (36%)**
Will demonetization improves quality life of public in India?	a)Yes b) No	**20 (40%)** **30 (60%)**
Will demonetization impact on your banking transactions?	a)Yes b) No	**36 (72%)** **14 (28%)**

Respondents view about impact of demonetization: Rank it

Effects	High impact on Real estate, gold rate, stock exchanges	Affects Agriculture	Moves towards cashless transactions	destroy unaccounted money	Affects Telecom	demolish corruption	improve the quality life of citizen	Total
I	17	3	20	5	2	2	0	50
II	16	2	21	6	0	2	3	50
III	12	12	6	7	4	4	5	50
IV	5	12	2	7	8	5	11	50
V	0	13	1	6	11	7	12	50
VI	0	5	0	12	7	14	12	50
VII	0	3	0	6	18	16	7	50
Total	50	50	50	50	50	50	50	

Garrette Ranking

S.No	Impact of demonetization	Mean Score	Rank
1	High impact on Real estate, gold rate, stock exchanges	66.32	II
2	Affects Agriculture	48.64	III
3	Moves towards cashless transactions	68.6	I
4	Destroy unaccounted money	48.1	IV
5	Affects Telecom	37.6	VII
6	Demolish corruption	37.76	VI
7	Improve the quality life of citizen	41.98	V

Pros of Demonetization towards positive Economy

- Demonetization strategy of the Government has been termed as the greatest fiscal reform that aims to restrain the black money, corruption and counterfeit currency notes.
- People who are true in their business practices accept the demonetization as the right progress.
- Demonetization helps to become corruption-free India as it will be difficult now to keep the unaccounted money.
- Demonetization helps to curb of terrorist activities as it has stopped the funding the terrorism which used to get a enhance due to inflow of unaccounted money and bogus currency in large volume.
- Demonetization help Indian to move towards cashless transactions which makes digital India concept successfully.

Cons of Demonetization towards negative economy

- Due to the lack of ability to pay cash to poor daily wage workers, the small employers have stopped their business activity.
- The severe cash scarcity brought negative impact on the economy. People trying to exchange their bank notes had to stand in lengthy queue causing many deaths due to trouble and rush.
- India is an agriculture support economy. Due to the cash crisis, the farmers especially small and marginal who largely depend on cash to buy seeds, fertilizers and to pay for sowing, borrowing water for irrigation and for other related agriculture equipments remained worst suffered and could not do their complete the crop related activity.
- The poor planning on the part of the government has also added to the misery of the common people with low incomes. The Rs.2000 currency note does not find many takers as it is difficult to get the balance back when you are buying daily needs like vegetables, milk, bread or paying for petty expenses like bus fare. While rs.100 currency notes were not available in sufficient number, Rs.500 note arrived in the market very late.
- Many of them felt that Rs.2000 currency note will be much easier to hide and can be used to store black money.

Findings of the Study

- It is concluded that Male respondents are dominant in the study area. Within the sample of 50 respondents, 35 were Male (70%) and 15 (30%) were Female respondents.
- It is concluded that the study shows 20 respondents belonging to 30-40 years old, 18 respondents belonging to 40-50 years old, 8 respondents belonging to more than 50 years old, 4 respondents belonging to below 30 years old .

- It is concluded that the study covers 42% of them have completed their school studies only, 34% of the sample respondents have completed their under graduation, 16% of them have done diploma and 8% of them only completed their PG Degree.
- It is concluded that the study covers 48% of the sample respondents are doing Business, followed by 24% are Agriculturists, 16% are employees, 8% are household, and 4% of them are students.
- It is concluded that the study reveals 44% of the sample respondent earns annually Rs4,00,000- Rs.6,00,000 income group, followed by 32% are from Below Rs2,00,000 annual income earning group, 16% are from Rs2,00,000 – Rs.4,00,000 annual income earning group, and only 8% of them earns annually above Rs.6,00,000.
- It is concluded that 80% of the respondents are aware about demonetization and only 17% of them are not aware about demonetization.
- It is concluded that 90% of the respondents revealed that demonetization definitely affect their purchase decision and 10% of the respondents revealed that demonetization not affect their purchase decision.
- It is concluded that 70% of the respondents revealed that demonetization definitely increase their loan burden and 30% of them revealed that demonetization not affect their loan burden.
- It is concluded that 64% of the respondents told that demonetization definitely affect their savings decision and 36% of the respondents told that demonetization not affect their savings decision.
- It is concluded that 40% of the respondents told that demonetization definitely helps to increase the quality life of the citizen of India and 60% of the respondents told that demonetization does not help to increase the quality life of the citizen of India.
- It is concluded that 72% of the respondents revealed that demonetization definitely impact their banking transactions and 28% of the respondents revealed that it does not impact their banking transactions.
- It is concluded that demonetization led towards cash less transactions ranks first, heavily impact on real estate, gold rate, stock exchange ranks second, affects agriculturists of our country ranks third, destroy unaccounted money ranks fourth, it helps to increase the quality life of the citizen ranks fifth, it demolish corruption ranks sixth and lastly it affects telecom and insurance sector.

Conclusion

From the above study the demonetization of the highest denomination note undertaken by the government is a bold move. The demonetization is taken for restricting tax evasion, bogus currency and funding of terrorism. It curbs the black money and brings the black money into account subject to higher tax and other penalties. It helps to improve the idea of digital India that is E - Payment methods, such as e-wallets, online transactions using e-banking, debit and credit card.

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AN EMPIRICAL STUDY ON RELATIONSHIP BETWEEN HEALTH CARE EXPENDITURE AND PER CAPITA INCOME IN INDIA

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Abstract

Health expenditure occurs when money is spent on health goods and services. This spending occurs at different levels of government, as well as by non-government entities such as private health insurers and individuals. India's human development index (HDI) ranking for 2015 puts Asia's third largest economy among a group of countries classed as "medium" in the list, as opposed to "low" in the 1990s, thanks to factors such as an increase in life expectancy and mean years of schooling in the past 25 years . As it stands, India is ranked 131 out of 188 countries in a list that is topped by Norway. The purpose of this study is to analyze the trend in public and private expenditure on health and its effect on per capita income.

Introduction

Health expenditure will improve human development through of a few channels: economic growth, reduce mortality rates and improve the learning process. Economic growth is the process of increases in capacity of economic generation over its time, which will raise income level and production. Health directly and indirectly affects economic growth. Health promotion makes human capital increase through capital health accumulation, and has direct effect on growth. On the other hand, health promotion improves labor productivity through increased longevity and reduced working days due to illness, and indirectly affects the production. According to some economists, health expenditure will decrease the GDP since it diverts resources from productive investment. The new concept of human capital by Becker (1964) has opened another route to show health expenditure influence on GDP. In this new direction, health expenditures by improving health indicators will increase human capital inventory and GDP growth in countries.

Research Background and Empirical Studies (Review of Literature)

Clovis, Nobuko (2011), in an article states that there is a positive and significant effect of government spending on health variables and the most important variable among them is the per capita income and that three-quarter of the development goals with the private sector and public health expenditure can be explained. Therefore it is proposed that developing countries to achieve the Development Goals should increase consistently their health expenditure per capita income and the proportion of the population.

Health can also affect growth indirectly when health status affects education performance. Good health can be associated with increased levels of schooling and high education performance. Barro (1996) finds that there is an incentive to invest in education given an increase in health indicators. Thus, for children who are chronically ill, parents may not have an incentive to invest in their education. This establishes a strong link between education and health and more specifically goes to support the arguments projecting health as a human capital component. Similarly, given the need to take care of sick relatives, labour productivity may be reduced and more importantly, years of schooling may be reduced for children if parents are chronically ill.

The work of studies the cyclical behaviour of public spending on health and education in 150 countries during 1987-2007, found that spending on education and health is pro-cyclical in developing countries and a cyclical in developed countries; they are pro-cyclical during periods of positive output gap and a cyclical during period of negative output gap. Furthermore, the higher the degree of cyclicality, the lower the level of human development.

Health makes development more achievable. Sorkin (1977) suggests that in areas where economic activity has been hindered owing to unfavourable health condition, an investment into a robust major health programme could be a catalyst to promote development. This argument is in line with assertions made by Bryant (1969) who indicates that economic development as well as social changes within the developing world can be improved with an enhancement in health and health services.

Methodology

The study uses the descriptive and analytical methods .The secondary data is used for the present study for the period of 1994 to 2014. It was collected from the National Sample Survey, Central Statistical Organization, Ministry of Statistics, Ministry of health, Human development reports published by UNDP and Plan Implementation, Government of India.

Empirical Methodology

To understand the relationship Multivariate regression analysis is conducted. The essence of regression analysis is to fit a model to our data and use it to predict values of the dependent variable (DV) from one or more independent variables (IVs). To use multivariate regression, it is important to check for the statistical assumption violation.

Objectives

To analyze the relationship between healthcare expenditure and per capita income in India.

Hypothesis

H_3: There is a significant relation between public and private expenditure on per capita income.

Empirical analysis

Per capita Income at factor cost

Per capita income depends on the total value of final goods and services produced in the country and also the total number of population in the country. Population in a country depends up on the quality of health care of the nation and also the private and public health expenditure in that nation. So in the analysis below we look in to the effect and influence of private and public health expenditure on the per capita income of India.

Normality Test

Test for normality of Per capita annual income at factor cost:

Jarque-Bera test 1.90549 with p-value 0.385682

H_0= The values of literacy rate follows normal distribution.

The Jarque Bera test shows the vale 1.90549 and the p value 0.385682>0.05 so accept the null hypothesis. The data follows a normal distribution.

Heteroskedasticity-corrected, using observations				
Dependent variable: per capita income annual at factor cost				
	Coefficient	Std. Error	t-ratio	p-value
Constant	−95205.6	27688.8	−3.438	0.0031
Private expenditure on health	61585.7	12498.2	4.928	0.0001
Private expenditure on health	16521.8	9499.72	1.739	0.1001

Statistics based on the weighted data				
Sum squared resid	90.97768		S.E. of regression	2.313359
R-squared	0.701106		Adjusted R-squared	0.665942
F(2, 17)	19.93816		P-value(F)	0.000035

Per capita Income at factor cost = 61585.7 * Government Health expenditure + 16521.8 * Private health expenditure - 95205.6

Government health expenditure has more effect in increasing the per capita income of the country as compared to the private expenditure on health as the correlation co-efficient of government expenditure on health is 61585.7 which is more than the correlation co-efficient of private health care expenditure which is 16521.8.

Standard error

Standard error of the estimated public expenditure on health is low 12498.2 compared to the Private health expenditure of GDP 14.439.That means the estimated regression co efficient of public expenditure on health of GDP is more accurate compared to the private health care expenditure.

T-Test

T-test is carried out to find if the regression co-efficient is significant.

H_0: B_i=0 (i=1,2)

For B_1 (Public expenditure on health) test statistics value is t=4.928 and P=0.0001<0.05 so the H_0 get rejected and the regression coefficient is significant.

For B_2 (private expenditure on health)test statistics value is t=1.739 and P=0.001<0.05 so the H_0 get rejected and the regression coefficient is significant.

R^2 Test

The R^2 value 0.701106 implies 70.11% variation in the per capita income is explained by the model. The model is significant by 70.11% which show the model is fit for prediction

F Test

H_0 =R^2 is not significant

f value = 19.93816 and the p value= 0.000035 < 0.05 so the null hypothesis get rejected. This means that the R^2 is singinifcant.

Normality of the Residuals

H_0: Residuals follows normal distribution

Chi-square(2) = 0.726 with p-value 0.69546 which is more than 0.05, which accept the null hypothesis of normality of residuals. So the residuals are normal. Which shows that the model is best fit for the prediction.

Findings

- Prediction model for Per capita Income at factor cost= 61585.7* Government Health expenditure + 16521.8* Private health expenditure - 95205.6
- The public expenditure on health has more effect in increasing the per capita income which is 60185.7 per single percentage increase in the public expenditure on health of GDP.
- Estimated regression co efficient of public expenditure on health of GDP is more accurate in predicting infant mortality rate.
- Regression coefficient of Private and Public expenditure is significant for predicting the per capita income at factor cost. The model is significant by 70.11% which show the model is fit for prediction.

Conclusion

Human capital is an important factor for the development of the country, the above study has proven that the health expenditure can increase the human development of the people in different ways. If the government is allocating adequate amount as health expenditure in sync with the other human development expenses like expenditure on education and other schemes for improving the employment and living condition there will be a combined effect that will accelerate the growth of the economy and which will take the human development of the nation to the next level. The forecasting results of the study shows that the government should allocate more of the GDP for the improvement of health of the people and per capita income to achieve better standard of living for achieving a better human development.

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WILFUL DEFAULTERS AND THE GROWTH OF NON PERFORMING ASSETS IN INDIAN BANKING SECTOR

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Abstract

India is one of the fastest growing countries and therefore credit flow to various sectors is inevitable. Banks in a country are a source of financial reserves funding the capital intensive industries and a key to government's various initiatives to boost the economic growth. The assets of the banks which do not bring any return are called Non Performing Assets or bad loans. In India, the credit growth reduced to 15.1 per cent while the NPAs increased to 40.2 per cent. Moreover, a large portion of the non-performing assets pertains to Public Sector Banks. It is disheartening to know that the role of willful defaulters is more in NPAs. Given this background, the paper discusses the willful defaults and the growth of non-performing assets in public and private sector banks.

Keywords: *Wilful Defaulters, Non-Performing Assets, Public Sector Banks*

Introduction

The growth of non-performing assets and the resulting insolvency is the burning issue today. The assets of the banks which do not bring any return are called Non Performing Assets or bad loans. If customers don't pay either interest or part of principal or both, the loan turns into bad loan. According to RBI, terms loans on which interest or installment of principal remain overdue for a period of more than 90 days from the end of a particular quarter is called a Non-performing Asset. India is one of the fastest growing countries and therefore credit flow to various sectors is inevitable. Banks in a country are a source of financial reserves funding the capital intensive industries and a key to government's various initiatives to boost the economic growth. In India, the credit growth reduced to 15.1 per cent while the NPAs increased to 40.2 per cent. Moreover, a large portion of the non-performing assets lies with the Public Sector Banks.

Types of Non-Performing Assets

- Substandard assets: An assets which has remained NPA for a period less than or equal to 18 months.
- Doubtful assets: An asset would be classified as doubtful if it has remained in the substandard category for a period exceeding 18 months.
- Loss assets: A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly.

Impacts of Non-Performing Assets

Non-performing assets is one the indicator to assess the soundness of banking sector. If the amount of NPA is high, it is not possible for the banks to lend to new borrowers. Bank will reduce the interest rate on deposits which decelerate the saving and increase the interest rate on loan which discourages the genuine borrowers, their investment and thereby affecting the economic productivity. NPA will affect the revenue stream of the banks and hence it is tough for the banks to survive in the market. This results in negative balance of trade and large unemployment and social unrest.

NPA will bring scarcity of funds in the Indian markets. It will impact shareholders, retail consumers and investors. All these factors affect the overall demand in the Indian economy. Finally, it will lead to lower growth.

According to the Reserve Bank of India's latest "Financial Stability Report", Gross NPA rose from 9.2 per cent in September 2016 to 9.6 per cent in March 2017. RBI reported that this number could rise to 10.2% very soon. The net NPA ratio increased marginally from 5.4 per cent in September 2016 to 5.5 per cent in March 2017.

The Internal advisory committee of the Reserve Bank of India had recently identified 12 accounts for insolvency proceedings. The disturbing fact is each of them having over Rs 5,000 crore of outstanding loans which accounts for 25 percent of total NPAs of banks.

Reasons for growth of NPA

The following are some of the reasons for the growth of NPA.

1. Companies divert funds for the purposes other than for which loans were taken.
2. Economic downturn of 2008 has been a reason for increasing bad loan
3. Exports in all sector has shown a declining trend for a long due to low global demand.
4. Economic Survey 2015 mentioned over leveraging by corporate as one of the reasons behind rising bad loans
5. Lack of training in lending principles for the loan officers
6. Due to the rotation of duties among officers
7. Poor techniques to recover loans
8. Mismanagement in the loan distribution carried by the Public sector banks.

Wilful Defaulter

Default means non-repayment of a loan availed by a borrower. A willful defaulter is an entity or a person that has not paid the loan back despite the ability to repay it. As per the RBI regulations, willful default covers several areas like non -repayment despite adequate cash flow, misuse of assets and proceeds, falsification of records, disposal of securities without bank's knowledge, fraudulent transactions etc. In India, the most important reason for non-payment of loan is willful defaulters. Initially the measures against willful default were started in 1999 and then several modifications were made on that. However, non-performing assets have increased continuously in the banking sector, more specifically, public sector banks. According to Credit Information Bureau of India Ltd, State-owned banks have reported wilful defaults of Rs 93,357 crore involving 7,564 borrowers as on September 2017. This is a 340 per cent surge in less than five years as total wilful defaults were just Rs 25,410 crore in 2013.Therefore now-a-days willful default is getting increased attention. The following table shows the growth pattern of non-performing assets in India during the period September 2013 to September 2017.

Table 1 Gross Non-performing Assets in Indian Banks (in crores)

Year	Public Sector Banks	%	Private Banks	%	Total
2014	251010	90.14	27449	9.86	278459
2015	314231	89.50	36878	10.50	351109
2016	630320	89.30	75492	10.70	705812
2017	733974	87.35	106275	12.65	840249

It is clear from the table that the amount of gross non-performing assets had increased continuously during the reference period. A break up of NPA reveals that more than 85 per cent of the non-performing assets pertained to the public sector banks. Private sector banks provide loans for retail sector most preferably and therefore private banks are least affected with this NPAs problem. However, gross NPAs of private banks have accelerated spectacularly.

Table 2 Gross Non-performing Assets of Top Public Sector Banks

S.No.	Name of the Bank	Amount (Rs. in Crore)	% to Total NPAs
1	State Bank of India	186115	33.18
2	Punjab National Bank	57630	10.27
3	IDBI	51368	9.16
4	Bank of India	49307	8.79
5	Bank of Baroda	46307	8.25
6	Canara Bank	39164	6.98
7	Union Bank	38286	6.83
8	Indian Overseas Bank	34709	6.19
9	Central Bank	31641	5.64
10	Oriental Bank	26432	4.71
	Total	560959	100.00

These are the banks which have more gross non-performing assets. State Bank of India is leading with 33.18 per cent of NPA among these ten public sector banks.

Table 3 Gross Non-performing Assets of Top Private Sector Banks

S.No.	Name of the Bank	Amount (Rs. in Crore)	% to Total NPAs
1	ICICI Bank	44489	44.51
2	Axis Bank	27402	27.41
3	HDFC Bank	7703	7.71
4	J & K Bank	5983	5.99
5	Kotak Mahindra Bank	3814	3.82
6	Yes Bank	2720	2.72
7	Karur Vysya Bank	2136	2.14
8	IDFC Bank	2002	2.00
9	Federal Bank	1949	1.95
10	South Indian Bank	1766	1.77
	Total	99964	100.00

These are the private banks which have more gross non-performing assets in the year 2017. Among the above mentioned top ten private banks, 44.51 per cent of the non-performing assets belong to ICICI bank, which is followed by Axis Bank with 27.41 per cent.

Table 4 Gross Non-performing Assets of Top Sectors

S.No.	Name of the Bank	Amount(Rs.In Crore)	% to Total NPA
1	Metal Products	149278	56.26
2	Textiles Sector	37383	14.09
3	Construction Sector	14944	5.63
4	Gems & Jewellery	13414	5.06
5	Mining & Quarrying	5218	1.97
6	Paper Products	4982	1.88
7	Spinning Mills	3266	1.23
8	Beverages/Tobacco	3195	1.20
9	Wood Products	1361	0.51
10	Other Industries	32293	12.17
	Total	265334	100.00

These are the top ten sectors which have more non-performing assets for recent years. Among these top sectors, more than 50 per cent of the non-performing assets belong to Metal Products sector. NPA are high in Textile sector also.

Conclusion

NPA is a big threat to the macro-economic stability of the Indian economy since it has resulted in the deterioration of business, economic slowdown and distress of different sectors of the economy. It is no doubt that the menace of NPAs needs to be curbed. Banking officials should focus more in the selection of right borrowers, viable economic activity, assessment of repaying capacity of the borrowers, timely disbursement of credit , use of loan amount, follow up and timely recovery of loans. Willful defaulters should be identified and proper measures should be taken to get back the money. RBI should also take necessary efforts to improve the health of the banking system by preventing the incidence of fresh NPAs.

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