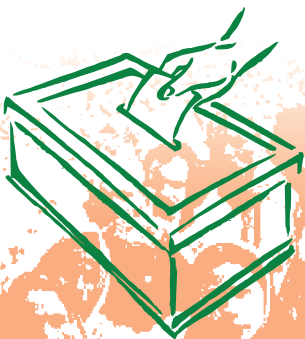




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INSTITUTE OF PUBLIC ENTERPRISE

ICSSR, MHRD, GOI RECOGNIZED CENTRE FOR EXCELLENCE IN RESEARCH

Local Governance Ethics in India: Issues and Challenges

Socioeconomic and Demographic Correlates of Disability Prevalence in India: A Cross-Sectional Study

Successful Women Entrepreneurship — Effective Management of Micro Finance Activities by the Self Help Groups (SHGs) — Case of Women SHGs in Karnataka

Functioning of Self-Help Groups and its Impact on Empowerment of Scheduled Castes Women: Perspectives from Rural Telangana

Resource Mobilisation and Its Dimensions: A Critical Review on Bihar

Bank Merger — A Panacea for Achieving Scale and Synergy

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From the Editors' Desk



These are challenging times for the humankind and we are witnessing governments globally along with its citizenry working relentlessly in search of sustainable solutions. The current health crisis has created a level playing field and provided uniform and fair opportunity to individuals in leadership roles to set examples and put forth innovative solutions to alleviate human suffering and prove their worth. Only those governments which place their citizen's as central to their policy making can hope to tide over the crisis and find success in their endeavors.

Since the early days when there was no clarity about the extent of the problem, the Indian government developed a holistic strategy with its citizens as focus. Saving human lives was the focus of the strategy and the government's first response was to stand with the vulnerable groups including women, migrants, farmers, small business, children, and aged. The government came up with a massive 1.70 lakh crore scheme entitled, Pradhan Mantri Gareeb Kalyan Yojana which was aimed at the poor, farmers, senior citizens, Divyangs, widows and low-wage earners. The basic objective of the scheme was to ensure that nobody goes hungry during this crisis and to ensure food and facilitate basic requirements of livelihood for all during this challenging period.

This particular issue of the journal focuses on fundamental aspects of governance which affect the common man, for example issues of local governance, disability prevalence in India, the trials and tribulations of the self-help woman groups in India, etc have been brought out for the readers. These are well researched papers from scholars across India. At a time when the economic activity across the globe is at its lowest ebb, there is a big push for banking reforms and strengthening the public sector banking system in India which would stand as a pillar for the ongoing governance reforms and improving the lives of common man. This issue also puts forth a paper on mergers in public sector banking system in India.

We wish safety and good health to all our readers!!

Dr Geeta Potaraju
Dr A Sridhar Raj

Local Governance Ethics in India: Issues and Challenges

Jitendra Wasnik*

Abstract

The local governance in India is an instrument for social betterment and holistic development of the local people. Therefore it is expected that it should rightfully do everything from planning to implementation as per the spirit of 73rd and 74th amendment to Indian Constitution. But the severe challenge faced by local governance is mostly the absence of ethics in its operations; which culminated large scale corruption, mismanagement of resources, ineffective public service delivery, dishonesty and detachment. Today, in the age of globalization, if the fruits of development have to reach 65 per cent of India's local population, local governance must be ethically and morally strengthened. This paper concerns with the theoretical implications of the concepts of ethics in the local governance in India. The present paper elaborates the concept and contents of ethics; their need, importance and applicability in local governance in India; further analyzed the ethical and moral issues and challenges in local governance and discussed the need of enhancing high ethical conduct in Local governance. Finally, after analyzing the ethical and moral issues in local governance, some suggestions and solutions for strengthening ethical values in local governance are suggested.

Keywords: Code of Conduct, Ethics, India, Local Governance, Panchayats

Introduction

The role of local governance in India seems significant in democratic decentralization to promote greater participation of the common public at the grassroots government. In the real sense, democratic decentralization was, initiated in India with the 73rd and 74th Constitutional Amendment Act (CAA) of 1992. These amendments guarantee the responsibility of taking decisions to local institutions, which are very closer to the people.

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It would rest upon the elected members by making regular elections mandatory. These institutions have been given permanency as entities of self-government with a specific role in planning for economic development and social justice (Government of India (b) 2007:7). Local governance provided a platform to local people for Participation in several activities and involved them in planning processes and rural developmental programmes. It also allows its peoples to interact and put forward their ideas with elected representatives directly through Gram Sabha. In this way, they make severe and accountable to their representatives. The grassroots organizations have developed in a period. Organizational norms, rules, ethics, values have been, developed and contextualized periodically. The grassroots organizations are specific, function-oriented and active in terms of delivery of services (Palanithurai 2013:639). The primary function of local governance is to deliver civic amenities to local people to improve their quality of life. Theoretically, local institutions seem to work right, but in practice, the picture is not so good. Therefore, these institutions have always been, criticized several fronts like mismanagement of funds and corrupt practices.

Composition of Local Government in India is broad, divided into urban and rural local bodies. The rural governance i.e., Panchayati raj has a three-tier structure, that is, Gram Panchayat at the village level, Panchayat Samiti at block (intermediate) level and Zilla Parishad at the district level. The Panchayat Samiti constituted at the intermediate level in those states having a population above 20 lakh as per the provisions of the 73rd CCA. The 74th CCA come up with three types of local urban government: (i) Nagar panchayats for transitional areas, or an area being, transferred from a rural to an urban area, (ii) municipal councils for urban towns, and (iii) municipal corporations for big cities. The role of local governance is essential in providing basic services to its people. But it faces many problems while facilitating services like gardening, recreation places, playgrounds, public libraries, health care, primary education, public transportation, water supply, agricultural facilities, roads, fair price shops and so on.

Local governance is the instrument of humanity for social betterment, and it ensures the holistic development of the people. For this, there is a need to do everything rightfully from planning to implementation according to the 73rd and 74th CCA. The preparation of the plan and the implementation of schemes for economic development and social justice are two critical functions of the panchayats at each level as per the Article 243G of the Indian Constitution. Yet, in most states, there is no planning by panchayats and the process of plan implementation has been reduced to a nexus between the contractor, the chairperson of the panchayats, the bureaucrats

and technocrats. Therefore, local institutions have to work more on this front. Local institutions face many challenges along with the absence of ethical and moral values in its working since long; which is generally related to the problem of choice between right and wrong, functional and bad etc. It is challenging to predict human behavior accurately. Human behavior always changes according to the situation and his mental ability. So, what he behaved yesterday would be exactly opposite to today. But it is accepted that humans should think and behave rationally and logically while working in a public institution. Therefore the emphasis is given on ethical and moral development of humans to ensure rational behavior in the society.

The concept of ethics has occupied a central space in the system of governance at all levels, including local governance. The essential foundation for ethics is accountability. However, India's healthy democratic practice, accountability is always a debatable issue, and its level is deficient. In a democracy, accountability of political leaders and government officials always matters. Hence, local democracy is also essential as a basis of public accountability, particularly in the context of the need for effective and equitable management of local public services. Their effective functioning of the services like schools, healthcare, fair price shops and drinking water, however, depends on the responsiveness of the concerned authorities (Dreze and Sen 2008: 358-71). Public accountability, therefore, is linked to each one in the public office, indeed the entire system of local governance who exercises substantial powers. The powers exercised by the government are only justified if those who exercise them are answerable to them. But the fact is that everybody is showing his fingers to others and eschewing himself from it. The same thing happened at the local level.

Meaning of Ethics in Governance

A report of Second Administrative Reforms Commission describes ethics as a set of standards that society places on itself and which helps and guide the behaviour of individuals as well as his choices and actions (GoI (a) 2007:1). There is always a realization of the importance of ethics in governance. Now a day's ethics has become very important in governance because of the increase of complications in works while serving the people, raising issues of conflict, misuse of power, corrupt practices and fraud etc. Because of these issues, the public loses its faith in the government. The ethical issues in which public administrators are generally involved are waste; fraud and abuse; wiring of contracts and contracts of overruns; conflicts of interest; stealing and unauthorized use or abuse of government property; illegal use of government transportation system; padding expense accounts; selection of personnel; hiring; firing;

job wiring and inflation of job performance appraisals; sexual harassment; and illegal use of government equipment, such as telephones for personal calls. Other moral issues include whistle-blowing, leaking government information, and spying, etc. (Sheeran 2006:148-149). In simple term, ethics can be, defined as making the correct decision in the given situation. Therefore, while working for the people, public officials should be very fair and friendly, accountable and remain vigilant against corrupt practices.

So, the essence of local governance lies in the ethical and moral conduct of public servant for the betterment of the local community. Generally, ethics is often, regarded as an abstract subject because of the use of specific terms like, obligation, conflict of interest, right, wrongs, responsibility, fairness, integrity, and trusts etc. which are difficult to measure or quantify. Ethics deals with moral obligation, act, attitude or behaviour that is in tune with practices commonly admired, within a given society, organization or environment.

Ethicality is an essential consideration for any public services organization. In any organization, there are, commonly recognized ethical models exist. As per guidelines and pattern; organizational members, employees and leaders work. Goals, conceptual foresight, farsightedness and ethical paradigm will help to aspire and guides actions in an organization (Seals 2013: 1-2). Generally, ethics implies the idea of trust. If our society is to function well, we need to be able to trust one another and expect others to do their work well, obey the law, and try to make the world a better place.

Ethical Issues and Challenges in Local Governance

There is a general feeling that people are reluctant to take responsibility for their actions. It is easier to find a scapegoat. This mind-set is widespread in all areas of government. It is much easier to blame others when things go wrong than to assume personal responsibility for one's actions, policies and decisions. The key to ethical responsibility is not the knowledge of laws, rules, regulations or court decisions, but a willingness to explore and assume personal responsibility for doing the right thing (Sheeran 2006: 148-51). Slowly but surely, we are demonstrating how ethics can be made instrumental, how it can be, welded into the day-to-day decision-making and policy planning (Dimock 1958:61). For getting the response and support of people, many governments worldwide include ethics in their reform agenda. People have come to realize the importance of ethics in day to day operations of the government ostensibly since the 1960s and 1970s with the emergence of trust and confidence crises in the government employees who were supposed to work for the benefit of the people (Vyas 2013:573) in India.

The roles of leaders are essential in local governance as their work performance and ethical behaviour will decide the success of that institution. Wood (1955:7) observed the prominence of ethical values in public life. It stated that it is tough to find out better men and better communities for the work and avoid dishonest among us from work, so the professionalization of the entire bureaucracy is not possible for any public agency. Policymakers in India have over the years, spent too many energies on how to reform, reorganize and reposition local governance system to achieve the much needed local transformation. Still, all have failed to yield positive results as unethical practices culminating in large scale corruption, use of public office for private profit, and mismanagement of resources continue to be a stumbling block in the wheel of progress. Mani Shankar Aiyar (2002: 3296-97), the former union minister of Panchayati Raj observed that “Corruption in the Panchayats at all levels has become rampant in most states. There has been tardy and inadequate implementation in many states of the directives of Finance Commission in respect of Panchayats. In elections to the Panchayats, there are widespread complaints of electoral malpractice, including the harassment of women candidates, and excessive expenditure, as well as disturbing reports of the criminalization of the panchayats”. It indicates the unethical practices in local governance in some parts of India.

As observed by the De Souza (2009:88), five problems, in particular, plagued the earlier experiments of Panchayati raj. These are:

- irregular elections and supersession,
- insufficient devolution of powers,
- bureaucratic resistance,
- domination by rural elites, and
- Unsatisfactory working of the *Gram Sabha*.

The 73rd CCA and 74th CCA have tried to address these lacunae by reserving 50 per cent seats for women through the Constitution 110th Amendment and 112th Amendment Bill, 2009 in all rural and urban local bodies respectively. These amendments also provide reservation to SCs and STs in proportion to their population. State Election Commission and State Finance Commission are, created in each State, for conducting regular elections and address the financial issues of local bodies. But much remains to be done. The rural elite seem to have an infinite capacity to manipulate the new system. Yet, as Singh (1997: 626-38) points out, ‘since independence, the Indian polity has been heavily weighted against corruption from below, while granting relative immunity to corruption from above. It is for this reason that ethics are difficult to implement in the world of local government.’

There are some issues like unnecessary involvement of local leaders

in the functioning of local governance, mismanagement of the resources available to them, and the inadequate funds constitute the barrier in the way of development. The issue here is not just how much resources are available, but how the attitudes of local leader influence the effective management of the resources of funds and materials. It boils down to the synthesis that the problem of mismanagement is a function of the intensified attitude of local leaders. They relegate positive management practices to the background with a view of perpetuating systemic illegalities that guarantee personal enrichment, self-elaboration and deliberate misappropriation of public funds. The local administrators, as well as leaders, do not follow ethical standards. There is too much political intrigue at the local level (Wasnik 2019: 275). This situation is becoming worrying, and this attracts doubt, distrust, restiveness and lack of confidence from the local people, who are engaged in unabated demands for integrity, transparency, accountability in the functioning of local governance.

Strengthening Local Governance Ethics

Commitment and integrity towards work would help to prevent corruption through it is not easy. A General sense of dutifulness is a vital issue, but more important is the particular attitude towards rules and conformity, which has a direct bearing on corruption, in the reading of “established rules of behaviour” importance may be particularly attached to the conduct of people in positions of power and authority. It makes the behaviour of senior civil servants, especially important in installing norms of conduct (Sen 2008:276-77). Therefore a code of conduct is essential to improving ethical values in local governance.

The Development of Code of Conduct for Local Governance

To foster ethics in, and administration, we need for focused and collaborative efforts (Cooper 2004: 395-407). Local governance should endeavour to conduct its activities with high standards, integrity, openness and accountability. The primary objective of the code of conduct is to standardize ourselves and keep away from such activity which will bring a bad name to the organization. The second objective is the declaration of misconducts, so that, in case we fail to check ourselves, others can pin pointedly correct us. Thirdly, the code brings accountability to our actions. (Rajneesh 2013:518). Ethical framework showing a code of conduct for local governance should be encouraged by the state government. Educating to officials is the first step toward ethical and moral development (Dwivedi and Mishra 2007:733-34). Similarly, the State government should enact its legislation to oblige members of local governance to observe ethics in their

conducts and existed conducts should be, followed to employees. Such code of conduct must be, conditioned by the following:

- Local leaders must promote and support the principles of ethics by setting examples for other members and officers to follow them.
- Local leaders must always uphold law and order at all times, and act within the trust placed on them.
- Welfare and development of local people should be a prime concern of local leaders.
- Local leaders put their conducts in a way that their integrity is, not at any point questioned.
- Local leaders as much as possible try to document all gifts, hospitality and favour they received, but be close with discernment not to accept gifts meant to reasonably influence their sense of judgment.
- Local leaders ensure that in the course of carrying out public business, like awarding contracts and making appointments or recommending individuals or group for rewards and benefit for any schemes or programme always strive to make decisions on ground of equity and quality, not on selfish and local considerations.

The primary issue is the question of framing a whole ethical procedure for local governance which will be far-reaching, comprehensive and capable of yielding positive result. The problem remains whether or not such an ethical code will incorporate innovative approaches and combine measures such as accountability tools, conduct codes, monitoring mechanism and supportive structure. An ethical code based on a collectively worked out moral order cannot produce desired results unless it is, implemented effectively. It is very challenging to enact a code of ethics if it is self-serving and is subject to constant external interference and manipulation; a certain degree of autonomy is a pre-requisite for any code to be successful (Dhameja2006: 210). To enforce a work culture in governmental organizations, people ought to be aware of exercising their powers and rights in the right direction. So the people are encouraged to give their feedback, and proper follow-up action should be, taken on where good performers are, suitably rewarded and action is, taken against the guilty officials (Mahajan and Mahajan 2003:123). It will help in improving governance at grassroots and making local democracy meaningful. Maheshwari (2007: 240) rightly said that we couldn't improve either community or bureaucratic ethics in a single effort; it always takes time. When all is done, the surest way out is being a self-ethical individual.

The Conference of Chief Minister in 2012 convened by the Prime Minister of India initiated drastic policy shift and, endorsed an action plan focused on (i) accountable and citizen-friendly administration,

(ii) transparency and right to information, and (iii) improving performance and integrity of civil service (Singh2013: 74). This move led to the new beginning and the spread of charter of ethical code. The Government ensures that Ministers do not use the Panchayats for their party political ends. Here elected representatives acts as a mentor for the staff of local government. The audit of local governance has increasingly been in the saddle of inspecting and assessing how the local committees, *Gram Sabha* and elected representatives follow the laid down goals. The audit (both financial and social) has a central role in searching insights in and controls of all the activities that the local government is responsible.

For ethical practices to be, rooted in local governance, it requires that leaders will provide integration and articulation of the moral values. They are responsible for maintaining high standards of propriety in the discharge of their official duties. Their commitment is demonstrated by example and by taking appropriate actions. The culture and values of the public services to a large extent, depends on the political leadership and its commitment to high ethical standards. It is time that the political leadership should focus on honesty, integrity and value-based governance. They have to set examples and reinforce the ethical conduct of public services. A message of zero tolerance to corruption, unethical action and behaviour will send a strong message and help promote ethical governance (Misra 2016:61). Therefore, strategies like the implementation of audit queries, whistle-blowing system, the definition of leadership responsibilities, and appeal or mobilization of citizens to denounce unethical practices are often meaningless unless dependent on strong political will. It means that without political will the quest for ethical code will be defeated and with political will the development of the mechanism of ethical problem detection, anticipation and disharmony are, realized.

The Development of Ethical Practices in Local Governance

For all-round development, people must have confidence in the policies, capacity and validity of local governance. Essential elements which can harness and build this confidence must be, formulated and institutionalized. In the same vein, local institutions are, advocated to be a coalition of pillars that will comprise of local leaders, personnel, contractors, financial managers, watchdog agencies, religious leaders, community associations, and the local media. There should be a forum for this, and it could also lead to the development of an action plan for development. Some of the ethical practices for the development of ethics in local governance are as follows:

- To make effective public service delivery at a local level, State government must give the salaries and allowances to the staff of local

government on a fixed basis, so the employee can survive in a better way and be able to satisfy his personal and family needs. In addition to this, the pensions and gratuities to retiring staff will be paid in a given time as this will be work motivation for those currently in service. State government can develop a mechanism of rewarding competent employees from local bodies, which will help in inspiring them to do hard work and ethically for the people of their areas.

- State government should have established individual counselling cells for guidance, clarification, confession, moderations, penitence and facilitation; will undoubtedly prove beneficial in promoting ethics in local governance. Protection of whistle-blowers and encouraging peer pressure for enforcement of moral conduct could also be, included in the portfolio of this cell. It is significant to mention in this context that a code of ethics needs to be, evolved for local leaders and these should be, rigorously implemented with the help of active assistance of the members of these professional groups (Arora and Saxena 2003: 251).
- The perception is widespread among Indians that majority of them see to government as an industry from which money can be, made. A reasonable impact can be, made if corruption can be, and tackled at the local level than the change at state and national levels will become compelling. Some examples from Maharashtra, Kerala and other states have shown that honest, transparent and effective management of villages is essential to optimize the living condition of rural people and to foster trust in the way in which they are, governed. In Maharashtra, we can take the example of Hiware Bazar Gram Panchayat. Hiware Bazar in Ahmednagar district is, considered as India's model village, with the highest GDP in the Country (Anand 2010). In Kerala, *Kudumbashree* poverty eradication project of 1998 got momentum and became very successful. Therefore, it is essential to address the question of corruption and to promote transparency and accountability at the local level. Corruption among councillors was, also checked by the vigilance of journalists (Crook and Manor 1998:63). There is a compelling need for the vigilant media to watch the activities of local governance.
- The importance of civics, civic values and social ethics should be introduced into the primary and secondary school curriculum as a part of public awareness drive to reduce public tolerance of corruption, injustice and unethical conducts. Such avenues should be temples, churches, mosques, town meetings, clubs etc. to generate awareness among the public to build ethical, transparent and accountable local governance.
- Use of technology is the need of the hour given the diverse challenges, regions and the population (Gupta et al. 2019:105) in Indian local

governance. The lesser the human interface on the platform of governance, the lesser the corruption. Technological tools can help in promoting ethical governance. It reduces discretion and is all-inclusive. Innovation technology needs to be, adopted in governance, which makes the system much more transparent, accountable and inclusive. (Misra2016:64). It can use as a tool to implement or promote ethical behaviour. However, care has to be, taken that use of this technology itself is not unethical.

Above measures will be helpful if they practice in the right manner and works for generating ethical values among in all those who are concerned. Thus, local institutions must follow ethical and moral values to build the character of the people and develop work ethics.

Conclusion

Ethics in governance is a dire need for a country like India because of the problems of corruption, nepotism, favouritism, misuse of authority are rampant and are an obstacle to development. Strict implementation of laws, better vigilance and autonomy to the local institutions, increasing transparency in day to day affairs and strict adherence to code of conduct are the tools to be used to strengthen ethical values in local governance. In conclusion, we advocate a strict code of conduct to be introduced for the local governance in India. It is, hoped that if a code of conduct is, put in place with regulatory and enforcement mechanism to bite, it will go a long way to promote accountability, transparency, active Participation, and right relationship among local government functionaries, and by extension reduce the dangers of conflicts and mistrust in it. The control and supervision system must be strengthening in local governance; otherwise, the management of local governance could become paralyzed within a maze of rules and codes. Without ethics, no reforms are possible. Honesty, integrity and self-purification lead to ethical and proper behaviour in public life. Ethics is the foundation and the only solution to all problems in local governance as well as in any organization of the country.

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Socioeconomic and Demographic Correlates of Disability Prevalence in India: A Cross-Sectional Study

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Abstract

This paper examines nature and extent of disability prevalence across gender, regions and social groups in India at the district level using 2001 and 2011 Census data. Further, Cross-sectional regression technique was performed to investigate the association between disability prevalence and the selected socioeconomic and demographic contextual characteristics across the districts of India. Spatial analysis with the help of Geographic Information System (GIS Mapping) shows that disability is well distributed across every nook and corner of India. However, the burden of disability is more concentrated in the southern regions of India. The paper reveals that disability prevalence had slightly increased in 2011. Also, it is more among males than females. The decadal growth of disability is higher among vulnerable sections. Further, the severity of the disability is observed more among scheduled castes.

Based on the estimates of the regression models, the findings of the study suggest that improvement in educational standards among women, creating employment opportunities and improving average living conditions can significantly reduce the burden of disability. However, it is a matter of grave concern that there is a growing elderly population and increasing age is highly associated with a rising level of disability. Thus, there is a close association between ageing and disability. It is also found that an increase in the proportion of children is positively and significantly linked to the higher burden of hearing disability. As the burden of disability falls disproportionately across geographic regions and socioeconomic groups, public health policies in India should take this variation into account. Therefore, providing accessible services and enhancing capabilities to the disabled under the broader social protection policies of the state are crucial at this juncture. Thus, the findings of this study may be relevant for designing public health policies in India.

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Keywords: Characteristics, Correlates of Disability, Public Health Policy, Social Protection, Socioeconomic-demographic GIS Mapping

Introduction

Disabled People are not only the most deprived human beings in the developing world but also the most neglected (Sen 2004). Arguably, people with disabilities are the largest minority group in the world. WHO (2018) noted that around 15 per cent of the world's population lives with disabilities which are estimated to be about 1 billion people. Therefore, PWDs are the world's most significant minority in the world. Jha (2016) viewed that "disability cuts across class, caste, gender, race, religion, ethnicity, and nationality, but mostly a differently-abled person's first identity among their other identities is their disability" (p. 5). It is evident from the body of literature that disability brings in a socioeconomic burden, and the dynamics of life undergoes a significant change as disability sets in the system. It not only has its implications on the individual but also his household. Despite efforts of government, civil society and disability rights activists, the most extensive section belonging to them are living in degenerated conditions.

In the neo-liberal paradigm, many economists believe that if the state does not pay the required attention or private sector does not fill this gap; it will make the PWDs more vulnerable. In this context, Bhaduri (2008) pointed that as the state withdraws from the service sector, access to necessities such as education, health, employment, and food and water security may become increasingly difficult for the vulnerable communities. The government provides a very meagre and tiny amount of its resources in the disability sector. Abidi and Sharma (2013) pointed out that the budget analysis from 2008-2012 undertaken by the National Centre for Promotion of Employment for Disabled People (NCPEDP) reports that India spent only 0.09% of its GDP on PWDs. Further, The central government allocated only 0.04% of the total expenditure, which is grossly inadequate to meet several demands in the financial year of 2019-20. Besides, this amount is almost stagnant for the last three years.

In the context of India, World Bank (2009) reported that "low educational attainment, poor employment prospects and stigma mean that PWD and their households are notably worse off than average" (p. xv). The transaction costs of benefitting from social welfare programmes are much higher for PWDs. Consequent upon the disability, these people require higher spending to maintain themselves daily. Disability leads to increased dependency and health spending at households (Gannon and Nolan 2004; WHO 2001). Also, it is evident from the NSS (2018) data that only about 30% of the disabled population have a disability certificate. In this case,

about two-third PWDs cannot avail the government schemes. The NSS data also shows that only about 22% of the PWDs received aid/help from the government. Further, for 37.7 per cent of the persons with disabilities, no caregiver was required; therefore, the majority of the PWDs are dependent on the caregivers and necessitate higher out of the pocket expenditure. Thus, limited public health care facilities, increasingly unaffordable private health services, low level of income and also lower coverage of the social security system will lead to a higher burden of disability on society.

World Report on Disability (2011) noted that “across the world, people with disabilities have poorer health outcomes, lower education achievements, less economic participation and higher rates of poverty than people without disabilities. It is partly because people with disabilities experience barriers in accessing services that many of us have long taken for granted, including health, education, employment, and transport as well as information. These difficulties are exacerbated in less advantaged communities” (p. xi). The Rights of Persons with Disabilities Act (2016) recognized several “barriers” in the Indian context, which inhibit PWDs in their successful participation in social, economic and political life. It defined “barrier” means any factor including communicational, cultural, economic, environmental, institutional, political, social, attitudinal or structural factors which hampers the full and active participation of persons with disabilities in society. An empirical analysis using 2011 census data by Saikia et al. (2016) suggests that there are socioeconomic and regional divides in the prevalence of Disability in India. Official estimates of 2001 and 2011 population census data of India provides that incidence of disability falls disproportionately across different geographic regions and socioeconomic groups.

This chapter has been conceptualized with the following rationale. Firstly, disability is a critical development issue and poses challenges to the modern state in the era of neo-liberalism. Secondly, the disabled population is not only the largest minority groups but also the most vulnerable. They suffer from a higher incidence of illiteracy, unemployment and poverty. Also, they have poor health outcomes and widely face social discrimination, stigma, and exclusion. Thirdly, there are only a couple of studies which examined the association between disability prevalence and socio-economic-demographic characteristics in India. India has meagre per-capita income along with poor nutritional standards, particularly among women, poverty may increase the risk of disability in many ways to a large section of society. Fourthly, India is already missing the opportunities of demographic dividend and increasingly experiencing higher health and environmental risks, which may further worsen the condition of persons with disabilities in particular. Mishra and Mohanty (2017) highlighted that India is on an advanced stage of demographic and epidemiological transition that might be leading to an increase in disability across age groups.

Last but not least, the availability of reliable and robust government data is also an inhibiting factor in carrying out substantial research in the disability sector. Besides, experts are pointing out that there is a clear sign of underestimation of disability numbers in India. Therefore, correlates of Disability in India are estimated with specific constraints and limitations.

Data and Methods

The study has made use of district-level Census 2001 and 2011 data of Government of India. There were eight types of disability data available in Census 2011, namely, Disability in seeing, hearing, speech, movement, mental retardation, mental illness, “any other” and multiple categories of disabilities. All these eight types of disabilities included were in the study. In the beginning, an empirical investigation was carried out to explore the nature and extent of each type of disability across gender, regions and social groups between 2001 and 2011 Census data. Besides a comparison between the two time period was also presented. With the help of Geographic Information System (GIS Mapping), the spatial distribution of disability prevalence was, examined at the district level. OLS regression analysis was, carried out to understand the association between disability prevalence (for each type of disability) and several socio-economic-demographic characteristics at the district level using Census 2011 data. Descriptive Statistics of outcome variables (Disability by types) and explanatory variables (socio-economic-demographic characteristics) is also provided for the districts of India in 2011.

Explanation of the Variables and Building of the Disability Determinant Models

Cross-sectional regression technique was carried out to estimate the socio-economic-demographic factors that affect disability prevalence across districts of India in 2011. The dependent and independent variables of the regression equations were as follows:

Outcome Variables: The dependent variables in the regression model are total persons with disabilities and all eight types of disabilities mentioned in census 2011. The data was, collected for all the 640 districts and 35 states and union territories. The prevalence of disability was defined as the proportion (percentage) of total PWDs out of the total population of that particular district. Further, the study carried out the segregated analysis, that is, all eight types of disabilities and their determinants were examined separately. For instance; the prevalence of movement disability was defined as a proportion of persons having movement disability out of total persons with disabilities in that particular district, similarly for all categories of disability.

Explanatory Variables: Several socio-economic-demographic factors affect the prevalence and incidence of disability. Justification of these variables is self-explanatory in general. However, the justification for

the inclusion of these variables has been provided wherever needed. After examining the available literature on the subject related to health and Disability in India, the selected district level contextual variables are listed as follows: (1) The proportion of the population who are females (as nutritional outcomes among women are reduced as well as higher infant mortality rates); (2) The proportion of the population whose age is over 60 years (elder people tend to have more illness and physical difficulties); (3) Proportion of Children in the Age-Group of 0-14 Years. Certain disability types (e.g., hearing disability) affect more to those in the younger age cohorts; (4) The literacy rates among females (5) The proportion of the population who are members of S.C.s; (6) The proportion of the population belonging to S.T.s communities. The constitution of India recognizes the facts that scheduled castes and scheduled tribes are disadvantaged communities. Therefore, these groups also have poor health outcomes than the general population.

The Census of India does not have data related to income or expenditure of these population groups used in the present study. Hence, a few alternative variables were used as proxies for these indicators. (7) The proportion of the population living in urban areas; (8) The proportion of the population who are main workers (working for six months or more concerning the reference period). Average living conditions of the households were, examined under the following heads; (9) The proportion of the population having access to safe drinking water (i.e., Tap water from treated sources+Hand Pump+Tube Well); (10) The proportion of the households who were living in a dilapidated building; (11) The proportion of households who did not have access to latrine facilities within the premises (lack of toilet facilities are often associated with illness and disease); (12) The proportion of households who used clean fuel for cooking (arrived at by adding Kerosene+LPG/PNG+Electricity+Biogas); (13) The proportion of households with two or more dwelling rooms; (14) The proportion of households accessing banking services, improved banking facility or financial inclusion are associated with better access to finance when in need and access to government welfare schemes.

Software Used: ArcGIS software was used to draw district-level maps of disability prevalence. All analyses were done using statistical software STATAMP 13.0 and Microsoft Excel 2016.

Analytical Framework: Disability Prevalence and its Socioeconomic and Demographic Correlates

Literature suggests disability is neither a purely medical nor a purely social phenomenon. Instead, it is an outcome of their interplay. The medical model¹ of disability finds a secure link between disability and diseases

¹ To gain insights into different models of disability, refer, World Bank (2009:1), People with Disabilities in India: From Commitment to Outcomes.

and health problems. So, it considers disability as a health problem. In the social model, people are disabled by society and their bodily constraints. The term disability involves complex interactions between individual and social environment (Topliss 1979). The United Nations (1982) in the World Programme of Action (WPA) concerning persons with disabilities noted hosts of factors responsible for disability. It includes social conflicts, natural disasters, accidents, poverty, resource constraints, unhygienic living conditions, physical and social barriers, and psycho-social problems. A disability may exist from birth or may acquire during a person's lifetime. Lack of access to health services is a significant cause of Disability (WHO 2002). World Report on Disability (2011) indicates that "more than one billion people in the world live with some form of disability, of whom nearly 200 million experience considerable difficulties in functioning. In the years ahead, disability will be an even greater concern because its prevalence is on the rise. It is due to ageing populations and the higher risk of disability in older people as well as the global increase in chronic health conditions such as diabetes, cardiovascular disease, cancer and mental health disorders" (p. xi).

Elwan (1999) reviewed vast literature on the subject and summarizes that there is a higher incidence of disability rates in developing countries which is because of higher illiteracy, lower immunizations, poor nutritional status, lower birth weight, lack of adequate and timely health care lower occupational mobility and higher unemployment rates. Besides, accidents and conflicts are essential causes of disability, particularly in developing countries. Coppin et al. (2006) found that a higher prevalence of disability is associated with decreasing socioeconomic status. There are essential studies which suggest that socioeconomic inequalities and prevalence of disability are correlates (Braithwaite and Mont 2009; Yeo and Moore 2003). Persons with disabilities tend to suffer from a physical, mental and sensory impairment; hence, these people systematically get excluded from the development narrative (Appunni and Deshpande 2009; Meyer and Mok 2009).

Existing literature in the Indian context suggests that there are sharp variations concerning caste, class, religion, region, and gender for the disabled population in India. Social discrimination is one of the most significant problems experienced by people with disability. It is well recognized that the negative attitude of families, communities and social environment transform impairments into disabilities. Poor educational and employment outcomes compound physical and mental impairments. Access to education and labour market are abysmally low for the Persons with Disability in India. Mitra and Sambamoorthi (2006) examined that disability is significantly associated with lower employment rates in

developing countries. PWDs suffer from poor health, lower educational outcomes, fewer job opportunities and face a higher incidence of Disability (Elwan 1999; Yeo and Moore 2003). World Bank (2009) explained that disabled people are among the most excluded in Indian society, facing widespread social stigma, income poverty and limited access to education and jobs. The lowest section of society, particularly in the PWD group doesn't have easy access to health and education and remain trapped in a vicious circle of poverty. Poor living conditions, particularly among lower caste groups, can make them more vulnerable to disability. Lack of immunization, antenatal care and malnutrition are important variables that affect disability prevalence in rural India. Maulik and Darmstadt (2007) suggested that malnutrition leads to disability in developing countries. Lack of access to health services is another significant cause of Disability (WHO 2002).

Gannon and Munley (2009) examined that people of older age suffer from multiple disability. It means that people tend to more disabled while they start ageing. Kulkarni et al. (2019) also found that disability has risen among the elderly population of India. This pattern holds for all types of disabilities, that is, disability is an increasing function of age. Besides, there are several studies which show that hearing and intellectual disability is positively and significantly associated with increasing age (Mishra and Mohanty 2017). "Higher disability rates among older people reflect an accumulation of health risks across a lifespan of disease, injury, and chronic illness" (WHO and World Bank 2011).

From the discussion so far, it is evident that the disabled communities are disadvantageously placed in society. In light of these insights, the study seeks to examine the socioeconomic and demographic factors affecting disability prevalence across districts of India.

Medical determinants of disability are well recognized and scientifically validated. Deficiencies of nutrition or certain minerals and vitamins can significantly increase the incidence of disability. For instance, visual disability is affected by Vitamin A deficiencies or mental disability is caused by Iodine deficiency. Proper vaccination can also significantly reduce disability. For example, Polio vaccination in India has considerably reduced movement disability. Besides, particular medical conditions are associated with an increasing level of disabilities. For instance, diabetes, along with obesity and Cardio Vascular Disease (CVD), is significantly associated with an increasing prevalence of Disability (Tabesh et al. 2018).

However, the socioeconomic and demographic factors that affect the prevalence of disability are not widely known in the context of India. The social model tells us that individuals with a disability are also crippled by society and not just due to certain medical conditions. Disability is

regarded increasingly as a major development issue. Therefore, it is equally important to understand and establish the association of socioeconomic and demographic variables with disability. Thus, the primary concern of the present paper is to understand the effect of these variables in affecting the prevalence of Disability in India. It is also important to note that Census 2011 collects data following a narrow medical model to define disability.

Nature and Extent of Disability Prevalence: Analysis Using Census 2001 and 2011

Table-1 and Table-2 explain Indian demographic scenario using census 2001 and 2011 data. Further, the demographic status of disabled persons in 2001 and 2011 was examined and a statistical comparison was made, between them. The total population of India in 2001 was 102.86 crore, which increased to 121.09 crores in 2011. On the other hand, the total number of PWD in 2001 was 2.19 crore, which increased to 2.68 crores in 2011. It shows a faster rate of growth of disabled persons in India than the overall population. Also, the male-female share was 52% and 48% respectively in 2001 all over India, and the share of disabled male-female are 58% and 42% respectively in 2001. Therefore, the gender gap for PWDs is, far more compared to the total population of India. As compared to 2001 data, the gender composition of India has remained the same in Census 2011. However, gender composition among disabled communities is more volatile. The gender gap in 2011 has slightly narrowed down as its percentage share is 56% and 44% for males and females respectively.

Table-1: Population of India and Persons with Disabilities in Census 2001 and 2011

The Population of India in 2001 (in Crore)			Disabled Persons of India in 2001 (in Crore)		
Persons	Males	Females	Persons	Males	Females
102.86	53.22 Cr	49.65 Cr	2.19 Cr	1.26 Cr	0.93 Cr
Share	51.74	48.26	Share	57.54	42.46

Source: Calculated from Census of India, 2001 and 2011

Table-2: Population of India and Persons with Disabilities in Census 2001 and 2011

The Population of India in 2011 (in Crore)			Disabled Persons of India in 2011 (in Crore)		
Persons	Males	Females	Persons	Males	Females
121.09 Cr	62.33 Cr	58.76 Cr	2.68 Cr	1.50 Cr	1.18 Cr
Share	51.47%	48.53%	Share	55.90%	44.10%

Source: Calculated from Census of India, 2001 and 2011

It is pertinent to mention that men tend to have a higher prevalence of disability than that of women in India. The result seems to be contradictory because, in many countries, it is evident that women have higher disability prevalence rates (WHO 2011; Andrade et al., 2011). Some of the possible

explanations for the unexpected patterns can be as follows: Firstly, most of the studies found that women tend to suffer from chronic conditions that are less lethal or severe as compared to men (Luy 2014; Leveille 2000). In this sense, it can be attributed that there is underreporting of the milder form of disability among women in the Census. Secondly, the possibility of underreporting can also not be ruled out because of perceived socio-cultural conditions like idiosyncratic norms and behaviour, stigma attached and tendency to overlook women (Reddy and Sree 2015). Thus, female disability is more hidden; this could also be because it is self-reported, and women don't identify themselves as PWD. Thirdly, there is widespread gender discrimination in terms of nutrition and health care. Thus, excessive mortality rates are evident among women in the age group of 0-5 years in India (Bongaarts 2015). In this sense, it is possible that because of the double burdens of disability and discrimination, women with disability are subjected to higher death rates relative to men with a disability and the females without disabilities.

Table-3 shows the social composition of PWDs during 2001 and 2011. There were 2.13% disabled persons in 2001, which increased to 2.21% in 2011.

Table-3: Proportion of Disabled Persons by Social Groups in India as per Census 2001 and 2011

Social Groups	Census 2001			Census 2011		
	Persons	Males	Females	Persons	Males	Females
Total	2.13	2.37	1.87	2.21	2.41	2.01
SC	2.23	2.47	1.97	2.45	2.68	2.20
ST	1.92	2.12	1.71	2.05	2.18	1.92

Source: Calculate from Government of India, Census 2001 and 2011

In 2001, it was 2.37% for males and 1.87% for females, which increased to 2.41% for males and 2.01% for females respectively in 2011. For both S.C.s and S.T.s, the proportion of disability has increased between 2001 and 2011. Lowest disability is observed for Indian S.T.s. However, S.C.s have the highest prevalence of disability and it needs to be stressed upon immediately.

Table-4 presents the share of PWDs for different categories and across different social groups in 2001 and 2011. In 2001, close to half of the PWDs had “in seeing” disability as compared to 18.77% in 2011. Again, S.C.s had the highest share in 2001, but in 2011, S.T.s had the highest share. In 2001, the persons who had seeing impairment experienced a drastic decline. It may be because of the estimation error. The number of speech disability has also slightly declined in 2011 from 7.49% to 7.45%. There is a very high increase in “hearing” disability from 5.76% to 18.92%. S.T.s have the highest in hearing disability at 19.36%. It is interesting to note that movement disability has significantly declined from 27.87% to 20.28%.

It is essential to highlight that only five types of disability data collected were in the 2001 census. It went up to 8 types of PWD categories in census 2011. In 2001, data were collected only for mental disability; however, it was bifurcated into two groups, mental retardation (R) and mental illness (I), while collecting data in census 2011. For the sake of simplicity and comparative analysis, mental (I) and mental (R) has been clubbed to make a comparative study. Besides, data on two new categories, multiple disabilities and any other disability were collected in 2011. Experts are of the view that a precise comparison between the two-time period cannot be made. It is like comparing the incomparable. Both rounds of census data used a different methodology to define disability and collect data.

Nevertheless, presenting pictures of both periods will help to understand the demographic composition and help to frame public policies in the specific sector. Any-other category has emerged as the fourth most significant category of disability. This category included was to overcome the problem of estimation or to count the numbers of persons with disabilities. In other words, those PWDs which are not listed in the census question, the informants were required to report in this category. Census data in the “any other” category is significantly large (around 18%). A very high number of any other disability also shows lacunae in the enumeration process of the Census. It may be possible that the enumerators may not have adequately explained the definition of any other disability to the informants. Inaccurate numbers pose challenges to the development of policy framing.

Out of total PWDs, there were 10.33% mentally disabled people in 2001, which has slightly declined to 8.31% in 2011. There were 5.62% mentally disabled people and 2.70% mentally ill persons in 2011. Multiple disabled persons constitute 7.89% of the total PWDs, and the highest multiple disabilities are observed for S.T.s. It is essential to highlight that “any other” category of PWD has a very high share of the total PWDs, it 18.38%. S.C.s are the highest in “any other” PWD category.

Table-4: Proportion of Disabled Persons by Type of Disability and Social Groups in India in Census 2001 and 2011

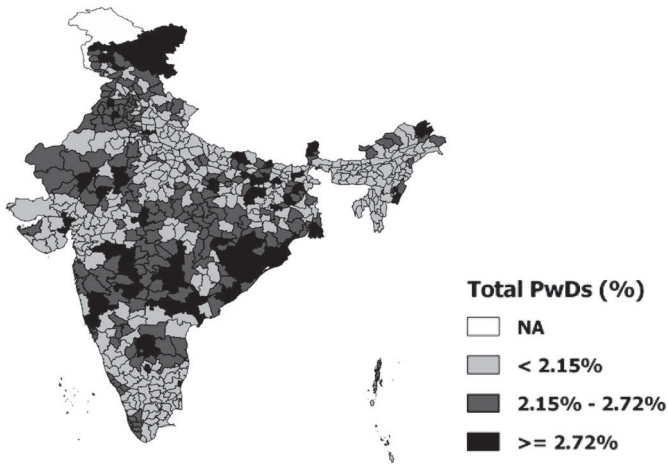
Type of Disability	Census 2001			Census 2011		
	Total (%)	SC (%)	ST (%)	Total (%)	SC (%)	S.T. (%)
Seeing	48.55	48.60	48.38	18.77	19.11	20.00
Speech	7.49	7.30	7.50	7.45	5.19	5.27
Hearing	5.76	5.75	7.72	18.92	17.45	19.36
Movement	27.87	29.13	27.95	20.28	20.50	22.42
Mental	10.33	9.22	8.45	8.31	7.49	7.55
Mental Retardation	—	—	—	5.62	5.11	4.92
Mental Illness	—	—	—	2.70	2.38	2.63
Multiple	—	—	—	7.89	7.31	8.93
Any Other	—	—	—	18.38	22.94	16.47

Source: Calculate from Census of India, 2001 and 2011

Spatial Analysis of Disability Distribution across Districts of India in 2011

The following figure presents the spatial image of total disability prevalence in India at the regional level using Geographic Information System (GIS) mapping technique. The prevalence rates are calculated as a proportion of persons with disability out of the total population in that particular district. Disability is well spread across most districts of India. However, there are some clusters where there is a very higher concentration of incidence of disability.

Figure-I: Prevalence of Disability across Districts of India in 2011



Besides, there are some zones where there is a continuous spread of prevalence of disability (beyond the territorial boundary of the states). The regions which have witnessed very high disability prevalence are the states of Jammu and Kashmir, Odisha, some parts of Maharashtra, and Arunachal Pradesh, followed by Rajasthan, Punjab, Haryana, Karnataka, Andhra Pradesh and Chhattisgarh. Comparatively lower incidence of disability can be, observed in the states of Tamil Nadu, some parts of Kerala, Uttar Pradesh and Bihar.

Statistical Analysis and Interpretation of Regression Results

Table-5 presents the summary statistics of different types of disabilities for all the 640 districts as per Census 2011. The average value of the percentage of persons with disabilities is 2.15%, and the values vary between 0.76% (minimum) and 4.51% (maximum). The average value of the percentage of males with disabilities is 2.33%, which is higher than females counterpart (1.96%). The average values for males vary between 0.72% and 4.76%,

and the average values for females vary between 0.85% and 4.55%. The average values for seeing PWDs is 17.50%, the minimum value being 7.98% and maximum value being 58.74%, it shows high variability. The standard deviation is 5.17 for persons with seeing disability. As we know that the standard deviation of a data set is a calculated number which explains how close, or how far, the values of that data set are concerning its mean. Therefore, the more spread-out the data, the higher the standard deviation.

Table-5: Descriptive Statistics of Disability by Types (outcome variables) across Districts of India in 2011

Variables	Districts	Mean	Std. Dev.	Min	Max
Persons with Disabilities (PWDs)	640	2.15	0.57	0.76	4.51
Male PWDs	640	2.33	0.60	0.72	4.76
Female PWDs	640	1.96	0.55	0.85	4.55
Seeing PWDs	640	17.50	5.17	7.98	58.74
Hearing PWDs	640	19.29	5.65	9.97	53.54
Speech PWDs	640	6.62	3.06	2.17	25.71
Movement PWDs	640	21.23	6.42	4.82	39.13
Mental Retardation	640	5.79	1.68	1.42	12.11
Mental Illness	640	3.04	1.47	0.69	10.26
Any-other PWDs	640	17.64	4.46	5.80	32.53
Multiple PWDs	640	8.89	3.03	2.64	18.55

Source: Calculated from Census of India, 2011

The mean prevalence rate of hearing PWDs is 19.29%, the minimum being 9.97% and the maximum is 53.54%. The average values of the percentage of persons with a speech disability, mental retardation, mental illness and multiple disabilities are 6.62%, 5.79%, 3.04% and 8.89%. The mean value of persons with movement disability is 21.23%, the minimum value is 4.82%, and the maximum value is 39.13%. So, there is very high variability, and the standard deviation is 6.42%, it is the highest among all types of disabilities. The average value of the percentage of persons with any other disability is 17.64%, and the values vary between 5.80% and 32.53%, the standard deviation being 4.46%.

Table-6 shows the descriptive statistics for the outcome and exposure variables for all the 640 districts as per Census 2011. All of these socioeconomic and demographic characteristics examined vary significantly across districts of India. For example, the average value of the percentage of persons with disabilities is 2.15%, and the values vary between 0.76% (minimum) and 4.51% (maximum). The proportion of the population who belong to S.C. communities range from a minimum of 0% to a maximum of 50.17%. The proportion of the population who are members of S.T. communities ranges from 0% to 98.58%.

Table-6: Descriptive Statistics for Explanatory Variables across Districts in 2011

Variables	Districts	Mean	Std. Dev.	Min	Max
Socioeconomic					
Proportion of SC	640	14.86	9.13	0.00	50.17
Proportion of ST	640	17.71	27.00	0.00	98.58
Proportion of Female Literacy	640	55.23	12.41	24.25	88.62
Proportion of Urban Population	640	26.40	21.12	0.00	100
Proportion of Main Workers	640	73.29	12.65	30.65	96.4
The proportion of Households in Dilapidated Buildings	640	4.99	3.11	0.23	17.74
The proportion of Households with Safe Drinking Water	640	66.24	23.30	0.74	99.96
The proportion of households with two or more Dwelling Rooms	640	61.99	15.08	11.57	93.65
The proportion of Households with Clean Fuel for Cooking	640	27.15	21.68	1.12	98.64
The proportion of Households Accessing Banking Services	640	57.27	16.48	10.27	97.77
The proportion of Households with no Toilet Facility within the Premises	640	53.22	26.33	1.13	95.22
Demographic					
Proportion of Females	640	48.55	1.64	34.79	54.22
The proportion of Persons in the Age-Group of 60 Years & above	640	8.60	2.08	2.63	17.92
The proportion of Persons in the Age-Group of 0-14 Years	640	31.34	5.75	18.86	46.75

Source: Calculated from Census of India, 2011

The district-level female literacy rate is around 55% on an average; it varies from 24.25% to 88.62%. The proportion of persons living in urban areas is 27%. The proportion of the workers who are main workers constitute about 73% and ranges from 12% to 96%. As far as the profile of the average living conditions of the households is concerned, about 66% of households have access to safe drinking water. However, the condition of households is worse in accessing clean fuel for cooking, for which the mean value is only about 27%. Around 53% of households did not have toilet facilities within the premises. Finally, about 57% of households have access to banking services, which is considerably low. An analysis of demographic profile reveals that the proportion of females on an average is around 49% across districts; it ranges from 34.79% to 54.22%. The proportion of elderly persons (60 plus) is on an average of about 8.60%, and it ranges between 2.63% and 17.92%. Lastly, the proportion of children (0-14 years) shows the mean value of 31.34%.

Table-7 provides the outcome of the linear regression model, which assesses the relationships between important socioeconomic and demographic characteristics across districts of India and disability prevalence rates at the district level. There is a strong correlation between male disability and female disability. Therefore, total persons with disabilities are chosen, as the left-hand-side (dependent variable). The outcome of demographic characteristics across districts suggests that the proportion of females and the proportion of persons who are 60 years or above (elderly population) are significantly associated with disability prevalence. A 1 per cent increase in the number of persons who are above 60 years of age is associated with a 0.18 per cent increase in the prevalence of disability. In this context, WHO and World Bank (2011) noted that “higher disability rates among older people reflect an accumulation of health risks across a lifespan of disease, injury, and chronic illness”. Since an absolute number of females with a disability is much lower than that of male with a disability, therefore, the increase in the proportion of females is associated with declining disability prevalence rates, at 1 per cent level of significance.

The findings of the socioeconomic and demographic correlates of disability prevalence are as follows: The districts where a large proportion of population belong to S.T.s tend to have higher disability rates, the districts dominated by scheduled tribe population have inferior health facilities. On the other hand, no statistically significant link is observed concerning S.C. communities. Such a result may arise some sort of ecological fallacy. As expected, an additional change in female literacy appears to reduce disability prevalence rates at 1% level of significance. Most other developing countries also represent a similar picture (IIPS, 2007). Improvements in female literacy may create better job opportunities and enhanced income standards and thus better social outcome indicators (i.e., health status) which in turn may reduce disability prevalence among women.

An increase in the proportion of the population living in urban areas is linked to the higher level of incidence of disability at 1% level of significance. Although, the social determinants of health outcomes (i.e., of disability) are much worse in rural areas than urban areas, however, the higher level of urbanization is linked to the higher level of incidence of disability at 1% level of significance. A higher level of urbanization is also associated with an increase in accidents. Arguably, a considerable number of residents are also pushed to slums due to increasing urbanization and migration. Besides, ageing in urban areas could be another critical factor. In this context, Huang (2018) noted that ageing in the urban sector is a global phenomenon. In India, also, there is a higher level of ageing in the urban sphere. It is also evident that there is a higher level of disability

among the Indian elderly. Therefore, it can be argued that the increasing proportion of households in the urban sector is also associated with a rising incidence of disability.

Further, the urban population is increasing; however, there is a lack of accessibility in the urban sphere of India, and the PWDs face multiple barriers. World Report on Disability (2011) noted that “persons with disabilities face widespread lack of accessibility to built environments, from roads and housing to public buildings and spaces and basic urban services such as sanitation and water, health, education, transportation, and emergency response and resilience programmes. Barriers to information and communications, including relevant technologies and cultural attitudes, including negative stereotyping and stigma, also contribute to the exclusion and marginalization of persons with disabilities in urban environments” (pp: 262-263). The United Nation (2017) in its report “Good Practices of Accessible Urban Development” analyzed that urban environments have served as a barrier to the inclusion and participation of persons with disabilities. The World Urbanization Prospects (2014) estimated that by 2050, 66 per cent of the world’s population, will be living in urban areas, in this case, growing urbanization may further exacerbate the burden of disability. Therefore, prioritizing accessible environment in urban infrastructure is crucial.

Increase in the proportion of main workers is associated with a decrease in rates of disability prevalence. It shows gainful employment can have a significant impact in reducing the burden of disability. The proportion of households living in dilapidated buildings is positively and statistically significantly associated with disability prevalence; therefore, dilapidated buildings can exacerbate the burden of disability in the districts. A unit increase in the accessibility or availability of safe drinking water also appears to reduce the incidence of disability at 1% level of significance. Since India is a water-scarce country as per capita availability of water is very less. Besides, it is expected that there is a growing risk of acute water shortage in future. Therefore, the lack of access to safe drinking water may pose a threat to disabled communities. R-Squared of 0.25 shows that the included explanatory variables could explain only 25 per cent of the total variations in the prevalence of disability.

However, the study finds no statistically significant associations between overall disability prevalence and proportion of households with two or more dwelling rooms, the proportion of households with clean fuel for cooking, proportion of households accessing banking services, and the proportion of households with no toilet facility within the premises, however, these variables do affect the prevalence of particular disabilities as provided in the following tables.

Table-7: Socioeconomic and Demographic Determinants of Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	-0.003	0.247
Proportion of ST	0.003	0.005
Proportion of Female Literacy	-0.014	0.000
Proportion of Urban Population	0.008	0.000
The proportion of Main Workers	-0.014	0.000
The proportion of Households in Dilapidated Buildings	0.039	0.000
The proportion of Households with Safe Drinking Water	-0.003	0.010
The proportion of households with two or more Dwelling Rooms	0.001	0.784
The proportion of Households with Clean Fuel for Cooking	-0.001	0.778
The proportion of Households Accessing Banking Services	-0.001	0.649
The proportion of Households with no Toilet Facility within the Premises	-0.001	0.790
Demographic		
Proportion of Females	-0.072	0.000
The proportion of Persons in the Age-Group of 60 Years & above	0.185	0.000
R-Squared	0.257	
Adjusted R-Squared	0.241	

Source: Estimated from Census of India, 2011

Socioeconomic and Demographic Determinants of ‘Disability by Type’ in India

This section examines socioeconomic and demographic factors that affect the prevalence of disability for different types of disabilities across districts of India in 2011.

Table-8 estimates determinants of persons having a visual disability. The findings suggest that the factors which affect the overall prevalence of disability do not vary much than that of “seeing disability” in particular. The independent demographic factors, the proportion of females and elderly population, have a statistically significant impact on the prevalence of seeing disability. One unit increase in the proportion of females is associated with 0.21 units decrease in the prevalence rates of seeing disability; however, the opposite is the case with the proportion of persons aged 60 years and above. After examining socioeconomic factors, it is found that some of these factors do not seem to affect seeing disability prevalence directly. For instance, no statistically significant association with persons with seeing disability was observed for the exposure variables, namely, the proportion of households with safe drinking water, proportion of households with clean fuel for cooking, proportion of households with two or more dwelling rooms, the proportion of households with no toilet facility within the

premises, and proportion of households accessing banking services. It can be observed that although, the districts where a relatively large share of the population belong to S.T. communities also tend to have higher prevalence rates for seeing disability at 10 per cent level of significance.

Table-8: Socioeconomic and Demographic Determinants of Sight Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	-0.004	0.000
Proportion of ST	0.001	0.069
Proportion of Female Literacy	-0.004	0.001
Proportion of Urban Population	0.003	0.000
The proportion of Main Workers	-0.005	0.000
The proportion of Households in Dilapidated Buildings	0.013	0.000
The proportion of Households with Safe Drinking Water	-0.000	0.924
The proportion of households with two or more Dwelling Rooms	0.000	0.999
The proportion of Households with Clean Fuel for Cooking	-0.001	0.499
The proportion of Households Accessing Banking Services	-0.001	0.362
The proportion of Households with no Toilet Facility within the Premises	0.000	0.870
Demographic		
Proportion of Females	-0.021	0.000
The proportion of Persons in the Age-Group of 60 Years & above	0.040	0.000
R-Squared	0.216	
Adjusted R-Squared	0.204	

Source: Estimated from Census of India, 2011

However, this is not the case for districts where a large share of the population belong to the S.C. categories. It is also noticeable that average visual Disability and S.C. visual disability are almost the same. However, visual disability is the highest in the S.T. category. The proportion of households living in the dilapidated building is also linked to the increasing share of visual disability. Districts which are more urbanized also tend to have a higher prevalence of disability at 1 per cent. Further, a higher proportion of female literacy and a large proportion of main workers are linked to a decrease in seeing disability prevalence rates at 1 per cent level of significance.

Table-9 provides estimates of socioeconomic and demographic factors which affect the prevalence of hearing disability across districts. The proportion of the population who are members of S.C.s and the proportion of households with no toilet facilities within the premises does not affect the prevalence of hearing disability, as the P-values are statistically insignificant. Rest of the 12 variables produce statistically significant

association. However, the link between disability prevalence and many of the exposure variables do not appear to be theoretically consistent, to the best of my understanding. For example, among the variables which reflect average household living conditions, the study found that the proportion of households with two or more dwelling rooms and the proportion of households with clean fuel for cooking are linked with an increase in disability rates for persons with hearing disability. Therefore, these contradictory results require further research and examination, maybe beyond the social model of enquiring disability question. In this context, the southern states perform better on most of the socioeconomic parameters and health indicators, but the incidence of disability is higher as well (Reddy and Sree 2015). Therefore, even though there are higher welfare measures and better average living conditions in the districts of southern India, these districts have also reported a higher incidence of disability.

Increase in the proportion of households with safe drinking water is linked to decreasing prevalence of hearing disability at 5% level of significance. Similarly, an increase in the proportion of main workers tends to lower hearing disability prevalence rates. Further, A 1% increase in the proportion of households availing banking services is associated with a decrease in disability prevalence rates at 5% level of significance. Districts with more significant numbers of S.T. population are also associated with higher disability rates. Varshney (2016) noted that as the level of noise pollution, ototoxic chemicals and ototoxic drugs is increasing, it will lead to a higher burden of deafness among the Indian elderly. Increase in the proportion of females tends to reduce the prevalence of hearing disability. Hearing loss is prevalent as a person starts ageing. The model shows an increase in hearing disability is linked to a higher burden of disability among the elderly. World Bank (2009) reported that hearing disabilities exhibit a more pronounced dual peak, during childhood and in the old age. Further, it is also evident that an increase in the proportion of children in the age-Group of 0-14 Years is positively associated with disability prevalence at 5% level of significance.

Table-9: Socioeconomic and Demographic Determinants of Hearing Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	0.000	0.910
Proportion of ST	0.002	0.000
Proportion of Female Literacy	-0.003	0.007
Proportion of Urban Population	0.001	0.106
The proportion of Main Workers	-0.005	0.000

Variables	Coefficients	P-Values
The proportion of Households in Dilapidated Buildings	0.014	0.000
The proportion of Households with Safe Drinking Water	-0.001	0.037
The proportion of households with two or more Dwelling Rooms	0.001	0.038
The proportion of Households with Clean Fuel for Cooking	0.003	0.000
The proportion of Households Accessing Banking Services	-0.001	0.046
The proportion of Households with no Toilet Facility within the Premises	-0.001	0.220
Demographic		
Proportion of Females	-0.035	0.000
The proportion of Persons in the Age-Group of 60 Years & above	0.030	0.000
The proportion of Persons in the Age-Group of 0-14 Years	0.004	0.050
R-Squared	0.256	
Adjusted R-Squared	0.232	

Source: Estimated from Census of India, 2011

Table-10 presents estimates of factors affecting speech disability across districts of India in 2011. The districts having a more substantial proportion of S.C. persons are associated with a lower proportion of speech disability. One of the possible explanations could be that speech disability is least in the S.C. communities. Further, the proportion of households with two or more dwelling rooms and the proportion of females are associated with a decline in the prevalence of speech disability at 5% and 10% level of significance respectively. Further, a higher proportion of households with no toilet facility within the premises is linked to the increasing prevalence of speech disability at 10 per cent. Increase in the proportion of the population who are over age 60 years and proportion of households living in dilapidated buildings are also associated with an increase in the prevalence of speech disability at 1% and 5% level of significance respectively.

The study found no statistically significant association between speech disability prevalence and the proportion of S.T., the proportion of female literacy, the proportion of the urban population, proportion of main workers, the proportion of households with safe drinking water, proportion of households with clean fuel for cooking and proportion of households accessing banking services.

Table-11 examines socioeconomic and demographic correlates of movement disability across districts in 2011. The proportion of the population which belong to S.C. community is positively linked to the prevalence of movement disability, it is significant at the 10% level. Thus, an increasing rate of movement disability will place the S.C. communities disadvantageously. There is no statistically significant association between

the prevalence of movement disability, and the proportion of S.T., proportion of main workers, the proportion of households accessing banking services and the proportion of females.

Table-10: Socioeconomic and Demographic Determinants of Speech Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	-0.003	0.000
Proportion of ST	-0.001	0.123
Proportion of Female Literacy	-0.001	0.685
Proportion of Urban Population	-0.001	0.649
The proportion of Main Workers	0.001	0.139
The proportion of Households in Dilapidated Buildings	0.004	0.002
The proportion of Households with Safe Drinking Water	0.000	0.429
The proportion of households with two or more Dwelling Rooms	-0.001	0.042
The proportion of Households with Clean Fuel for Cooking	0.000	0.298
The proportion of Households Accessing Banking Services	0.000	0.527
The proportion of Households with no Toilet Facility within the Premises	0.000	0.079
Demographic		
Proportion of Females	-0.004	0.092
The proportion of Persons in the Age-Group of 60 Years & above	0.020	0.000
R-Squared	0.223	
Adjusted R-Squared	0.216	

Source: Estimated from Census of India, 2011

The exposure variables which reflect average household living conditions, the study found the proportion of households with clean fuel for cooking, the proportion of households living in dilapidated buildings and the proportion of households accessing safe drinking water are negatively associated with the prevalence of movement disability at 1%, 5% and 10% level of significance respectively. However, the proportion of households with two or more dwelling rooms don't show any evidence of its association with movement disability.

Further, the proportion of households with no toilet facility within the premises is, linked to an increase in disability prevalence rate at 1 per cent. The districts having a higher proportion of female literacy is also linked to a decline in disability prevalence. The districts which are more urbanized tend to have higher prevalence rates for movement disability. R-Squared of 0.36 shows that the included explanatory variables could explain only 36 per cent of the total variations in the prevalence of disability.

Table-11: Socioeconomic and Demographic Determinants of Movement Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	0.002	0.070
Proportion of ST	0.000	0.172
Proportion of Female Literacy	-0.003	0.001
Proportion of Urban Population	0.002	0.000
The proportion of Main Workers	0.001	0.366
The proportion of Households in Dilapidated Buildings	-0.005	0.035
The proportion of Households with Safe Drinking Water	-0.001	0.101
The proportion of households with two or more Dwelling Rooms	-0.001	0.128
The proportion of Households with Clean Fuel for Cooking	-0.002	0.010
The proportion of Households Accessing Banking Services	0.000	0.237
The proportion of Households with no Toilet Facility within the Premises	0.002	0.000
Demographic		
Proportion of Females	-0.002	0.691
The proportion of Persons in the Age-Group of 60 Years & above	0.045	0.000
R-Squared	0.364	
Adjusted R-Squared	0.349	

Source: Estimated from Census of India, 2011

Table-12 presents factors affecting mental disability across districts of India in 2011. Work is all the more essential to reduce the burden of disability. A unit increase in the proportion of main workers is linked with a decline in disability prevalence rates at 1% level of significance. Increase in female literacy rates leads to a reduction in the incidence of disability. Further, the districts observing higher urbanization is associated with a higher prevalence of mental disability. It is also evident that urbanization and modern lifestyle has caused a higher burden of related mental disease.

The proportion of persons belonging to S.C. and S.T. communities don't show any significant association with the prevalence of mental disability as mental disability is lower among scheduled castes and scheduled tribes. As far as household living standards are concerned, the study found that the proportion of households with two or more dwelling rooms, the proportion of households with clean fuel for cooking and proportion of households accessing banking services don't have statistically significant relations with the prevalence of mental disability.

The districts having a higher share of households living in dilapidated buildings is positively associated with an increase in the prevalence rate of mental disability. The proportion of households with safe drinking water and the proportion of households with no toilet facility within the premises represent negative and significant association with the prevalence of mental disability.

Table-12: Socioeconomic and Demographic Determinants of Mental Disability²
Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	0.000	0.774
Proportion of ST	-0.001	0.943
Proportion of Female Literacy	0.000	0.097
Proportion of Urban Population	0.001	0.000
The proportion of Main Workers	-0.001	0.000
The proportion of Households in Dilapidated Buildings	0.004	0.000
The proportion of Households with Safe Drinking Water	-0.001	0.000
The proportion of households with two or more Dwelling Rooms	0.000	0.395
The proportion of Households with Clean Fuel for Cooking	-0.001	0.311
The proportion of Households Accessing Banking Services	-0.001	0.162
The proportion of Households with no Toilet Facility within the Premises	0.000	0.000
Demographic		
Proportion of Females	0.005	0.000
The proportion of Persons in the Age-Group of 60 Years & above	0.016	0.000
R-Squared	0.511	
Adjusted R-Squared	0.501	

Source: Estimated from Census of India, 2011

The two critical demographic factors, the proportion of the population who are females and the proportion of the population who are above 60 years of age provide a positive and statistically significant association with prevalence of mental disability at 1 per cent level of significance. Finally, R-Squared for mental disability is the highest among all types of disabilities available in the study. In the given model, R-Squared of 0.51 shows that the included explanatory variables could explain about 51 per cent of the total variations in the prevalence of disability.

Table-13 shows the estimates of socioeconomic and demographic correlates of the prevalence of “any-other” disability across districts in 2011. The highest proportion of this particular disability recorded was in the S.C. community. For every additional unit of increase in S.C., the population is linked to 0.002% increase in the disability prevalence in the “any other” category at a 1% level of significance. Scheduled tribes and urban population are also positive and significantly associated with the prevalence of “any other” category of disability at significance levels of 10% and 1% respectively. Increase in the proportion of female literacy and main workers are linked to a decline in the prevalence of “any other” disability.

2 The 2011 Census data on ‘mental illness’ and ‘mental retardation’ has been clubbed, which is named as “mental disability”.

Table-13: Socioeconomic and Demographic Determinants of Any Other Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	0.002	0.000
Proportion of ST	0.000	0.062
Proportion of Female Literacy	-0.004	0.000
Proportion of Urban Population	0.002	0.000
The proportion of Main Workers	-0.003	0.000
The proportion of Households in Dilapidated Buildings	0.008	0.000
The proportion of Households with Safe Drinking Water	0.000	0.139
The proportion of households with two or more Dwelling Rooms	0.001	0.085
The proportion of Households with Clean Fuel for Cooking	0.000	0.413
The proportion of Households Accessing Banking Services	0.000	0.204
The proportion of Households with no Toilet Facility within the Premises	0.000	0.001
Demographic		
Proportion of Females	-0.019	0.000
The proportion of Persons in the Age-Group of 60 Years & above	0.030	0.000
R-Squared	0.290	
Adjusted R-Squared	0.276	

Source: Estimated from Census of India, 2011

As far as household characteristics are concerned, the proportion of households living in dilapidated buildings and having two or more dwelling rooms are positively associated with the prevalence of “any other” form of disability at 1% and 10% level of significance respectively. The proportion of households having no access to toilet facilities within the premises is also significantly associated with the rates of “any other” form of disability. However, the sign of the coefficient is positive, but it is negligible. The demographic factors, the proportion of females show a statistically significant and negative association with the disability rates at 1 per cent. The percentage of persons who are 60 years and above is, positively and significantly linked to the prevalence of any other disability at 1 per cent level of significance. No statistically significant association was observed between the prevalence of “any other” form of disability and the proportion of households with clean fuel for cooking and accessing banking services. Also, households having access to safe drinking water don’t reveal any significant association.

Table-15 provides estimates of socioeconomic and demographic factors which affect multiple disability across districts of India in 2011. The outcomes of the regression results suggest that the proportion of persons who are members of S.C. communities don’t provide any significant

association with the prevalence rate of multiple disability. It is to point out that multiple disability is the lowest among the scheduled caste. Again, in this case, also, under-reporting could be an essential reason for lower rates. Further, the proportion of S.T.s and urban population also don't provide any significant association.

Increase in female literacy leads to a decrease in prevalence rates of multiple disability at 10% level of significance. Districts with a relatively large proportion of the working population have a lower prevalence of multiple disability at 1 per cent significance level. It implies that income levels are higher in such districts. Among the variables which reflect households living conditions, the study found no statistically significant association between the prevalence of multiple disability and the proportion of households residing in dilapidated buildings, the proportion of households with two or more dwelling rooms and proportion of households with clean fuel for cooking.

The proportion of households with safe drinking water depicts a statistically significant and negative linkage to the prevalence of multiple disabilities. The proportion of households with no toilet facility within the premises is significant and positive, but the value of the coefficient is almost negligible. The districts with relatively higher households having access to banking services are related to an increase in the rate of disability prevalence. One of the possible explanation could be that the proportion of individuals with better banking facilities may have higher income or educational standards. In this case, these households should incline to report disability in a better way. There is no statistically significant association between the prevalence of multiple disability and the proportion of females. A 1% additive change in the proportion of the population who are above 60 years of age is positively and significantly associated with the increase in the prevalence of multiple disability at 1% level of significance. In the given regression model, R-Squared of 0.23 shows that the included explanatory variables could explain about 23 per cent of the total variations in the prevalence of disability

Table-14. Socioeconomic and Demographic Determinants of Multiple Disability Prevalence Variation across Districts

Variables	Coefficients	P-Values
Socioeconomic		
Proportion of SC	0.000	0.810
Proportion of ST	0.000	0.389
Proportion of Female Literacy	-0.001	0.069
Proportion of Urban Population	0.000	0.990
The proportion of Main Workers	-0.002	0.000
The proportion of Households in Dilapidated Buildings	0.001	0.407

Variables	Coefficients	P-Values
The proportion of Households with Safe Drinking Water	-0.001	0.000
The proportion of households with two or more Dwelling Rooms	0.000	0.292
The proportion of Households with Clean Fuel for Cooking	0.000	0.901
The proportion of Households Accessing Banking Services	0.001	0.010
The proportion of Households with no Toilet Facility within the Premises	0.000	0.034
Demographic		
Proportion of Females	0.002	0.359
The proportion of Persons in the Age-Group of 60 Years & above	0.011	0.000
R-Squared	0.237	
Adjusted R-Squared	0.219	

Source: Estimated from Census of India, 2011

Conclusion and Implications

There is a marginal increase in the proportion of persons with disabilities in 2011 relative to 2001. Although the percentage share of disability is more in rural areas, however, the rate of decadal growth is more in the urban areas. Further, disability prevalence is more among males than females. Further, the severity of the disability is observed more among the marginalized and vulnerable sections. Besides, the higher decadal growth rates of disability prevalence are also recorded for these groups. Also, disability is well-spread in every region of India.

It is also evident from the discussion that several socioeconomic and demographic factors affect the prevalence of disability. Besides, different correlates of disability affected each type of disability differently. The findings of the study suggest that improvement in educational standards among women, creating employment opportunities and improving average living conditions can significantly reduce the burden of disability. However, it is a matter of grave concern that there is a growing elderly population and increasing age is highly associated with a rising level of disability. Thus, there is a close association between ageing and disability. It is also found that an increase in the proportion of children is positively and significantly linked to the higher burden of hearing disability. Availability of toilet facilities or reducing open defecation may also considerably reduce the incidence of disability. Better public provisioning of safe drinking water and clean fuel for cooking can lead to a considerable reduction in the incidence of disability. Further, increasing urbanization linked is to the growing burden of disability. Therefore, prioritizing accessible environment in urban infrastructure is crucial. Although, total disability prevalence is lower among the S.T.s, nonetheless, there is a strong concentration

of disability in the S.T. dominated districts of India, as socioeconomic indicators or health facilities are poor in these districts. On the other hand, the incidence of disability is the maximum in S.C. communities. Therefore, it is, recommended that providing basic capabilities to these social groups would ease the burden of disability. Financial inclusion also appears to be a potent weapon to reduce the burden of disability. Besides, govt can utilize the platform for targeted delivery of welfare measures.

As the burden of disability falls disproportionately across geographic regions and socioeconomic groups, public health policies in India should take this variation into account. The findings of this study may be relevant for designing public health policies and programs in India. It is also crucial that the government, civil society, and other stakeholders step up efforts to improve the overall well-being of the disabled population who are largely underprivileged as the available literature shows disabled people suffered from multiple deprivations. Further, as older people are especially likely to develop disabilities, and the ageing of the population is already underway in several states, public health policy-makers should seek to address these growing disability care needs. Social intervention against Disability in India needs to include prevention as well as management and alleviation. Although several legislations have been framed to improve the lives of the persons with disabilities in India, there is a need to move beyond charity-based approach, medical model and condescending attitude of the state and society to social and community model. Disability is a vital development issue and poses challenges to the state in the neoliberal paradigm. Therefore, providing access to basic capabilities to persons with disabilities may be strategically important to reduce the barriers faced by disabled communities. Thus, it is pertinent that the state and society should pay special attention to persons with disabilities, particularly under the broader ambit of the social protection policies of the state.

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Successful Women Entrepreneurship – Effective Management of Micro Finance Activities by the Self Help Groups (SHGs) – Case of Women SHGs in Karnataka

K. Prabhakar

Abstract

The beginning of SHGs is, considered to play mutual assistance in traditional village neighbourhoods and circles in India. Self-help takes various forms in conventional rural societies. The period required for completion of activities like housing, farm operations depend upon their course of actions. The present study endeavours to study the strength, financial management, Credit rotation process, Credit utilization and repayment, knowledge and awareness of SHG activities. To also know how SHGs have influenced on village and community affairs, increase decision making power of SHG members and availability of essential services to SHGs. The findings revealed that empowerment of women as well as giving an identity or recognition to female members within their families and society would help more in the decision making process. Hence the study suggests that SHGs should be, treated as niche centres for promotion of microfinance and rural development activities which will boost the confidence of rural masses.

Keywords: Micro Finance, Rural Livelihood, Rural Livelihoods, SHGs, Women Empowerment, Women Entrepreneurship

Introduction

Self Help Group (SHG) is a single group of not more than twenty casual people who unite to serve for different missions depending on situations and needs through mutual support. The system of SHGs has begun in a rural area well before the definition of the concept by rural planners. Man is a manipulative human being who integrates groups quickly intending to

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help the disabled one. Over a prolonged period, the individual has chosen to come together as associations to collectively find ways to tackle problems. Though it is, defined as a sociological phenomenon, psychological elements operating at the individual, interpersonal and intergroup levels are, also included. Sociological change is, brought through group or social action, but it cannot differ from the emotional strength developed by the unity formed between the group members. As a result, this leads to progress one's confidence, capability and identity. Community activism would be able to lead the best method to reach a revolution of standards, morals, economic situations and in modelling the common public towards development. The clusters have also been named 'like-mindedness groups' because of the existing natural bonds of caste, blood, community or movement and 'harmony groups' as they deliver financial and ethical backing to one another in the core of their struggle.

Recently the rapid progress of SHGs has emerged as an empowerment opportunity for the benefit of the rural poor. It has been especially so to help the poor ladies to meet their immediate needs. It is now of the opinion that under the excuse of development to target the individual a better approach that would be useful is the process of gathering information. As poor women do not have enough funds to start their business activities on an individual basis, the purpose of SHGs is of meeting the microcredit needs of the poor women. The group approach is a holistic programme of covering all activity clusters based on the collective wisdom and combined resources for any task.

The Gandhian Grama Swaraj movement is the clear concept of SHGs in India. It has been defined uniquely with the poor, of the individuals and for the individuals. The concept has been applying in India for decades as compared to other countries where the introduction of SHGs in many other countries was after the mid-seventies (Karmakar, 1998).

One main reason for the set-up of co-operative credit as a defence mechanism is due to the exploitation of the rural poor in India. However, as the co-operative has developed into formal organizations, their activities concerning the poor have diminished as these tend to be less saving-oriented, member-led and autonomous organizations. While knowingly, the purpose of co-operative still requires the equal participation of the wealthy and helpless individuals; the need of the poor has been unattended in the course (Panda and Mishra, 1995).

One of the reasons for the high rate of poverty is the dependency of the rural poor on the non-institutional sources of credit like that of the moneylender. The concept of SHGs in its present form is, considered to have been, discovered as a minor project of Grameen Bank of Bangladesh

founded by Prof. Mohammed Yunus of Chittagong University, Bangladesh in the year 1975. It assisted with deleting the myth that “credit is the privilege of few fortune people”. The Grameen Bank, Bangladesh now has 1042 branch offices serving member groups in 34243 villages with an excellent recovery performance of 99 per cent, which has been, achieved through proper management policies and dedication. The Grameen Bank is successful as today due to the boost of SHGs (Rajagopalan, 1998).

More than 52 countries like Bangladesh, Malaysia, Korea, Philippines and Indonesia have put SHG in action for a long time. The rapid progress of the SHG approach has developed into a national programme in Bangladesh and has brought effective results in empowerment programs against poverty alleviation. Though In India the use of the concept has been existed for a long time by the voluntary agencies, it is that in the present decade that it was, constituted as conventional development programmes (Qazi, 1997).

The Reserve Bank of India applied the concept of SHGs for various purposes such as banking, finance and development started as from 1991 onwards, while the promotion of SHGs was initiated by the National Bank of Agriculture and Rural Development (NABARD) from 1992 onwards (NABARD, 1995). Today this methodology of recreating the provincial credit framework has accepted the type of mass development. Harper (1996) observed that through SHGs for the first time, savings and credit facilities are being marketed rather than being doled out according to schemes which have been designed by policymakers, who accept that they realize people need groups better than the individuals themselves do. Today the best example is that the formation of SHG is, not only seen as a micro-credit project but an empowerment phase which is genuinely demanded by every individual.

Today in several parts of the country, where poverty proves to be a hurdle for the emancipation of women in rural areas, at same time SHG formation is beneficial through which these disadvantaged women are being, organized into SHGs in large numbers. By December 2020, the number of these members of SHGs has reached about 25 million out of this, 85 per cent of the member s SHGs have begun savings and thrift operations. If we look at the state-wise spread of the SHGs linked with the bank, four Southern states *viz.*, Andhra Pradesh, Karnataka, Kerala and Tamil Nadu accounted for 18732 (71%) Andhra Pradesh itself has 47.9 per cent share of total SHGs formed in India. With this backdrop, the present study attempts to study the strength, financial management, Credit rotation process, Credit utilization and repayment, knowledge and awareness of SHG activities, Influence of SHG on village and community affairs, Increase decision-making power of SHG members and availability of essential services to SHGs.

Methodology

A Universe of the Study

The self-help groups in Karnataka constitute the universe of these findings.

Sampling

The 'Purposive sampling method' has been used in the study to collect required data. Data collected at Block (Taluk) wise list of registered or recognized rural SHGs in Karnataka from NABARD, Ministry of Rural Development and Panchyat Raj, and from Department of Women and Child Development, Government of Karnataka. There were total 281615 SHGs 3 among them 216024 were rural SHGs.

In the second stage, based on the inclusive and exclusive criteria, the four districts were, selected for the study, namely Chitradurga, Chikmagalur, Shimoga and Davanagere. Shimoga District Contains 11354 SHGs, Chikmagalur District Contains 7292 SHGs, Davanagere Contains District 10672 SHGs, and Chitradurga District contains 10300 SHGs. The taluk wise details are as follows. In light of the testing edge and strategy, the information was, gathered from 305 SHGs from these following four regions.

Sl. No.	District	Selected Sample Size
1	Davangere	78
2	Shimoga	86
3	Chikmagaluru	71
4	Chitradurga	70
	Total	305

Source: Ministry of Rural Development and Panchayat Raj Department, Govt. of Karnataka

Inclusive and Exclusive Criteria

Inclusive Criteria

- SHG with a minimum of two years of experience
- SHG along the countryside are incorporated
- Only Female SHGs are, chosen

Selective Criteria

- Less than two years of SHGs are, excluded
- SHGs along the circles of the town are, excluded
- Male and mixed SHGs are, excluded

Methods of Data Collection

Primary Sources

The primary data was, collected during the survey, and a well-structured interview scheduled was devised for the purpose. The scale used in the interview scheduled was Likert's scaling procedure.

Secondary Sources

The data for the current study is accumulated from an assortment of sources information concerning various theoretical issue related to low-income women especially in SHG, is obtained from last five-year plan of actions, NABARD annual reports, policy guidelines, self-help group files and discussions with rural women who were members in different SHGs, and also data was assembled from materials accessible both distributed and unpublished identifying with classes, workshops, and board conversations related ladies.

Tools of Data Collection

To make the data more relevant, used interview Scheduled and group discussion. A widespread interview schedule, including structured and unstructured questions, was formulated to meet the objectives of the study.

Through Focus Group Discussion Group opinion was collected by conducting focus group discussions (FGD). Total 12 FGD was, conducted, 4 FGD in each district. Through FGD the financial improvement of the rural poor, especially women, were supervised through their hard work in diverse income generation programmes through Self Help Groups and their attitudes towards rural development schemes.

Results and Discussion

The leaders of the SHGs were, asked to respond on specific generic questions which helped gather general information about the SHGs that they were leading like its date of conception, number of members in the group, its composition etc. It was, found that the existing strength of the groups across the four districts was 15. However, the composition varied across districts. The present study aims to assess the strengths in the form of group meeting conducted financial management among SHGs, Credit savings and pattern of utilization and repayment and role of SHGs in decision-making process among the members in SHGs.

Group Meetings

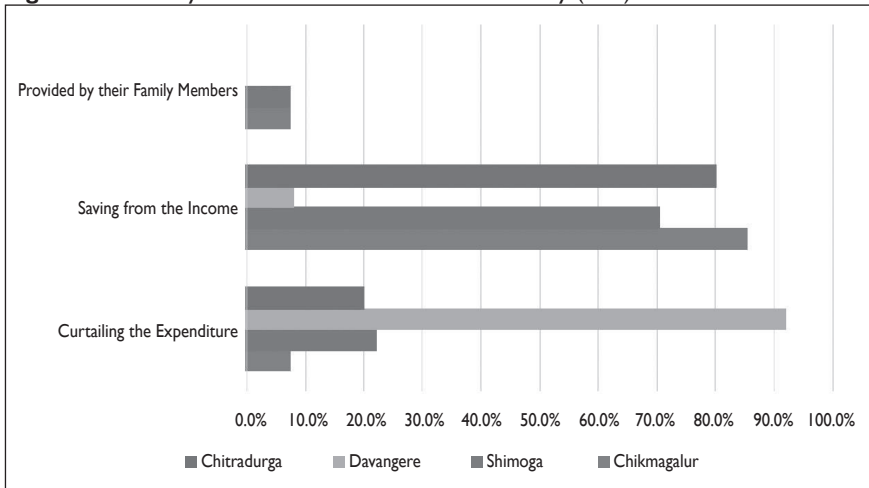
Over the last meetings, all group heads across all districts reported that there was 100% attendance by the members. The main common and specific plan in the meetings was on how to increase the savings of the group as reported by 70% of the leaders. The meetings were called by the members of the group as reported by more than 90% leaders across the districts. Around 90% of them also reported that the majority of the members prepared and finalized the agenda for the meeting. In most cases (>90%) in all districts except Shimoga, the decisions were also taken by the members with a consensus. In Shimoga, it was, reported that the representatives from the group took decisions as reported by 82% leaders.

Financial Management

In this section, the leaders were, asked to respond to a few questions related to the savings of the group, transaction details, etc. All respondents reported that all members deposited their savings amount in the group meeting on a stipulated date (Figure-1). The findings showed that around 96% of the respondents reported that the collected money was, kept in the bank account. The remaining respondents said that the money was, distributed as a loan to members. The responses varied among leaders from different districts when asked about cash in hand. Many responded that they do keep cash in hand for sudden requirements of the members from Shimoga (93%), Davangere (84%) and Chitradurga (69%), while in Chikamagalur only 33% said so. It was mostly the President who would keep the cash. The quantum of cash varied from as low as Rs. 330/- in Davangere to as high as Rs. 750/- in Chikmagalur.

The bank account was mostly operated by President and treasurer (50%) or by President and Secretary (45%). The frequency of bank transaction (deposits and withdrawals) varied across districts. In Davangere it was mostly once a month (84%); in Shimoga, it was sometimes once a month (59%) or sometimes occasionally (37%); in Chikamagalur (70%) and Chitradurga (80%) it was done occasionally. The following figure gives details on different ways by which the members save money to deposit in SHG. More than 90% of members in Davangere curtail their expenditure to save money for SHGs, while close to 80% members from Chitradurga and Chikmagalur save money from their income.

Figure-1: Means by which Members of SHGs Save Money (in %)



Credit Rotation

Spread of Loans

The number of members who have taken a loan from the HG varies from

10-15 (67-100%). Many of them have taken loan more than once too. There have also been instances where non-members have taken loans from SHG. The following Table-1 gives the summary of credit rotation of SHGs across the four districts as reported by the leaders.

Table-1: District wise Credit Rotation Details of SHGs (in %)

Districts	No. of Members who Have Taken a Loan from SHGs	No. Members who Have Borrowed More than Once	No. of Loans Given to Non-members
Davanagere	10	8	12
Chitradurga	15	14	10
Chikmagalur	14	10	2
Shimoga	8	5	3

Note: Present no. of members in SHGs across districts is 15.

Credit Utilization and Repayment

Details were, gathered regarding the consumption purpose, amount and repayment status. The following Table-2 gives the details on the findings as reported by the leaders of the SHGs. It can be, seen very clearly that the repayment rate is less than 50% in many instances, primarily when the loan is, raised for emergencies and agricultural purposes.

Table-2: District wise Credit Utilization and Repayment Details of SHGs

Credit Utilization and Repayment		Chikmagalur	Shimoga	Davanagere	Chitradurga
Consumption (domestic)	Amount		10000		300000
	Repayment status (Rs.)		10000		200000
	Repayment status (%)		100		67
Agriculture	Amount	50000	20000	80000	250000
	Repayment status (Rs.)	40000	10000	10000	382500
	Repayment status (%)	80	50	12.5	153
Animal husbandry	Amount		10000	50000	
	Repayment status (Rs.)		10000	25000	
	Repayment status (%)		100	50	
Income Generation activities	Amount		10000		
	Repayment status (Rs.)		10000		
	Repayment status (%)		100		
Asset building	Amount	20000	20000	20000	
	Repayment status (Rs.)	17500	15000	10000	
	Repayment status (%)	87.5	75	50	
Emergencies	Amount	200000	20000		350000
	Repayment status (Rs.)	5000	10000		402500
	Repayment status (%)	2.5	50		115

Credit Rotation Process

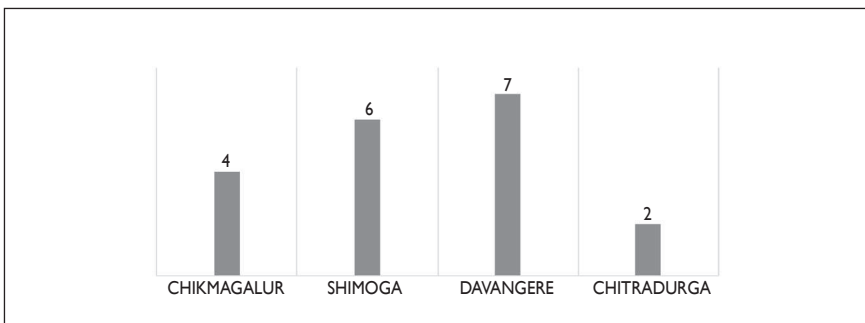
Among several other procedures followed by members to raise demand for a loan from SHGs, the method of loan application seems to be the most popular one with more than 30% of SHGs across the districts reporting that members submit applications while requesting loans from the group.

About sanction of loan, there was a scattered response. The most popularly followed method reported is that depending on the financial situation of the group and the opinion of the group members, loans are given to the applicants. In a situation where the capital available with the group is not enough to meet the demand of all its members' needs, the available amount is equally distributed among the members as reported by a majority of the leaders across districts (>70%). The amount is usually (>70%) distributed as cash. The entire process is, usually completed in 2-3 weeks.

Repayment

There are clear rules laid out by the SHGs about repayment of the loan by the members. The instalments to be paid are weekly in some cases and monthly in others. There is also a late fee levied to the members who fail to pay the instalments on time. The repayment period is, fixed and in many cases (>60%) this period is usually one year. The income generated through interests and penalties are, usually utilized in two ways; some SHGs add it to the group's capital, and some divide it among members as a dividend. The accounts are, usually audited annually, as reported by many leaders of SHGs (>60%) across the four districts. From the graph.2, it is seen that the SHGs in Chitradurga have been audited the least number of times as compared to other districts (Pathak, 1992).

Figure-2: Number of Annual audits held since the inception of SHG (in #)



Note: SHGs have been working for the last 6-7 years

Knowledge and Awareness of SHG Activities

Processes and Activities

The following Table-3 summarises the responses of the leaders of SHGs when asked about the awareness levels of their group members about the processes and activities of the group. The responses were, classified as the majority are aware, some are aware, and none are aware. The Table-3 summarises the responses on the majority are aware. It can be, seen that among the four districts, members of SHGs from Chitradurga are least aware of the activities and processes of SHG.

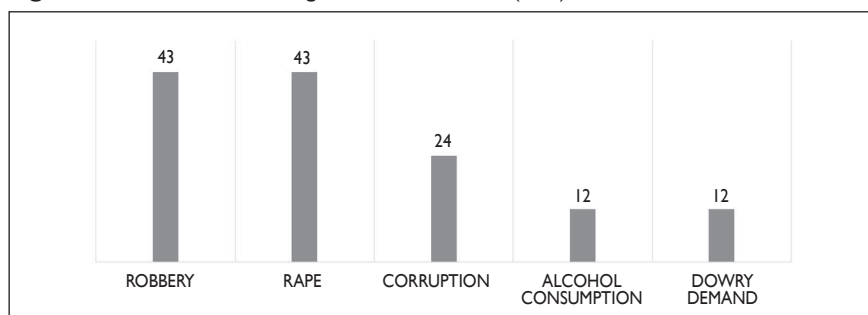
Table-3: Information and attentiveness of SHG activities in the four districts of Karnataka

Knowledge and Awareness of SHG Activities	Chikmagalur	Shimoga	Davanagere	Chitradurga
Gathering calendar	78	93	100	96
Rules and Regulation	67	93	100	80
Information in group records	52	89	100	60
Cash in hand	26	93	100	48
Balance in Bank	67	85	100	96
Outstanding Loan	4	89	100	36
Total Capital of the group	30	82	100	72
Savings of the group	15	74	60	12
Total loan of the group	11	82	100	72
No. of members as debtors	70	78	100	88
No. of members who have pay back the loan	37	82	100	60
Name of Bank	89	82	100	92
Income of group	7	70	64	16
Objectives of group	22	74	68	40
Achievements of group	19	70	60	32
Constraints of group	7	82	76	4

Social Awareness

The leaders of the SHGs were, asked to list a few of the essential problems that they think are plaguing the members (Figure-3). The top of the list responses was robbery, rape, corruption, alcohol consumption and dowry demand.

Figure-3: Local Issues Affecting the SHG Members (in %)



Availability of Essential Services to Group Members

The leaders were, asked to respond to a few questions to understand their knowledge and awareness about the necessary facilities available to their group members (Table-4). Most leaders from Davangere reported that most of the facilities were not available to the majority of their members. They were either available to some or none.

Table-4: Availability of Essential Facilities to SHG Member (in % for the response – Majority of the members have access to the facility)

Basic Facilities	Chikmagalur	Shimoga	Davangere	Chitradurga
Maternity services	50	35	0	63
Immunization of child	33	9	0	42
Immunization of mothers	41	9	0	45
Children going to schools	64	82	0	86
Access to PDS	33	100	0	71
Sanitation facility	65	96	89	86
Safe drinking water	77	96	71	95
Family planning	68	20	0	91
Pension scheme	58	79	33	76

To address the gaps in primary service delivery, the SHGs have had meetings to discuss the problems, and the same has been shared with the Panchayat to put pressure to provide services to those who do not have access to them currently.

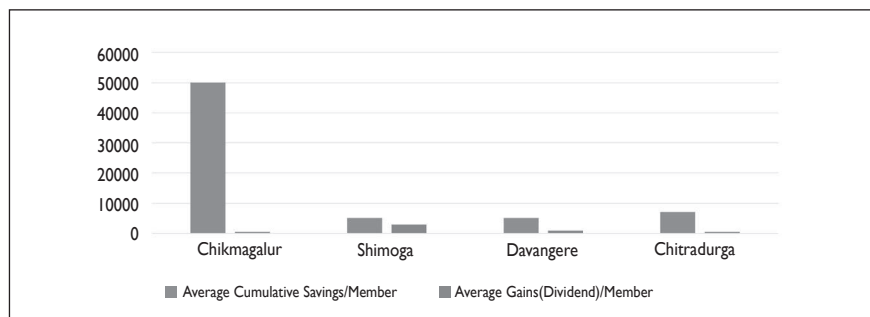
Increased Savings of SHG Members

The savings rate among the SHGs in Shimoga and Chikmagalur has increased currently as compared to the initial numbers whereas it has remained the same in Chitradurga and Davangere.

The main reasons that have motivated the members to save more are, provide social security, increase the status of living for the family, help lead a good life and provide education to children in the family. Some of them have also reported that financial stability boosts the self-confidence of the members.

The main reason for choosing to save in group is future security and faster growth of money through interests (Figure-4). Many of them have responded stating that since the money is, internally circulated as a loan to members, it is both safe and earns interest. Also, the money transaction happens through a bank which is a safe transaction channel.

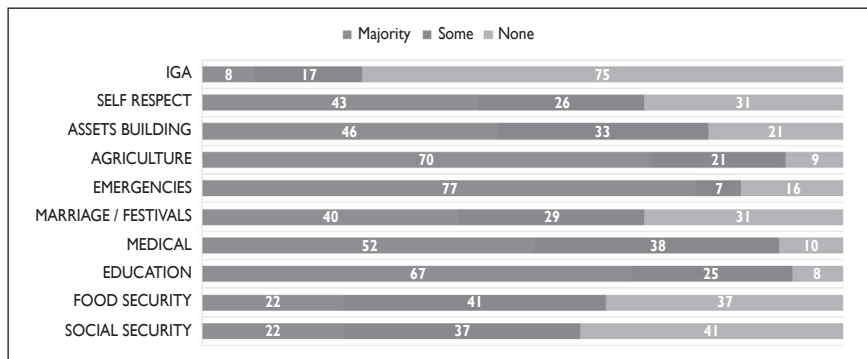
Figure-4: Savings Pattern (in Rs.)



The main reasons for saving money by the members as perceived by the leaders are for agriculture, education of children, and for personal

emergencies (Figure-5). The following chart summarises the responses of the SHG leaders.

Figure-5: Main Purpose of Saving Money by Members as Perceived by Leaders (in %)



Networking and Convergence

According to the leaders of the SHGs, many members of the group will be willing to meet members of other groups in the vicinity to learn from them and get new ideas on group activities, savings and overall effective management. Such facilitation, in their opinion, can be created through regular interaction meetings, social work in villages and also through frequent training programmes to members. In their opinion, by bringing members from different groups together, new ideas can be generated on saving money and also on solving some of the local social issues.

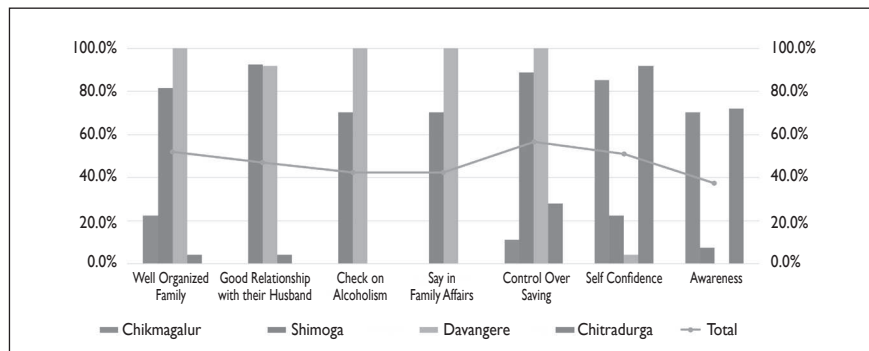
The leaders of the SHGs opine that such forums can be developed by taking support from external resource persons or NGOs. Regarding awareness of members about on-going schemes in the villages, a majority of the leaders have responded saying the members are aware of MGNREGS, housing scheme and health schemes. More than 80% of them opine that the members are availing the benefits of these schemes too. Among those who are not availing the benefits, the main reasons for not doing so seems to be a lack of awareness and existence of corruption among panchayat officials and members.

Influence of SHG on Village and Community Affairs

As seen from the graph-6 below, the perceptions vary significantly across districts. In Chitradurga and Chikmagalur, the women do not have a say in family affairs despite financial independence gained through the SHG. Similarly, despite being a part of the SHG, the awareness levels of women members have had no positive impact. The SHGs and the Panchayat continue to work in silos in Shimoga and Davangere, whereas there is some level of interaction and consolation in Chikmagalur and Chitradurga districts.

The leaders of the SHGs have reported that the groups have taken some community development initiatives such as skill development programmes, building awareness about social work among the community, especially lower-level communities etc. However, the numbers of such programmes reported are few across the four districts.

Figure-6: Influence of SHG on Community Affairs (in %)



Increase Choice Building Control of SHG Members

The leaders were, asked to respond on the quality of status as decision-makers of SHG members in their family affairs. Specific indicators were selected, and the leaders were, asked to state who was instrumental in the family to make decisions on certain family matters (male/female/both). The following table summarises the findings. It is seen, from the Table-5 below that the formation of SHG has empowered women in taking decisions in more than one family matter. There is a definite shift from only male members of the family taking decisions before SHG formation to joint decisions where women come out in open and show their participation in the decision making process after the formation of SHGs. It clearly shows the empowerment of women as well as giving an identity or recognition to female members within their families and society.

Table.5: Influence of SHGs on its members concerning decision making in family matters (in %)

Areas	Formerly SHG Formation			Afterwards SHG Formation		
	Male	Female	Both	Male	Female	Both
Marriage of girls	27	6	67	2	6	92
Marriage of boys	28	6	66	2	4	94
Education of children	35	11	54	2	19	79
Loan arrangement	63	13	25	5	45	50
Purchasing	48	38	14	1	46	53

Areas	Formerly SHG Formation			Afterwards SHG Formation		
	Male	Female	Both	Male	Female	Both
Savings	47	41	12	1	58	41
Expenditure on festivals	52	14	34	3	26	71
Participation in meetings	55	21	24	3	29	68
Interaction with outsiders	70	8	22	13	18	69
Asset building	61	7	32	7	13	80
IGAs	36	6	58	5	11	84

Conclusion

Rural India has survived with the contribution of Self Help Groups in poverty alleviation. There cannot be the development of rural poor without empowerment. Women taking an active part in the SHGs have brought more significant impact in financial and social aspects among the members in the study area. Among the selected four districts, empowerment of women SHG members is visible. This process has enabled more members to be self-independent, bringing out the capacity of these people to explore new initiatives leading to the improvement of their family status. The financial situation of the SHG members has improved, and this has led to a significant and permanent improvement of their economic wellbeing in their day to day life.

The findings reveal that encouraging women to organize into Self-Help Groups plays a significant role in the emancipation of women in different ways. In the process of empowering women through, SHG it has encouraged their ability of decision making role in terms of income initiation and credit facilities, promotion of savings, asset creation and sharing and shouldering responsibility on family affairs. It demonstrates that empowerment of weak rural lead the SHG individuals to make them confident, sensitized, self-made and independent. The formations of SHGs are contributing to a great extent in some communities whereas in some areas they face problems in the study area. As the aim of the SHGs is to help women in achieving economic empowerment, it is also the duty of the Government to provide individual attention to these people as this will help the nation to achieve goals through development.

In the perception of empowerment of rural poor, the social and economic status of the family and community as a whole is, improved after joining SHGs through joint actions of development. But Government departments and NGOs ought to include entrepreneur activity effectively among SHG members.

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Functioning of Self-Help Groups and its Impact on Empowerment of Scheduled Castes Women: Perspectives from Rural Telangana¹

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Abstract

In reality, every rural village in India faces problems like poverty, illiteracy, lack of skills, health care, etc. these glitches cannot be, undertaken individually but, they can be, addressed and solved through the efforts of a group. In the present scenario, the Self-Help Groups have become the vehicle of change for the poor and marginalized communities in rural and urban areas. The findings of the study elevate that the SHGs in the selected villages have been functioning for their economic development with the support of the successive governments and as well as the members of the group. The levels of Self-confidence, economic and social development among the Self-Help Group members are, found significant. Still, it needs support from the banking sector for the establishment of medium and small scale industries.

Keywords: Empowerment, Micro-Finance, Rural Telangana, Scheduled Castes, Self-Help Groups

Introduction

In India, the Self Help Group (SHG) movement has risen as the largest successful network of women-owned Community Based Microfinance Institutions in the world. And now it is playing a vital role in the savings which are being helpful for the members. The underprivileged groups in the society are empowered to overwhelm all socio-economic, cultural, and psychological obstacles with self-managed establishments. Women who have been denied in decision making for centuries and catered only to the

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household activities are now achieving higher productivity with improved skills. In Telangana, Society for Elimination of Rural Poverty (SERP) is a catering and a supportive structure in assisting the social mobilization of rural poor women in 32 rural districts. It is functioning for the development of Self Help Groups (SHGs) of women and their federations and thereby contributing to the empowerment of women. In Telangana, there are about 45.60 lakhs members in 4.35 lakhs SHGs that are functioning in 18,397 villages. The structure of the SHGs is, categorized into three categories like Village Organizations (VOs), Mandal Samakhyas (MSs), and Zilla Samakhyas (ZS). This network of Community-Based Organizations (CBOs) is helping to leverage and promote financial inclusion, which is, expanded to include land-based livelihoods, skills training, livelihoods support, access to Government Programmes, and initiatives to improve health and education outcomes.

Review of Literature

In India, the women's SHG model can be called as a home-grown model. Based on the principals of self-help, self-management, self-responsibility, and self-reliance, the groups are mobilized by promoting institutions. Rao (2004) analyzed that in rural villages, the existing formal financial institutions have failed in providing financial assistance to the weaker sections of the society. Due to that, the poverty levels among the underprivileged sections remained unchanged. The widespread formation of SHGs in rural settings has awaked the women in various forms, especially in strengthening their confidence levels for surviving their families. He viewed that the SHGs had provided a platform in providing financial assistance to overcome the financial crisis and helping the women to run the small business. However, he analyzed that SHGs is playing a pivotal role in empowering women in all aspects. Lalitha and Nagarajan (2004) observed that in rural villages, the SHGs had become a milestone for women empowerment such as economic and social aspects which are vital indicators for their development. They also analyzed that the active role of women participation in SGHs has laid a platform in building the confidence levels and acquired leadership qualities which helped them in contesting the local body elections and serving the society. An interesting point that they have come across the SGHs is not only the group leaders, but each member of the group is aware of the issues and challenges that arise in the functioning of SHGs. The regular meetings have helped the women in improving communication skills, knowledge of the welfare schemes, and availing them for their development.

Meenakshi (2006) argued that in rural villages, women had achieved much awareness concerning their roles and responsibilities which they have to play in society. The SGHs trained the women in maintaining the

punctuality in organizing the group meetings, awareness programmes on welfare schemes, and training programmes. The woman has got a broad exposure in the society in performing their roles for the development of the community at the village level. The great achievement among the women is the self-confidence levels, and leadership qualities that acquired through the SGHs have helped many in electing as the political representatives in the local body elections at the village, Mandal and District levels. The women are now playing a vital role in the decision-making process within the family, which is an outcome as a member of the SGHs. Datar and Prakash (2004) argue that in the country, the SHGs are functioning well in acquiring knowledge skills through pieces of training. But still, they are lacking in coming with income-generating activities which are most important for women. There is a need for women to become prominent entrepreneurs and provide employment opportunities for the unemployed youth. Government officials should promote the SGHs in availing financial assistance to encourage entrepreneurs. The training programmes that are organized by government officials should focus on the importance of business about the income generation, which has a combination with the local economy.

Goetz (2001) argues that the woman who gets the amount from the SGHs is used for household activities, educating the children, and medical purposes. Apart from looking after the household activities, the women have established a social network in society and empowering for business establishments. Veena (2005) point out micro-finance assistance for the rural poor has laid a platform for the overall development. She observed that majority of the women who were daily wage labourers' have turned to self-employment. Women are now in a position to take the loans and repay the amount without any delay. The SHGs members are now able to access bank credit without any delay from the financial institutions, and they are good at maintaining the record books. In the view of the above literature, hardly there is any particular study on the functioning of Self-Help Groups in the empowerment of Scheduled Castes in Telangana, which is a new and 29th state in the country. Hence the present study tries to fill the gap.

Objectives

- To look at the functioning of SHGs and the idea in forming SHGs.
- To sketch out the influence of SHGs on economic activities, household welfare, and social empowerment of women.

Methodology

For the present study, the Random sampling technique was, adopted in the selection of districts based on the population of SCs, which are higher

than the state average (15%). Warangal Urban (18.14%) and Nalgonda (18.1%) districts are, selected as the SC population are higher than the total SCs covering Southern and Northern parts of Telangana state. Based on the same technique, two Mandals from each district; and two villages from each Mandal are, selected for the study. Overall, two districts, four Mandals, and eight villages are selected. Both primary and secondary data used are in the analysis. Primary data was, collected through a structured questionnaire, and group discussions were, organized for capturing the qualitative data.

Table-1: Details of Population in the Selected Villages Under the Study

District	Mandal	Village	TOT_P	P_SC	%	M_SC	%	F_SC	%
Nalgonda	Katangoor	Dugnevalli	4769	572	11.99	290	50.70	282	49.30
		Chervugattu	4171	850	20.38	412	48.47	438	51.53
	Narkatpally	Pamangandla	1496	484	32.35	235	48.55	249	51.45
Narkatpally		10394	1712	16.47	904	52.80	808	47.20	
Warangal Urban	Inavole	Inavole	7441	1766	23.73	961	54.42	805	45.58
		Kondaparthu	6439	2050	31.84	1030	50.24	1020	49.76
	Bheemadevarapally	Kothapally	4199	776	18.48	376	48.45	400	51.55
		Kothakonda	4610	896	19.44	455	50.78	441	49.22

HH- House Holds, TOT_P – Total Population, P_SC – Scheduled Caste Population, M – Male, F – Female

Out of the selected villages in Warangal Urban district, Kondaparthu village in Inavole Mandal has the highest population of SC with (31.84%) and Kottapally village in Bheemadevarapally has low with (18.48%) population. In Nalgonda district out of the selected villages, Pamandlaguda has the highest SC population with (32.35%), and Dugnevalli village has low with (11.99%) population. The study adopted both quantitative and qualitative methods which involve both primary and secondary data.

Table-2: Details of Self-Help Groups Under the Study

District	Village	Name of SHG	Year of SHGs formation	No of Members in SHGs
Warangal Urban	Kottakonda	Lahari Podupu Sangam	2012	10
	Kottapally	Ambedkar Mahila Podupu Sangam	2017	14
	Kondaparthu	Shivani Mahila Mandali	2008	10
	Inavole	Akshara Mahila Podupu Sangam	2009	12
Nalgonda	Narkatpally	Jabili Podupu Sangam	2004	10
	Chervugattu	Kalanjali Mahila Sangam	2008	14
	Pamangandla	Vennela Podupu Sangam	2012	13
	Dugnevalli	Saraswathi Podupu Sangam	2009	12

Source: Primary data

The Self Help Groups have different names, and they are, formed during 2004-2017 and the group size at present varies from 10-14 with an average of 11.88 members. The highest SHGs members are, found in Kottapally, and Chervugattu villages and the least is, found in SHGs of Kottakonda, Kondaparthi, and Narkatpally villages. In Kottapally village there are around 30 SHGs, and Ambedkar Mahila Podupu Sangam is a new group that is, formed in 2017. From the field study, it is, noted that a newly married woman had taken the initiation to form a new group and mobilized 14 members for being part of the group and now she is leading that group. Among the total SHGs, Jabili Podupu Sangam of Narkatpally village is one of the oldest groups which are having 14 years of experience in maintaining the group. There is no equal number of distributions among the groups because they are, restricted to their wards in the area in which they are residing, and priority is, given to those members.

Table-3: Educational Status of SHG Members

Dis- trict	Village	Illiterate	Primary	Secondary	Degree	Post-Grad- uation	Total
Warangal Urban	Kottakonda	7	2	0	1	0	10
	Kottapally	10	3	1	0	0	14
	Kondaparthi	5	2	2	1	0	10
	Inavole	4	4	2	1	1	12
Nalgonda	Narkatpally	7	2	1	0	0	10
	Chervugattu	9	2	2	1	0	14
	Pamangandla	8	3	2	0	0	13
	Dugnevalli	8	2	2	0	0	12
Grand Total		58	20	12	4	1	95

Source: Primary data

Concerning the educational qualifications of the self-help group members, it is, found that in all villages, the majority of them are illiterates and then followed by primary and secondary education. In the SHGs of Kottakonda, Kondaparthi, Inavole, and Chervugattu villages, it is, found that there is only one graduate woman in the group. And in Inavole village it is found that there is only one woman who has completed her post-graduation from the group. From the field study, it is, understood that the persons with higher qualifications in the group are heading the SHGs and providing the leadership in maintaining the groups. It is also, observed that in the process of SHGs operation, illiterate women learned knowledge that is required to write their names in the register. This achievement should not be viewed only in terms of availing the money, but it should also be, viewed as the seed for social empowerment or social capital among the women. The illiterate woman said that they are interested in writing and reading in Telugu as it has become essential for them to when they visit banks / offices and sing on papers. They expressed that though there are Saakshara Bharath Centres

in the villages, they are not functioning, and organizers/volunteers are not helpful to them. The working process of the group has also paved the way for the illiterates to learn and gain knowledge.

Occupational Status of SHG members

The occupational status of SHGs members unfolds that, they are engaged in agriculture, non-agriculture (construction works and service sectors) mostly as daily wage earners. The daily wage is ranging between Rs. 100-150, and Rs. 200-300 in agricultural operations and construction operations, respectively. The service sector includes Kirana and general stores, vegetable market, hotel, etc. The SHG group members are involved in agricultural activities for their survival mostly as labourers. In Kottakonda, Kottapally, Inavole, and Narkatpally villages, the women are engaged in construction work. Except for Pamangandla and Dugnevalli villages, women from the other six villages are, engaged in the service sector. In villages like Kottakonda, Kottapally, Inavole, and Narkatpally women members are involved in all the activities like agriculture, construction, and service sectors. The majority of the Scheduled Caste women from all the villages said that their main occupation is agriculture labour and also engaged in construction works. Some of the women from Kottakonda, Kottapally, Inavole, and Narkatpally villages said they could get managed by involving in other outside works and engaged in the pet shops that are managed by the family members.

Table-4: Annual Savings of SHG Members

District	Village	Amount in (Rs.)	
		0-12000	13000 - 14000
Warangal Urban	Kottakonda		✓
	Kottapally	✓	
	Kondaparthi	✓	
	Inavole	✓	
	Narkatpally	✓	
Nalgonda	Chervugattu		✓
	Pamangandla		✓
	Dugnevalli	✓	

Source: Primary data

One of the core elements for promoting SHGs is savings. About the annual income savings of SHGs in the villages, it is, found that Kottapally, Kondaparthi, Inavole, Narkatpally, and Dugnevalli villages the group

members are below 12 and their savings is around 12 thousand rupees per year. While in In Kottakonda, Chervugattu, and Pamangandla villages the group members are between 13-14 and their annual savings between 13 to 14 thousand rupees annually. It is, noticed that the monthly savings of each member area hundred rupees. One of the leaders from Kottakonda village said that depending on the availability of the principal amount, the members who require money will take the loan, which is between 10-15 thousand rupees. She also expressed that the persons who have borrowed the loan will pay on an instalment basis.

However, the loan interest and monthly savings are, paid as usual, along with the other group members. The rate of interest varies from 2-3 rupees per month, depending on the rate of interest charged by the local money lenders. One of the group leaders from Pamangandla village said that the persons who need money are informed well in advance, and with the permission of the group members the amount is released from the bank, and it is, paid to the needy persons. In case of any urgency to the person, the amount is, adjusted from any of the group members, and the same is, paid to them after releasing the amount from the bank. From the above analysis, it is, understood that the annual savings of the SHGs depend on the members available in the group. The amount is helpful for the group members to meet their socio-economic needs.

Management of SHGs

The SHGs are, expected to maintain different types of books like minute's book, attendance registrar, loan ledger, cashbook, savings ledger, general ledger, and member passbook, bank passbook. From the field study, it is, noticed that except minutes book all other particulars are maintained in all the selected villages. In Kottakonda and Kottapally villages, minute's books are, maintained and in the other six villages, they are not maintaining minute's book. It is, observed that they are aware of the minute's book, but due to their un-interest, they do not maintain such a book. Though there are educated persons in Kondaparthi, Inavole, and Chervugattu villages who can write the minutes of the meeting they are not showing interest.

From the field, it is, noticed that all the SHGs which are maintaining saving ledgers, loan ledger, members pass book and cash books are, updated with the latest information. It is, noticed that in all the villages the record books are stored in the leader's house. In the villages like Kottakonda, Kondaparthi, Inavole, and Chervugattu the SHGs the books are, written by the SHGs leaders. In the rest of the villages, the books are, written by other educated persons. It is because of not having a qualified person who maintains the record writings. The honorarium for the book writers is, paid by the group which is around 50-100 rupees per month.

The rules and regulations of the group must be, printed on a book and it is maintained only in Kottakonda and Kottapally and in the other six villages, such kind of information is not printed on the books. From the field study, it is, observed that there is transparency in maintaining the fund which, is, collected from the group members.

Training and Skill Development

Training programs vary from one activity to the other. Training related to SHG & federation concepts, development programs, social issues, farm activities, and off-farm activities mostly planned for 3 to 5 days. In all the villages' majority of the members said that they had attended the orientation program on the concept and importance of Self-help groups. It is, also noted that SHGs leaders took training on financial transactions, bookkeeping and ledger maintenance, the orientation programs on developmental schemes that are being implemented by the central and state governments, orientation programs on the livelihoods, the conduct of meetings, maintenance of records and community participation, communication skills. All these have enabled the SHGs members to manage groups, establish a network with the financial institutions, and promote communication skills and participation in the development process at the grass-root level.

Official Transactions

The study tried to collect the views on the collection of the amount. From the field study, it is, noticed that in the villages like Narkatpally, Chervugattu, Pamangandla, and Dugnevalli the meetings are held at the leaders' house on regular intervals of time and in the same place the amount is collected. The amount collected from the members is, deposited in the bank of the SHGs account. One of the respondents from Inavole groups said to maintain transparently and accuracy once in a month, they change the place of gathering to the residence of the members and collect the amount. One of the respondents from Kondaparthi village said to encourage the members of the group every month they fix a particular place for gathering, and it is intimated in advance to the members for collection of the amount.

However in the villages like Kottapally and Kottakonda the SHGs office is housed in a rental building and official work such as organizing weekly/monthly meetings, maintenance of official documents is being, executed from the rental premises. Leadership rotation and rotation of representation in apex bodies are significant for building leadership qualities among the SHG members. Change in the leadership is noticed in Kottakonda, Kondaparthi, and Inavole villages every four years, and the opportunity is given for the new members and promoting leadership among the members. However, in the rest of the villages since the inception of the SHGs, the

leaders who were heading the group are continuing in the position, and it is because the majority of the group members are illiterates who are not having knowledge and leadership qualities.

Utilization of Savings

The SHGs mobilize the savings from their members and use them for lending to their members in the group. Besides that, the SHGs also promote savings with their apex organizations such as SHGs federations and other formal financial institutions like banks and commercial microfinance institutions. The majority of the respondents from all the villages said that their primary source of savings is for the future requirements and to get economic stability. It is, noticed that such amount is, used for repaying the debts which they have taken for various purposes. One of the respondents from Kottapally village said that they purchased land from the savings. One of the respondents from Kondaparthi village said that the savings amount used for social ceremony, i.e. wedding in her family. One of the respondents from Inavole village said that she is saving the amount for her new-born baby for her future expenses. One of the respondents from Chervugattu village said that she is saving the amount for her daughter's marriage which is going to be, held next year. The majority of the respondents said that the savings would be useful when they come across any kind of unprecedented incidents related to health etc. One of the respondents from Pamangandla village said that she is saving the amount for asset creation which would benefit her when she needs money. From the analysis, one can understand that the members are saving their money for their plans.

Purpose of Loan Taken

The study tried to know on what purpose the SHGs members are taking the loan amount. The majority of the SHGs members said that they are taking the loan for repaying the old debts, socio-economic needs of the households. Members from Kottapally village said that they are taking the loan for group activity. One of the respondents from Kottakonda village said that she had taken a 15 thousand rupees loan for the death anniversary of her uncle. One of the respondents from Kottapally village said that she had taken ten thousand rupees loan for the medical treatment of her younger child. The majority of the respondents from Kondaparthi village said that they had taken the loan for the payment of school fees where their children are studying in a private school. One of the respondents from Inavole village said that she had taken an amount of rupees 50 thousand for the marriage of her girl child. One of the respondents from Narkatpally village said that she had taken the loan for the renovation of her house. One of the

respondents from Chervugattu village said that she had taken an amount of rupees 20 thousand for buying gold ornaments. One of the respondents from Pamangandla village said that she had taken rupees 25 thousand as which has been, utilized as a contribution for cultural celebration (Bodrai Prathistambana) in the village. One of the respondents from Dugnevalli village said that she had taken 20 thousand rupees loan for the payment of debts for which she has taken for cultivation. From the above analysis, it is, understood that the loan amount that is taken by the group members is being useful for various purposes.

Problems Faced in Availing Loan from Banks

The majority of the group members are facing problems like lack of awareness rules and regulations relating to SHGs operations, absence of government officials during office hours, and lack of cooperation from the bank officials. One of the respondents from Pamangandla village said that when they visit the bank, the employees don't interact appropriately with the group members, and even they don't give priority to the members. One of the respondents from Inavole village said that they face problems due to inadequate human resources. The majority of the members said that the attitude of the bankers is not right and it is among the male employees, mainly and because of that they are delayed sometimes in availing the loans. One of the respondents from Kottapally village said that there is no problem with the bankers, but due to the low outstanding amount in the group account, they have faced problems while availing the loans. Some of the respondents from Chervugattu, Pamangandla, and Dugnevalli said that due to the delay in the submission of the documents by the group members, they had faced problems in availing of the loans. From the above analysis, it is, found that due to illiteracy, the group members are facing a lot of problems in availing of the loans from the banks. At the same time, they are also facing problems with the negative attitude of the bank employees.

Economic Empowerment of SHG Members

The study tried to sketch out the economic empowerment among the SHG members. The SHGs have brought significant change in the lives of members at the individual, household, group, and community levels. From all the villages it is found that there is an increase in personal assets, support to the family, increased access to microfinance, an increase in income levels of the households, meeting socio-economic needs, increased accessibility to financial institutions, etc. One of the respondents from Kottakonda village said that recently she had bought new furniture from the amount which she has generated from the savings. One of the respondents

from Kottapally village said that from the past two years she is, being of the group and now she can support her family economically. One of the respondents from Kondaparthi village said that her husband is maintaining a hotel, and whenever they need the money, she borrows the amount from the group. One of the respondents from Inavole village said that her family income levels are being increased just because of the savings. Some of the respondents from Narkatpally village said that there is a lot of support from the SHGs when the families come across the economic crisis. The majority of the respondents said that after becoming part of SHGs now, they could manage their bank accounts without seeking the help of others. From the above analysis, it is, understood that there is a lot of impact with the SHGs on economic development.

Social Empowerment among SHG Members

The study tried to assess the changes in the role of women in social empowerment. In all the villages it is found that self-confidence has improved among the group members. An increase in the decision making is, found in villages of Kottakonda, Kottapally, and Kondaparthi SHGs members. From the field observations, it is, found that the members are very active in villages like Kottakonda, Kottapally, and Kondaparthi, and it is because of their awareness of society. The communication skills, support during the economic crisis in the family, and an increase in participation and mobilizing the people in various events are, found in all the villages. Participation in the community activities is, not found Chervugattu, Pamangandla, and Dugnevalli villages, and it is because of the unawareness of the activities that are taking place in the village. The majority of the respondents from all the villages said that they got the confidence to sign at the banks and other places. They also expressed that they can approach the banks without any fear. The majority of the respondents said they could mobilize the people in the village, and they are addressing various issues related to family and village problems. One of the respondents from Kottakonda village said that the members of the group are, well equipped with communication skills, and it is just because of being a member of the group. The majority of the group members said that they got proper recognition in the community and the village after joining as a member of the group. The majority of the women felt that they are, failed to be a decision-maker in the house, and it is because of male domination in the family. One of the respondents from Kottapally village said that they got the confidence to approach the local body institutions, and they can raise the issues related to community development. From the field study, it is, observed that there is a significant increase in the confidence levels of SHG women. The utmost development is that most

of the SHG members have approached institutions like Banks, Hospitals, Gram Panchayat, and though approaching police stations are minimal. The women's mobility is high to go shopping outside the village' and 'attend SHG work outside the village' as compared to earlier.

Issues Discussed in the Meetings

The study tried to know how frequently they gather for organizing meetings. From the field, it is, observed that in some villages the SHGs gather weekly and in some other villages they gather once in a month. One of the respondents from Kottakonda village said that they call upon for a general body meeting once in a month, and mainly they discuss the collection of the savings and loan interests that are paid by the members. One of the respondents from Kottapally village said that they discuss on the requests of applications they received for the appeal for loans and the disbursement. One of the respondents from Kondaparthi village said that weekly they gather for smooth functioning and maintenance of book accounts and ledgers. One of the respondents from Inavole village said that apart from the savings, they also discuss the social issues related to the community and the problems that the members are facing in the day to day life. One of the respondents from Narkatpally village said that they discuss on the livelihood issues that they are, maintained by the individuals and the problems that they are facing in the maintenance. One of the respondents from Chervugattu village said that during their gatherings, they discuss the community-based issues and the problems that exist in the families. One of the respondents from Pamangandla said that every weekend, they organize meetings and discuss the interest subvention. Some of the respondents from Dugnevalli village said that during their gathering, they discuss the developmental activities that are to be, taken within the family and village issues. From the field, it is, noticed that the attendance among the group members is about 70-80 per cent on every gathering of the meetings that are, held.

Conclusion

The impact of the SHGs in rural villages is empowering the Scheduled Caste women in several aspects. The woman able to overcome the economic barriers but, the decision making in the families is, limited due to the impact of patriarchal male domination. However, the self-confident levels among the women have increased, and social status is dignitary. The SHG members are on the right path in handling the family issues and better in utilizing the loans which they have taken. It is interesting to note that the bank officers do trust the SC women to sanction the loans in a considerable amount. In this context, there is a need from the bank officers to encourage

the SC households and provide loans to run small scale industries. The women are showing interest to educate themselves, and there is a need for the government to provide educational centres in the SC colonies/streets. The women should be encouraged to take part in the local body elections for the overall development of the village.

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Resource Mobilization and Its Dimensions: A Critical Review on Bihar

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Abstract

The liquor-ban and Goods and Services Taxes (GST) are the most debated topics in the recent public finances sector in Bihar. This paper analyses the Bihar socio-economic scenario and its characteristics. Further, detailed historical aspects of resource mobilization in the state deal with its different dimensions viz. tax revenue and non-tax revenue; central transfers and dependency on central transfers; debt profile and interest rate profile; and cash management. It also assesses the buoyancy of the tax and efficiency of the tax and non-tax targeting. This paper uses data of two decades (2001-20) for trend analysis. The result proves that the liquor ban had an impact in the form of worth Rs. 4000 crore; IGST has been playing a significant role since more than 50 per cent of GST collection come from it; central devolution contributes around 77 per cent. The state government has been generating revenue surplus since 2005. Debt outstanding is 32.2 per cent of Gross State Domestic Product that is not under the limit of FRBM, Act 2006. Bihar has improved on many development fronts. However, it is still behind the national average and far behind the developed states.

Keywords: Buoyancy, Cash Management, Debt Management, Finance Commission, Goods and Services Tax, Interest Profile, Liquor Ban

Introduction

Resources are not equally, spread throughout the globe. Consequently, the different countries differ in the magnitude of areas and also differ in the availability of resources. On the one hand, Europe and America are the wealthiest regions, whereas on the other hand Africa and Asia are

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comparatively weaker regions of the world. Likewise, India is a vast country in size, the seventh-largest in the world, with an approximately unlimited variety of resources, but not disseminated in an equal manner. The south Indian region is comparatively prosperous compared to its counterpart for the north region. Bihar is one of the least developed states of India. In terms of various developmental indicators, Bihar is, placed at the bottom. Bihar has fertile land, water resource and labour resources are available in abundance.

However, the density of population (1106 person per square kilometre) has imposed massive pressure on the land for residential and cropping purposes. The water resource is also not properly managed. It is, evidenced by frequent floods in North Bihar and droughts in South Bihar, which adversely affect the livelihood and agricultural production. A plenty of resources are damaged by floods regularly. Major physical infrastructures in the flood-affected area have been devastated by flood regularly which requires to be, rebuilt urgently. The labour force in Bihar is mostly and largely unorganized and unskilled; therefore, out-migration is very high in the State of Bihar. Out of 52 per cent of the population under the working-age group of 15-59¹, only 33 per cent are working. These workforces are mostly (more than 70 per cent) employed in the agriculture and allied pursuits. Another natural disadvantage of Bihar is being a landlocked state. In the absence of coastal region, Bihar is, deprived of direct international trade. The industries sector in Bihar is the lowest in India and comprises of hardly 1.22 per cent of the nation's share.²It shows the extent of dependency of livelihood on agriculture and allied activities. It also indicates the quantum of the actual size of the informal economy in the State. Enormous resource scarcity in Bihar is, observed as a tax: GSDP ratio of Bihar is, estimated to be only 5.9 per cent in 2019-20. So, the million-dollar question is 'how can resources mobilized?' One should look back to the history in respect to the mobilization of resources which can help to understand the reasons for the low resource base in Bihar.

Historical Perspective of Resource Mobilization

Bihar was a prosperous region, as discussed in Ancient History. The Mauryan had ruled from 322 to 185 BCE, which was geographically widespread Iron-Age historical power in ancient India. Chandragupt Maurya was the ruler of the great kingdom of Patliputra and stretched his empire to the area covering India, Bangladesh, Pakistan, Afghanistan and some part of Iran. Ashoka was also a great king of Patliputra and expanded the empire of Maurya. The world's first University of Nalanda and

1 Census 2011, Registrar General of India.

2 Bihar Economic Survey 2013-14, Government of Bihar

Vikramsila were, situated in Bihar which mobilized the students from all around the world. The great religions introduced in this part of the country were Buddhism and Jainism. Both educational and religious evolution mobilized students, disciples and tourists in Bihar. Bihar was an imperative political, military, and economical origin of Indian civilization during the ancient and classical periods of history. So, the resources were mobilized, to Bihar. The ancient period not only mobilized resources are still a source of resource mobilization in the present time through tourism. Undoubtedly, Bihar was very developed at the beginning of its history; however, the State's backwardness started from the medieval period.

In the Medieval period, Bihar lost its glory as of the political and economic Centre of India. The Mughal time was responsible for the degradation of Bihar's prestige, mainly because of religious interest and provincial administration controlled from Delhi. The Buddhism in Magadha was finally swept away by the Islamic invasion under *Muhammad Bin Bakhtiar Khilji*, one of *Qutbud-Din's* generals destroyed monasteries fortified by the armies, and during the period which many of the Viharas and the famous universities of Nalanda and Vikramshila were, destroyed. Thousands of Buddhist monks were, massacred in the 12th century. Only Sher Shah Suri (created Grant-Trunk Road through Bihar) was successful in defeating Humayun, the son of Babur and became the ruler of the nation in the medieval period only for five to six years. In the period of Sher Shah Suri, the Grand-Trunk (GT) road was, built which passes through Bihar.

During the British's rule, the permanent settlement was, also introduced in this part of the country which ensured backwardness of the region. There were several mediators involved as rent payers to the State (British). The significant adverse effect of permanent settlement has been a significant economic disparity. There were no incentives for improving productivity. This disadvantage gradually rooted in the development process and led to backwardness in their root of the Bengal Presidency. Bihar was a part of the Bengal Presidency and was, very much dominated by the development process around Calcutta. Most of the infrastructures in the form of medical centres, educational centres, and other developmental works were, taken up around Calcutta. Bihar was, exploited during this period at every sphere, i.e. labor resource, mines and minerals, rent, agricultural products etc. As a result, the resources were shifted, from Bihar to London. When divided from the Bengal Presidency in 1912, Bihar and Orissa contained a single state. But later, through the Government of India Act, 1935, Orissa became a new province. The separation of Bengal (Kolkata and Haldia port) and Orissa (Paradip Port) from Bihar adversely affected its resources. The natural resources, including seacoast, mines and minerals as well as industries, were mostly confined in Orissa and Bengal.

Bihar has been facing multiple dilemmas even after Independence. Bihar has been facing the problem of flood due to heavy rain or the release of a substantial amount of water from Nepal. This issue is international, and the central government neglected this and suffering from this hazard continued for several decades. Bihar remained deprived on account of its being the entirely landlocked State, and the import-export business transactions are costly and were one of the reasons for not availing the opportunity of liberalization, privatization and globalization (LPG) during the economic reform period. Apart from this, the Freight Equalization policy also played a crucial role in taking away development process from this region of the country. This region was very rich in the context of mines and minerals, which are the primary raw materials for industrialization and attracts the industrialization around the centres. The process of liberalization escaped this part of the nation. The economic growth during the nineties (2.1 per cent) was much lower compared to the eighties (4.7 per cent) and in the recent decade (10.5 per cent) (2005-2015). The final shock was given by partition of Bihar only in November 2000, which left Bihar with land, labour and water and Jharkhand retained almost all industries, mines and minerals. The resources were truncated, from Bihar during these periods. However, Bihar has been growing at a faster rate of more than 10 per cent and improved a lot in many fronts of development, mainly after 2005. In this scenario, Rs. 26,885 crore spent on the significant head of social sectors and the rest of the Rs. 45,962 crore spent on the general sector activities to maintain the state functioning and administration.

Methodology and Data Base

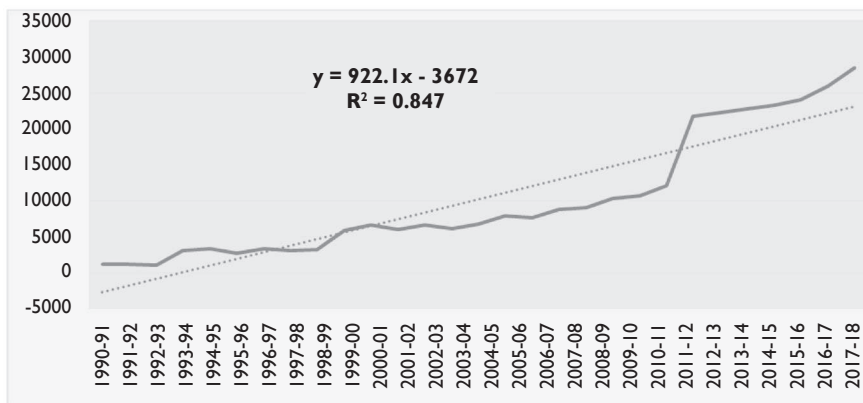
The secondary data and information forms the base for the study. For the analysis, data is, used for the reference period 2001 to 2018. Data related to revenue and capital receipts have been, collected from different budget documents and finance accounts. The state economy details have been, obtained from the Central Statistical Organisation (CSO). Demographic data have been, accessed through Census of India. For administrative reforms, measures taken by the government to improve tax: GSDP ratio and their views regarding the rise of overall resources of the State. Interviews of the tax administrators, politicians and officials for current and future tax policies have been conducted. Log linear trend is used to track the direction and pace of the revenue collection and development. In contrast, buoyancy is, used to arrive the difference between potential and reality.

Socio-Economic Conditions

After the introduction of the New Economic Policy in 1991, the development process remained confined only in the coastal areas and

the investment attracted only the developed regions. Moving in the same lines, Bihar also got less central devolution. Due to the under-utilization of funds and meagre physical infrastructures, there was a very high rate of unemployment. The per capita income path (Figure-1), decreased during 1990-93 from Rs. 1,197 to Rs. 1,017 and almost remained stagnated during 1993-99 Rs. 3,037 to Rs. 3,210. A very nominal increase from Rs. 5,786 to Rs. 6,117 was observed during 1999-2004, and the PCI almost doubled during 2004-10 from Rs. 6,772 to Rs. 12,090. Finally, during the last six years' period of 2011-18, the PCI increased by only Rs. 6,735. This trend shows the income progress of about 28 odd years of Bihar that the PCI of the State is not increasing fast. It is only one-third of the national average and barely 18 per cent of the developed State like Haryana. Slow economic growth and high growth of population is the main reason for the low per capita income of the State.

Figure-1: Real Per Capita Income of Bihar (1990-2018)



Note: Base year - 1980-81 for 1990-91 to 1992-93, 1993-94 for 1993-94 to 1998-99, 1999-2000 for 1999-00 to 2003-04, 2004-05 for 2004-05 to 2010-11 and 2011-12 for 2011-12 to 2017-18

Source: Central Statistical Organisation, Government of India

During the recent past, Bihar has registered double digit growth. Many kinds of literature stand the evidence to the fact that this growth is public investment-driven. The state government has been striving hard by making a massive investment in physical infrastructure, solidification of the social sector, especially health and education, and enhancement in law and administration of the State. These investments could be possible due to the massive growth in revenue collection.

Demographic indicators play an essential role in the development of any society. If the demographic dividend is, properly utilized, the economy grows at a faster rate and in a sustainable manner. Bihar is the home to about 12 crore of people resulting in the density of around 1106 people per square

kilometre compared to only 382 at the all-India level. This high population pressure on the land and other resources put Bihar in backwardness. Bihar constitutes 8.6 per cent of the country's population. It is also disadvantaged for the State where only 11.3 per cent of the area is, urbanized and 11 districts are extremism affected. These districts are lagging in terms of several development indicators. Recently, the NITI Ayog has declared 13 districts of Bihar as aspirational districts. These districts are, benefitted through many of the central as well as state government schemes and programmes. State also suffers from a low level of literacy as well as high poverty incidence. The per capita income of Bihar is lowest in the country. This trend exists in the State since long.

The significant proportion of the populace resides in the rural area of about 89 per cent while agriculture and allied sectors (including cultivation) provide 72 per cent employment. The significant share of the population is unskilled and not very educationally qualified. Nearly half of the women and about 30 per cent men are illiterate. It indicates the low level of educational attainments. However, during the recent past, the State and central governments have implemented many programmes to improve the educational outcomes, and the gross enrolment ratio can see it of Bihar (108 per cent) compared to 99 per cent of all-India in 2015-16. After 2005-06, the state government has taken several strides like – a prepared road map for agriculture for sustainable development of almost 90 per cent of the people resided in the rural areas and depended on agricultural-related work for their livelihood. Also, Mission Manav Vikas for health, education and livelihood promotion, Bihar Skill Development Mission for skilled labour and employment, Single Window System and New Industrial Policy, 2011 and 2016 for industrialization and investment promotion, Water Policy and many more reforms have been, taken for the omnipresent development of the State.

The government also focused on improving physical infrastructure, which formulates the development prospect of the State. The social sector was, given priority to strengthening the public health and education system. The state government has implemented Seven Resolutions (Saat Nishchaya) programme to ensure the first service delivery, i.e. communication, energy, employment, access to education and health, water and sanitation etc. to the people of the State. Therefore, the per-capita income has been increasing during the last one and half-decade. Table-1 depicts the socio-economic condition of Bihar viz-a-viz All-India. Bihar has been laggard in terms of PCI, low credit-deposit ratio, high poverty ratio, low per capita electricity consumption, high rate of maternal mortality rates and high population density almost three times more than of all-India. Due to efforts taken by the state government, the State has been able to achieve or near to

achieve the national level figure of literacy rates, infant mortality rates, life expectancy, and enrolment ratio.

Table-1: Socio-economic Indicators of Bihar viz-a-viz All-India

Social Indicators	All-India	Bihar	Economic Indicators	All-India	Bihar
Population (crore) (2011)	121.0	10.4	Human Development Index (2011)	0.504	0.447
Population Density per sqkm (2011)	382	1106	Economic Growth (2017-18)	7.1	11.3
Sex Ratio per female per 1000 male (2011)	943	918	Per Capita Income (Rs.) (2017-18)	86668	28485
Life Expectancy at Birth (2012-16)	68.7	68.7	Per Capita Electricity Consumption (kwh) (2016-17)	1122	272
Maternal Mortality Rates (2011-13)	99.2	107.7	Road Density per sq km (2017)	143	219
Literacy Rate (2011)	72.9	61.8	Tele-Density per 1000 people (2018)	93	63
Literacy Rate - Male (2011)	80.9	71.2	Credit Deposit Ratio (2016-17)	78.4	46.4
Literacy Rate - Female (2011)	64.6	51.5	Poverty Ratio (2011-12)	21.9	33.7
Infant Mortality Rates per 1000 live Birth (2016)	34	38	Female Work Participation Rate (2011)	25.5	19.1
Gross Enrolment Ratio (6-13 Year) (2015-16)	167	208	Land Ownership of Women (2015-16)	38.4	58.8

Source: 1-9,17 Registrar General of India; 10 DISE; 11,14-Planning Commission; 12-13-CSO; 16-RBI; 18-Ministry of Power and Energy, GoI; 19-Ministry of Road, Transport and Highways; 20-TRAI; and 21-NFHS IV;

Resource Mobilization

Public Budget has four pillars – (i) Resource Mobilization, (ii) Expenditure Management, (iii) Debt Management and (iv) Deficit Management. These all four pillars are interlinked, and optimum revenue collection leads to more expenditure on development on one hand while better and efficient expenditure management give better outcomes. Debt is also dependent on the revenue collection for its repayment, and the deficit is, managed by either improving resource mobilization or curtailment of expenditure. Therefore, every other three pillars of the budget also lead or dependent on the resource mobilization. It is a very, important component of the budget of every State in general, but it is most important for the backward states to come to the fore in the line of developed states. Bihar is one of the states where revenue receipts have been increasing phenomenally at the rate of more than 20 per cent per annum. Bihar has witnessed two major reforms in the indirect taxes system. The first reform was, taken as Value Added Taxes (VAT) in 2006 and second and foremost was Goods and Services Taxes (GST) in July 2017. Table-2 shows the details of the revenue receipts of Bihar for two decades. The data shows the pattern of growth during pre and post VAT period, the impact of liquor ban and some partial impact of GST

on the revenue collection of the State and its exchequer. The tax collection was growing at a rate of 11 per cent during the period of sales taxes administration. However, non-tax collections registered a high growth of 18 per cent during 2001-06 as some compensation of the pension liabilities were recovered from Jharkhand as a reconstruction of the State. During this period, Central Taxes grew at 15 per cent while grants-in-aid increased at the rate of 35 per cent per annum. The total revenue collection of the State has grown by 16.8 per cent annually and reached to Rs. 17,837 crore in 2006 from only Rs. 9,840 crore. After the implementation of Value Added Taxes, Act 2005, the tax collection increased by 23 per cent annually, more than double rate of growth compared to the pre-VAT regime, and reached to Rs. 25,449 crore in 2015-16 from Rs. 4,033 crore in 2006-07.

Table-2: Trend of Revenue Receipts in Bihar

Year	State's Revenue			Central Transfers			Total Revenue	Revenue Expenditure	Revenue Deficit/Surplus	The balance on Current Revenue
	Tax	Non-Tax	Total	Share in Central Tax	Grants-in-aid	Total				
2001-02	2319	287	2606	6177	1057	7234	9840	11159	-1320	-
2002-03	2761	261	3022	6549	1397	7946	10968	12255	-1287	-1040
2003-04	2890	320	3210	7628	1618	9246	12456	12711	-255	-638
2004-05	3347	418	3765	9117	2832	11949	15714	14638	1076	924
2005-06	3561	522	4083	10421	3333	13754	17837	17756	81	686
CAGR (2001-06)	11.1	18.1	11.8	14.8	35.0	18.4	16.8	11.7	-	-
2006-07	4033	511	4544	13292	5247	18539	23083	20585	2498	2999
2007-08	5085	526	5611	16767	5832	22599	28210	23563	4647	5124
2008-09	6172	1153	7325	17693	7962	25655	32981	28512	4469	6337
2009-10	8090	1670	9760	18203	7564	25767	35527	32584	2943	6074
2010-11	9870	986	10855	23978	9699	33677	44532	38216	6317	9442
2011-12	12612	890	13502	27935	9883	37818	51320	46500	4821	9987
2012-13	16253	1135	17388	31900	10278	42178	59567	54466	5101	13305
2013-14	19961	1545	21505	34829	12584	47413	68919	62477	6442	15193
2014-15	20750	1558	22308	36963	19146	56109	78418	72570	5848	14179
2015-16	25449	2186	27635	48923	19566	68488	96123	83616	12507	26027
CAGR (2006-16)	23.4	13.5	22.3	14.6	15.2	14.8	16.6	17.2	12.4	22.4
2016-17	23742	2403	26145	58881	20559	79440	105585	94765	10819	27804
2017-18	23136	3507	26643	65083	25720	90804	117447	102624	14823	33996
2018-19 RE	31002	4446	35448	76172	46431	122603	158051	148696	9355	40399
2019-20 BE	33800	4806.47	38606	89121.79	49019.38	138141	176748	155231	21517	47206
CAGR (2001-20)	17.6	17.0	17.6	16.2	21.5	17.5	17.5	16.5	-	-

Source: State Budget Documents of Government of Bihar

The VAT played a role to boost their revenue collection. Non-tax and central transfers, including tax share and grants-in-aid, registered an annual

growth of around 15 per cent. The overall revenue receipts had increased by 17 times during the nineteen years. The state government has decided to put a full ban of liquor in the State in the light of social benefits. This one decision contributed to a loss of no less than Rs. 6,000 crore of the state revenue. The loss can be, seen from Table-2, an actual collection of own tax revenue declined from Rs. 25,449 crore in 2015-16 to Rs. 23,742 crore in 2016-17 and again declined and reached to the level of Rs. 23,136 crore in 2017-18. The budget reflects the estimate of Rs. 31,002 crore for 2018-19 BE and Rs. 33,800 crore for 2019-20 BE on account of own tax revenue. The coming years may witness revenue loss compensated by GST, which may enhance the tax revenue of the State as Bihar is a consuming state. However, presently now, GST is also in the transition phase. Therefore, in this initial phase of GST, one cannot draw the picture of the impact on state revenue collection. The union government shall be compensating 14 per cent annual growth in the GST till 2022, as expected to normalize the tax structure and administration of GST.

As regards to Fiscal Responsibility and Budget Management Act, 2006, Bihar maintains revenue surplus since 2004-05. In recent years, substantial revenue surplus is, generated in Bihar. A positive Balance on Current Revenue (BCR) displays surplus funds from its revenues which meet its plan expenditure. BCR has been steadily growing over the years from Rs. 924 crore in 2004-05 to the maximum Rs. 33,996 crore in 2017-18 and Rs. 47,206 crore in 2019-20. It shows better fiscal management.

Finance Commission Transfers

Bihar's share recommended by Finance Commissions has been continuously declining over the period. It declined from 11.028 per cent during Eleventh FC to 10.917 per cent during Twelfth FC to 9.665 per cent during the Fourteenth FC. It shows the decline throughout central devolution to Bihar in terms of the sharable pool of the net tax proceeds. Bihar got Rs. 2,630 crore less during the Tenth FC; Rs. 8,438 crore less during Eleventh FC; Rs. 1,023.38 crore less on account of grants-in-aid during Twelfth FC; and Rs. 4,794 crore during the period of Thirteenth FC from the recommended amounts (Table-3). This trend is continuing in Fourteenth FC, which is reflected by the less receipt of Rs. 54,474 crore. This loss is unprecedented. This colossal loss will hamper the development process of the State. Bihar has also been, deprived of taking the base year of 1971 to transfer tax and grants of the Finance Commission. There are expectations from the Fourteenth Finance Commission to adopt the 2011 census population instead of taking the too old base of 1971 population. Bihar had lost substantially in horizontal distribution since its population in 2011 was 8.6 per cent of the country's population, much higher than 7.7 per cent in 1971. Table-3 reflects the recommended and actual transfers

of Finance Commission devolutions. Finance Commission distributes the central pool from two hands, one is tax share, and the other is grants-in-aid.

Table-3: Finance Commission Transfers to Bihar (Recommended and Actual)

(Rs. Crore)

Period	Recommended		Actual Transfers		Difference (Actual-Recommended)	
	Share of Central Tax	Grants-in-Aid	Share of Central Tax	Grants-in-Aid	Share of Central Tax	Grants-in-Aid
Tenth FC (1995-2000)	23303	1353	21219	806	-2084	-547
Eleventh FC (2000-05)	44631	1148	36046	1295	-8584	147
Twelfth FC (2005-10)	67671	7919.49	76374	6896	8703	-1023
Thirteenth FC (2010-15)	158342	14603	155606	12544	-2736	-2059
Fourteenth Finance Commission (2015-20)						
2015-16	56300	3080	48923	2876	-7377	-204
2016-17	64974	4590	58881	3967	-6093	-623
2017-18	75083	5224	65083	4423	-10000	-801
2018-19	86871	5961	76172	4775	-10699	-1186
2019-20	100626	7832	89122	7615	-11504	-217
Fourteenth FC (2015-20)	383854	26688	338181	17887	-45673	-8801

Source: Department of Finance, Government of Bihar

Planning Commission Transfers

Table-4 shows the plan transfers to the State of Bihar and its utilization status. Bihar got barely 4 per cent of the total plan outlay of all-India, and out of this amount, utilization was only 64 per cent during Ninth Plan and continued to underutilized in Tenth Plan period(88.2 per cent). During the Eleventh Plan, different administrative and financial reform (FRBM, Act 2006, Mid Term Fiscal Policy, Allocative and Technical Efficiency of Expenditure, etc.) had been, taken by the state government that helped to increase the fund utilization. However, during the period of the Twelfth Five Year Plan, the utilization has gone down to around 85 per cent. As an effect of recommendations of Fourteenth FC, Plan transfers and plan non-plan distinction have been, done away. This mechanism of central transfers was, stopped after the Twelfth Plan.

Table-4: Plan Outlay and Plan Utilization in Bihar

(Rs. Crore)

Plan	Approved Plan Outlay (India)	Approved Plan Outlay (Bihar)	Bihar's share in All-India	Actual Expenditure	Utilization
Ninth	387476	15411	4.0	9921.37	64.4
Tenth Plan	561573	21000	3.7	21045.31	88.2
Eleventh Plan	1412029	60631	4.3	76454.17	91.3
Twelfth Plan	3572323	259870	6.4	220570.00	84.9

Source: Department of Planning and Development, Government of Bihar;

Trends in the State's tax revenue

The taxes are, collected by two methods viz. direct and indirect methods. The taxes, which are directly collected by the state government, contain stamp and registration fees, taxes on motor vehicles, taxes and duties on electricity and land revenue. Indirect taxes are more important in Bihar. The indirect taxes include sales tax / Value Added Taxes, state excise on alcohol and liquor, taxes on goods and passengers and other taxes and duties on commodities and services and after July 2017 Goods and Services Taxes (GST). Table-5 gives detail of own tax receipts of the State and ratio with GSDP from 2001 to 02 to 2019-20 in Bihar. Commercial taxes alone contributes around 68 per cent (pre-2016) of the tax collection followed by stamp and registration fee (13 per cent), state excise (12 per cent) and rest of the taxes collected under other sources. Excise duty (29 per cent) registered the highest growth followed by land revenue (26 per cent), stamps and registration fee (22 per cent) and commercial tax (20 per cent) from 2006 to 18. As a result, their tax grew by a handsome rate of 19.1 per cent during the same period.

Table-5: Trends of Own Tax Revenue in Bihar

Year	Commer- cial Taxes	Stamps & Registra- tion	Excise Du- ties	Tax on Vehicles	Land Revenue	Total Own-Tax	Tax : GSDP Ratio (%)
2001-02	1600 (69)	304 (13.1)	239 (10.3)	142 (6.1)	34 (1.5)	2319 (100)	4.0
2002-03	1938 (70.2)	348 (12.6)	242 (8.8)	178 (6.4)	36 (1.3)	2761 (100)	4.2
2003-04	1977 (68.4)	418 (14.5)	240 (8.3)	210 (7.3)	34 (1.2)	2890 (100)	4.4
2004-05	2393 (71.5)	429 (12.8)	273 (8.2)	213 (6.4)	33 (1)	3348 (100)	4.3
2005-06	2390 (67.1)	505 (14.2)	319 (9)	302 (8.5)	55 (1.5)	3561 (100)	4.3
Pre VAT (2001-05)	10.7	13.0	7.2	18.4	9.1	11.1	-
2006-07	2950 (73.1)	455 (11.3)	382 (9.5)	181 (4.5)	75 (1.9)	4033 (100)	4.0
2007-08	3633 (71.4)	654 (12.9)	525 (10.3)	273 (5.4)	82 (1.6)	5085 (100)	4.5
2008-09	4470 (72.4)	716 (11.6)	679 (11)	298 (4.8)	102 (1.6)	6172 (100)	4.3
2009-10	5533 (68.4)	998 (12.3)	1082 (13.4)	345 (4.3)	124 (1.5)	8090 (100)	5.0
2010-11	6685 (67.7)	1099 (11.1)	1523 (15.4)	455 (4.6)	139 (1.4)	9870 (100)	4.8
2011-12	8458 (67.1)	1480 (11.7)	1981 (15.7)	569 (4.5)	167 (1.3)	12612 (100)	5.1
2012-13	10911 (67.1)	2173 (13.4)	2430 (14.9)	673 (4.1)	205 (1.3)	16253 (100)	5.8
2013-14	13156 (65.9)	2712 (13.6)	3168 (15.9)	837 (4.2)	202 (1)	19961 (100)	6.3
2014-15	13758 (66.3)	2699 (13)	3217 (15.5)	964 (4.6)	277 (1.3)	20750 (100)	6.1
2015-16	17378 (68.3)	3409 (13.4)	3142 (12.3)	1081 (4.2)	695 (2.7)	25449 (100)	6.9
2016-17	18751 (79)	2982 (12.6)	30 (0.1)	1257 (5.3)	971 (4.1)	23742 (100)	5.6
2017-18	20277 (87.6)	3726 (16.1)	-3 (0)	1600 (6.9)	779 (3.4)	23136 (100)	4.7
Post VAT (2006-18)	20.1	21.5	29.0	20.7	26.3	19.1	-

Sources : Budget documents of Government of Bihar

Note :The figures in bracket indicate percentage share from total own tax.

The ratio of tax to GSDP is gradually increasing from 4.0 per cent in 2006-07 to 6.9 per cent in 2015-16 before liquor ban. This improvement was the result of a series of reforms taken by the Government of Bihar, both by eliminating many of the current bottlenecks in the tax departments as well as up-gradation of many old tax structures through the amendments and revision of old tax rates. The Value Added Tax Act, 2005, was amended in the year of 2011-12, through which state government raised the rate from 4 to 5 per cent for particular commodities and from 12.5 to 13.5 per cent for unscheduled goods, besides introducing procedures for increasing the proficiency of collection by enabling e-payment of the tax and proposing a deadline for filing e-returns. Tax rates were significantly revised upwards through amendments to the Bihar Motor Vehicle Taxation Act, 1994. In respect of certain categories of liquors, state excise rates were, also revised during the tenure. Every third year, the land has been, evaluated for their market price for minimum land valuation and tax fixation. Registration and stamp fees have also increased to some extent by amending Registration Act, 1908 in 2013. However, the tax: GDP ratio has declined after the full ban of liquor.

Goods and Service Taxes (GST)

The most significant indirect tax reform has been, taken up on July 1, 2017, through the enactment of the 101st Constitution Amendment Act when Goods and Services Tax (GST) has been, introduced to broaden the tax base and tax net, reduce tax evasion and tax compliances by harmonizing and simplifying tax structure. Around 140 countries in the world have adopted the GST model of taxation but, nowhere, has the transition been painless or without adjustments. The GST is a destination-based tax, which incorporated the majority of the indirect taxes levied by the central and state governments. It includes VAT (Value Added Taxes), CST (Central Sales Tax), ET (Entry Tax), Octroi, Local Body Tax, Taxes on Luxuries, Taxes on Advertisements, etc. are subsumed under SGST. As an initiative in favour of the states, petroleum products, alcohol for human consumption and tobacco, real estate and electricity have been, kept out of the horizon of GST. The central government is compensating the revenue for five years (2017-18 to 2021-22) at the growth rate of 14 per cent per annum based on 2015-16 data. As expected, IGST is a significant contributor (58.3 per cent).

Table-6: GST Trends in Bihar

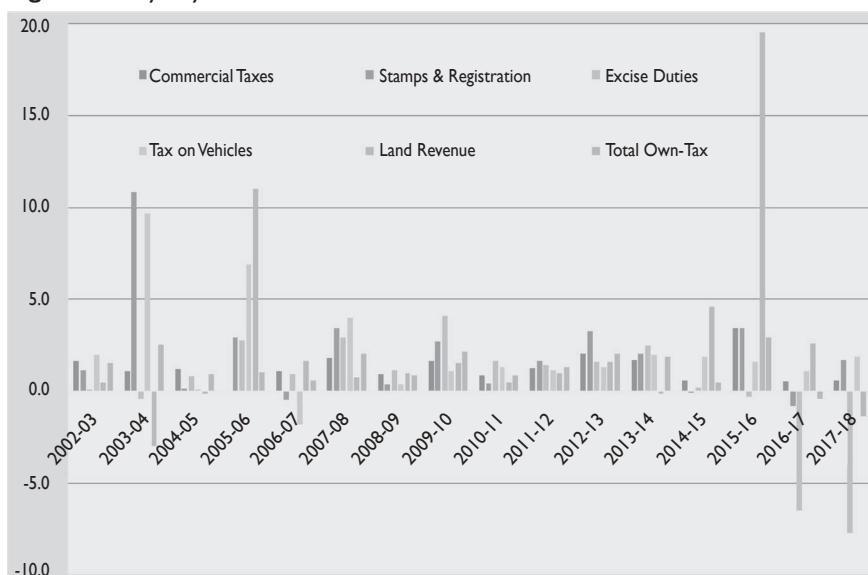
Year	SGST	IGST Settlement	Advance/ Ad-hoc IGST Settlement	Grants-in-Aid	Grand Total
2017-18 (17 to March-18)	2362.90	3831.95	552.00	3041.00	9787.85
2018-19	4871.60	8368.06	2051.16	2571.00	17861.82

Source: Department of Commercial Taxes, Government of Bihar

The buoyancy of State's Tax Revenue

Buoyancy indicates the response of change in tax collection concerning a change in GSDP. The total own tax buoyancy has been varying between 0.6 in 2006-07 to 2.9 in 2015-16. In 2003-04, stamp and registration fee (10.8) and tax on a vehicle (9.7) were very buoyant. High buoyancy also observed on fee from land revenue (11.0) and tax on a vehicle (6.9) during 2005-06. The buoyancy of own tax has been fluctuating from year-to-year; out of 16 years, buoyancy was more than one during nine years, less than one for five years and negative for two years (as a result of excise prohibition).

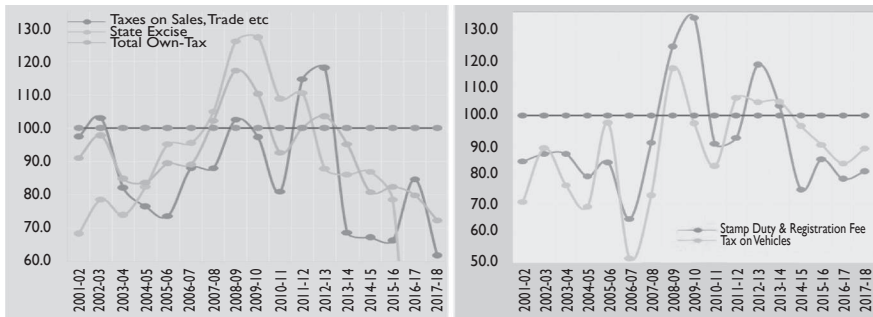
Figure-2: Buoyancy of Own Tax w.r.t. GSDP in Bihar



Budget Vs. Actual Tax Collection

The estimates for various heads are based on past trends, planned changes by the state government and economic conditions. For several reasons, the actual (final) figures are often different from the budget figures. However, this discrepancy between the budget and the actual figure is large and persisting; the budgetary exercise loses its significance and reflects the poor quality of the budgetary exercise. The variation between actual and budgeted figures of own tax revenue collection has been, given in detail from 2001 to 02 to 2017-18 in Figure-3. There are wide variations in own tax revenue between the budget estimates and the actual receipts, indicates that the preparation of the budgetary exercise is done routinely and needs realistic projections.

Figure-3: Efficiency of Tax Target



The numbers of measures and reforms have been, taken to improve tax revenue collection and increase tax: GSDP ratio. The assessment, levy and collection of sales tax on works/supplies contracts were, replaced by the enactment of Bihar Value Added Tax, 2005 which was earlier governed by the Bihar Finance (BF) Act, 1981. Dealer Accidental Insurance Scheme had been, launched in 2009-10 for Rs. 50 per month for Rs. 2 lakh. The Bihar VAT Act, 2005 was revised in 2011-12, which raised the rate from 4.0 per cent to 5.0 per cent for commodities belonging to Schedule III of the Act and from 12.5 per cent to 13.5 per cent for commodities belonging to unscheduled goods. Besides, several initiatives have been, taken for improving transparency, accountability and efficiency of tax departments by enabling e-payment of the tax and prescribing a time limit for filing e-returns and through IT measures. The ‘Bhamashah Samman Yojna’ has been, introduced to award big taxpayers in the state. E-payment facilities from 30 Banks. E-return must for taxpayers who pay the tax of one lakh or more. To control tax evasion, Bihar Consolidated Check post-Authority has been setup. The Enactment of Bihar Professional Tax Act, 2011 with the Modernization and computerization of treasury. Bihar Excise (Amendment) Act, 2006 made provision that in case of a breach of any of the conditions of the license which cause loss of revenue to the State, in addition to the total amount of revenue involved, an equal amount shall be, imposed as a penalty. The state government has computerized the District Transport Offices and Transport Department and adopted VAHAN and SARTHI software to register motor vehicles and to drive licenses also the enactment of New Khas Mahal Policy, 2011. In February 2006, the state government passed Bihar Fiscal Responsibility and Budget Management (FRBM) Act, 2006 which provides three fiscal disciplines to follow – (i) revenue deficit should be zero by 2008-09 and revenue surplus should be generated, (ii) gross fiscal deficit should be brought down to a level of 3.0 per cent of State’s GSDP by 2008-09 and maintain it after that, and (iii) debt outstanding should be brought down and maintained under the limit of 28 per cent of the State’s GSDP by 2008-09. The state government

has also been preparing the Medium Term Fiscal Plan. Every year, it is, prepared by the Department of Finance along with a document of FRBM statement laid in the Assembly. FRBM, Act had been amended in the light of recommendation of Fourteenth FC in 2016. However, during recent years, Bihar is facing revenue loss due to the liquor ban since April 2016 and implementation of GST since July 2017.

Trends in State's Own Non Tax Revenue

The State's non-tax revenues from its sources are, collected under three significant heads of services provided by the state government – (i) general services, (ii) social services and (iii) economic services. The non-tax revenue contributes less than 3 per cent of the total revenue receipts and less than 10 per cent of the State's revenue. Royalty from mines and minerals and interest receipts are the significant sources of non-tax collection in the State. Due to receipts of substantial debt relief from the central government as recommended by the Finance Commission was detailed under major 'Miscellaneous General Services', the other non-tax receipts accounted many resources which were varying from 30 per cent to 70 per cent of the total own non-tax revenue. Mines and minerals and interest receipts accounted minimum share of 19.0 per cent to total non-tax revenue in 2001-02, while it reached the maximum level of 80 per cent in 2016-17 (Table-7). Non-tax revenue has been grown by 16.4 per cent, and the main drivers of the growth were interest receipts (24.5) and royalty (22.8) during 2001-18.

Table-7: Trends of Own Non-Tax Revenue in Bihar

(Rs. Crore)

Year	Mines and Minerals	Forest	Irrigation	Interest	Others	Own Non-Tax
2001-02	38 (14.6)	17 (6.5)	18 (6.9)	12 (4.6)	193 (73.9)	261 (100)
2002-03	61 (23.4)	10 (3.8)	15 (5.7)	53 (20.3)	132 (50.6)	261 (100)
2003-04	73 (22.8)	6 (1.9)	26 (8.1)	23 (7.2)	198 (61.9)	320 (100)
2004-05	80 (19.1)	7 (1.7)	21 (5)	75 (17.9)	242 (57.9)	418 (100)
2005-06	101 (19.3)	9 (1.7)	13 (2.5)	216 (41.4)	408 (78.2)	522 (100)
2006-07	128 (25)	6 (1.2)	13 (2.5)	176 (34.4)	370 (72.4)	511 (100)
2007-08	179 (34)	7 (1.3)	7 (1.3)	171 (32.5)	163 (31)	526 (100)
2008-09	245 (21.2)	6 (0.5)	6 (0.5)	307 (26.6)	589 (51.1)	1153 (100)
2009-10	320 (19.2)	7 (0.4)	7 (0.4)	355 (21.3)	982 (58.8)	1670 (100)
2010-11	406 (41.2)	8 (0.8)	8 (0.8)	240 (24.4)	324 (32.9)	986 (100)
2011-12	443 (49.8)	11 (1.2)	11 (1.2)	575 (64.6)	-150 (-16.9)	890 (100)
2012-13	511 (45)	17 (1.5)	17 (1.5)	170 (14.9)	421 (37.1)	1135 (100)
2013-14	569 (36.8)	20 (1.3)	20 (1.3)	272 (17.6)	664 (43)	1545 (100)
2014-15	880 (56.5)	25 (1.6)	25 (1.6)	347 (22.3)	280 (18)	1558 (100)
2015-16	971 (44.4)	30 (1.4)	30 (1.4)	598 (27.4)	556 (25.5)	2186 (100)

Year	Mines and Minerals	Forest	Irrigation	Interest	Others	Own Non-Tax
2016-17	998 (41.5)	28 (1.2)	28 (1.2)	944 (39.3)	406 (16.9)	2403 (100)
2017-18	1083 (30.9)	29 (0.8)	29 (0.8)	1579 (45)	787 (22.4)	3507 (100)
CAGR	23.8	8.9	3.4	24.5	-	16.4

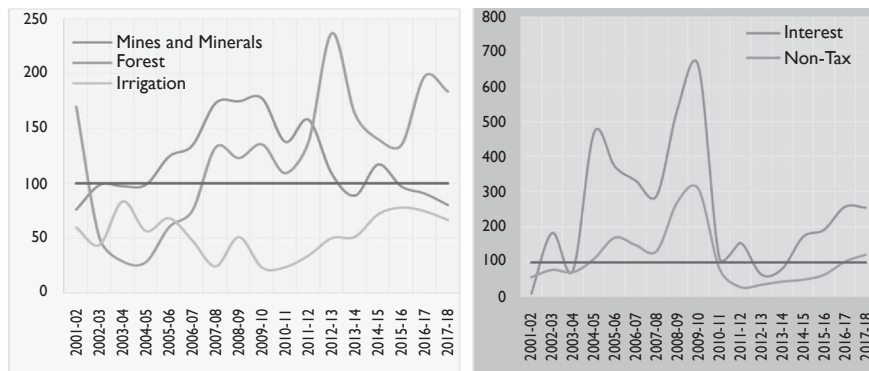
Sources: Finance Accounts of Government of Bihar;

Note: The figures in bracket indicate percentage share from their total non-tax.

Budget Vs. Actual of Non-Tax Collection

Non-tax revenues are, collected from user’s charge, dividend, interest receipts, royalty etc. and an estimate of the collection must be, based on previous trends, the decision taken by the government, profit and losses of the departmental enterprises and development in the State. Figure-4 presents the estimates of non-tax collection during 2001-18 which is varying from a minimum of 30 per cent in 2011-12 to a maximum of 309 per cent in 2009-10. The target of non-tax revenue was, underachieved during 9 years, while during two years, it achieved 102 per cent and 110 per cent; however, it was, underestimated for six years. The reason for these overestimations was mainly on account of interest payments and incomes relating to ‘Contributions and Recoveries from Pension etc.’ that was, projected as a transfer from the Government of Jharkhand under the head of the reimbursement of pension dues.

Figure-4: Efficiency of Non-Tax Estimates



The state government has taken several strides to improve its non-tax revenue. These steps are contributory pension scheme, voluntary retirement/severance payments for reducing public sector enterprises have been, initiated. Winding up loss-making PSEs, the privatization of PSEs, restructuring of such PSEs as are felt to be necessary to continue in the public domain. Power Sector Reforms have been introduced and also formed the State Electricity Regulatory Commission. However, many

other steps can be taken to improve own non-tax revenue. State Mineral Policy should be, framed as Model State Mineral Policy, 2009 circulated by the Central Government. There should be a system for internal audits, raise the frequency of inspection to mining offices by a departmental officer. A necessary record like the register of illegal mining, lease application register, lease renewal register should be maintaining and reviewing at a regular basis. Vacancy of mining officers, including inspectors, should be filled. Demand should be, raised based on market price.

Debt and Interest Profile

Capital receipts are those receipts of the government that either creates liability for the government or reduce government assets. Capital receipts comprise of receipts from two sources – (i) through which liabilities posed on the future and (ii) through the sale of current assets in hand. The debt receipts from internal sources (market loans, borrowings from financial institutions or commercial banks) and loans and advances from the central government are the examples of liabilities creation in the future, whereas, disinvestments, recoveries of loan and advances are the examples of the sale of current assets and capitals. However, the state government always preferred the first option and taken debt from different options. The state government has chosen private debt as an economically viable option of the debt which has increased from 88.6 per cent in 2001-02 to 94.4 per cent in 2012-13 and gradually reduced loans and advances from the central government. It is also because of a result of the fiscal correction path of the central government. Recovery of loans and advances contribute very negligibly of less than one per cent. As on March 31, 2006, Bihar had an outstanding debt of Rs. 46,495 crore (Rs. 33,733 crore on account of public debt and Rs. 12,762 crores on other liabilities) implying 56.4 per cent of GSDP and resulted as huge payment on account of interest. The trend of debt: GSDP had gradually declined till 2013 and reached the minimum level of 27.1 per cent and again gradually increasing over the years till 2018 and touched the level of 32.2 per cent. Other liabilities accounted for 8.6 per cent, which should be, contained within 5 per cent of GSDP, and public debt should be within the limit of 20 per cent. However, the debt is, totally financed, to create assets and infrastructure for development processes. The interest payment is directly linked, to the interest rate. Debt outstanding to the extent of 16.2 per cent was till FY 2010, while 2.2 per cent of debt in 2018 at the rate of more than 10 per cent interest. In recent years debt (64 per cent) has been consolidated under the 7-9 per cent interest. It shows the efficient choice of debt by the state government. However, the state government should control and limit the debt: GSDP ratio within the FRBM Act limit of 25 per cent recommended by Fourteenth FC.

Table-8: Trends of Capital Receipts in Bihar

End of March	Outstanding Liabilities (Rs. crore)				Interest Profile of Public Debt (share in per cent)					
	Public Debt	Other Liabilities	Total Liability	Debt: GSDP Ratio	Upto 5.99	6-6.99	7-7.99	8-8.99	9-9.99	10 Plus
2006	33733	12762	46495	56.4						
2007	35065	14024	49089	48.7						
2008	35045	15944	50989	44.9	Data not available in the Finance Accounts					
2009	39291	15686	54977	38.6						
2010	43442	15248	58690	36.0	4.1	13.0	11.5	19.6	35.6	16.2
2011	47285	15573	62858	30.9	3.7	13.2	10.5	23.9	37.0	11.8
2012	50990	16822	67812	27.4	2.3	7.0	11.2	43.8	25.9	9.9
2013	57474	19029	76503	27.1	2.0	8.7	9.1	38.1	34.9	7.3
2014	64262	22677	86939	27.4	2.6	7.9	10.6	30.2	43.5	5.2
2015	74570	24485	99056	28.9	2.2	4.9	10.1	37.2	41.6	4.0
2016	88829	27749	116578	31.6	1.0	3.7	9.5	45.0	37.7	3.2
2017	106191	32531	138722	32.6	2.1	4.5	23.4	37.3	30.2	2.6
2018	114707	42070	156777	32.2	3.1	4.2	24.9	38.9	26.8	2.2

Source: Finance Accounts of Government of Bihar

Cash Management

All three accounts (Consolidated Fund, Contingency Fund and Public Account) of the budget heads together comprise the cash balance of any government. The state government is bound to keep and maintain the lowest level of daily cash balance amounting to Rs 1.73 crore in the Reserve Bank of India through an agreement between the RBI and Government of Bihar. In many circumstances, if the state government fails, it has to resort to Ordinary Advances or Special Ways and Means Advances. It is encouraging to note here that the state government never-ever failed to maintain the daily limit of balance with the RBI throughout the year, during the time of 2006 to 2018. The state government has been continuously increasing its cash balance and reached to Rs 22,081 crore, as of March 31, 2018. It was only Rs. 1888 crore on March 31, 2006. During 2017-18, a sum of Rs. 17,396 crore (nearly 80 per cent) were, deposited in the Cash Balance Investment Account, Rs. 186 crore cash with departmental officers, and rest of Rs. 342 crore kept as permanent advances for contingent spending with several departments. A total of Rs 4,111 crore was invested in reserved funds like the Sinking Fund, leaving a net credit cash balance of only Rs 47 crore with the RBI. The state government had smartly managed its cash balance through different investment options and earns Rs 800 crore as interest during 2017-18.

Table-9: Cash Management in Bihar

	(Rs. crore)			
Cash Balance	2006	2010	2015	2018
General Cash Balance				
Deposits with Reserve Bank	-1126	-2536	-89	47
Investment held in Cash Balance Investment Account	2853	4347	3529	17396
Total	1727	1811	3440	17443
Other Cash Balances and Investments				
Cash with departmental officers, viz. Public Works Department Officers and Forest Department Officers.	160	200	211	186
Permanent advances for contingent expenditure with departmental officers	0	0	344	342
Investment of earmarked funds	0	280	2343	4111
Total	160	481	2897	4639
Grand Total	1888	2291	6337	22082

Source: Finance Accounts of Government of Bihar

Conclusion and Policy Suggestions

Bihar has a glorious past but lost its glory during the medieval and colonial period. After Independence, several policy interventions were, taken at the national level like freight equalization, low central investment and uneven foreign direct investment to already disadvantaged State like Bihar to rendering more backwards. As a landlocked state, Bihar is not able to avail the opportunity of economic reform 1991. The recent development of Bihar economy is because of prudent management of public finance. The state government has transformed the poor State by raising its resources continuously. On accounts of the State's revenue, tax collection has been increasing at a rate of 17.6 per cent and non-tax growing at a rate of 17.0 per cent while central tax and grant-in-aid from the Centre grown by 16.2 per cent and 21.5 per cent annually during the last two decade. It implies that, notwithstanding a satisfactory growth rate of 17.5 per cent for the total revenue receipts. However, tax: GSDP ratio has again declined due to the introduction of excise prohibition and GST. The state finance of Bihar is highly dependent on central transfers remaining at the same level. The ban on alcohol had impacted on own revenue collection. IGST is a significant contributor in GST as Bihar is a consuming state. The buoyancy of tax is substantial as a result of the different measures taken by the state government. However, tax targeting needs actual and realistic targets.

Estimates of non-tax revenues are even more unrealistic. The primary source of non-tax revenue is royalty and interest receipts. Unfortunately, Bihar has insignificant industries and mines. Therefore, the State's non-tax revenue collections were relatively limited in the State, primarily because of low user charges for many of the services.

The state government has taken numerous strides through which the revenue has increased massively. As a result, the State has witnessed a complete turnaround in the deficit scenario since 2004-05, without compromising on the development-oriented expenditure. The revenue account deficit was never-ending process year after year till 2003-04, which was, inverted since 2004-05 and a revenue account surplus has been a regular feature of the state finances since then. The state government has been massively invested in the creation of physical and social infrastructure and increased its capital outlay. On account of capital outlay, the state government has been making a deficit budget and showing Gross Fiscal Deficit (GFD) which creates a foundation for economic growth. However, the size of GFD remained sustainable, and under the suggested limit of 3.0 per cent of GSDP since 2006-07 and 3.5 per cent of GSDP after 2015-16. Apart from these noteworthy achievements in the segment of deficit management, the state government has endeavoured and improved its all-around financial health by improving debt position till 2013, after that, debt: GSDP ratio has been increasing and reached 32.2 per cent, but it was 56.4 per cent in 2005-06. All borrowed funds have been channelized towards capital outlay, strengthening the growth process of the State's economy after 2005 when State has been generating revenue surplus. The interest rate profile has also gone through structural changes as debt has been consolidated between the 7-9 per cent of the interest rate. Cash management is also, played a pivotal role to arrange additional resources through proper monitoring and maintaining of optimum level of cash in the exchequer of the State or investing it in short term deposits. However, the state government should monitor the market channels to take low-interest debts.

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Bank Merger – A Panacea for Achieving Scale and Synergy

(Merger of Dena Bank and Vijaya Bank with Bank of Baroda)

Prakash Basanna*

Introduction

To consolidate the worsening public sector asset stress and to create a reliable and sustainable global-sized lender, the ‘Alternative Mechanism’ under the chairmanship of Arun Jaitley, Finance Minister proposed merger of Dena Bank and Vijaya Bank with Bank of Baroda (BoB) on September 17, 2018, and approved by the Union cabinet on January 2, 2019. Post-merger of State Bank of India with its associate banks BoB’s merger is the second-largest merger in India with a total business of more than \$21 billion and the first-ever three-way merger in Indian banking. After the merger with the two banks, Bank of Baroda is likely to be the resulting entity and will become the third-largest bank in the Indian banking industry. The current trio bank merger is operative from April 1, 2019. Hence, after the merger, the banking operations and accounts held by Vijaya bank and Dena bank are transferred to Bank of Baroda. All the employees of demerged banks are, transferred to Bank of Baroda without retrenchment. The Government of India announced the investment of Rs.5,042 crores in Bank of Baroda by way of preferential allotment of the equity shares during the financial year 2018-19. The merger provides additional access to a more massive fleet of branches and ATMs to the customers. The interest rates on individual deposits such as fixed deposits and recurring deposits are not likely to change and the interest rates on individual existing loans such as home loans, personal loans, auto loans education loans etc. are expected to remain same. The customers of Dena Bank and Vijaya bank will get a new account number, customer id, debit and credit cards, cheque book and passbook from Bank of Baroda. Some of the branches will be closed to avoid duplication of the facilities.

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Profile of Merging Banks

Vijaya Bank was set up by Attavar Balakrishna Shetty and Sundaram Shetty on Vijayadashami day on October 23 1931. Hence the bank was named 'Vijaya'. The bank was, set up for promoting banking habit, thrift and entrepreneurship among the farmers of South Canara in Karnataka state. It became scheduled bank in 1958 and nationalized on April 15, 1980, when it had opened 571 branches in the country. The bank has built a network of 2031 branches, 13 extension counters, more than 4000 customer touch points and 2001 ATMs across various states and Union Territories of India as on March 31 2017. The deposits of the bank were Rs. 1,33,012 crore and advances of Rs.96, 821 crore as on March 31 2017. It provides access to over 2.21 lakh ATMs connected under National Financial Switch across the country. Vijay bank today is PAN India institution headquartered in Bengaluru and headed by Mr. R. A. Sankar Narayanan. Its tag line is 'A Friend You can Bank on'. The bank is actively involved in financial inclusion with an objective of financial empowerment and providing banking services to the rural area. The bank opened adequate savings accounts under Pradhan Mantri Jan Dhan Yojana. It provided various social security schemes such as Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension Yojna.

Dena bank was established on May 26, 1938, by Devkaran Nanjee family under the name of Devkaran Nanjee Banking Company, incorporated as a public limited company in December 1939 under the name Dena Bank Ltd. and nationalized in 1969. It is currently headquartered in Mumbai and headed by Mr. Karnam Sekar CEO. 'Your Trusted Family Bank' is the tagline of the bank. Dena bank received a loan from World Bank for technological up-gradation bank. Dena bank is the first one to introduce savings bank account scheme for the minors, credit card in a rural area known as 'Dena Krishi Sakh Patra' and rating system of bank services by the customers. When a bank merger is, proposed, the gross NPA was as high as 22% followed by Bank of Baroda (12.4%) and Vijaya bank (6.9%). On account of massive accumulation of bad loans, the bank was, brought under Prompt Corrective Action

Bank of Baroda was established on July 20, 1908, by Maharaja Sayajirao Gaekwad-III in Baroda of Gujarat. The bank, along with other 13 major commercial banks of India, was nationalized on July 19, 1969. It is currently headquartered in Vadodara of Gujarat with its corporate office in Mumbai and headed by Mr P.S. Jayakumar CEO. 'India's International Bank' is the tagline of the bank. Bank of Baroda has more than 3.58 trillion total assets, which made the bank 2nd most significant in terms of assets, 9583 branches in and outside India and 10,441 ATMs as on July 2017. The bank is ranked 1145 in 2017 by Forbes Global 2000. As many as ten

banks have been merged with BoB during its journey so far. The bank started foreign operations in 1953 by establishing its branches in Kenya and Uganda. Today the bank has 107 branches spread across 24 countries such as London, Fiji, Mauritius, Guyana, Uganda, Dubai, Abu Dhabi, Oman, Brussels, Bahrain, Sydney, New York, and Nassau, Bahamas etc. BoB lost four foreign branches: one in Narayanganj in East Pakistan due to Indo Pak war of 1965 and three branches in Tanzania in the year 1967 due to nationalization.

BoB's Acquisitions

- The first domestic acquisition of the bank was the acquisition of Hind bank of Calcutta in 1958.
- The acquisition of New Citizen Bank of India in 1961, which helped to increase its branch network in Maharashtra.
- It acquired Surat Banking Corporation of Gujarat in 1963.
- In 1964, acquired two banks viz. Umbergaon People's bank in southern Gujarat and Tamil Nadu Central bank of Tamil Nadu state.
- Acquired Bank of India's foreign operations in Uganda in the year 1972.
- Acquired Bareilly Corporation bank and National bank both in Uttar Pradesh in the year 1975
- Acquired Traders Bank of New Delhi in 1988 which had a network of 34 branches in New Delhi.

BoB's Joint Ventures

- BoB established the first joint venture 'IUB International Finance', a licensed deposit taker in Hongkong in the year 1980 with partner banks- Union Bank of India and Indian bank with an equal share.
- Established second joint venture bank 'Indo-Zambia Bank' (with 16 branches) in Lusaka in 1985 with joint venture partners Bank of India (20%), Central Bank of India (20%), Zambian government (40%). It has 16 branches.

BoB's Key Financial Highlights

- BoB earned a net profit of Rs 471 crore in the third quarter of 2019, which increased by 320.45% from Rs.112 crore a year ago the same period and Net Interest Income rose by 16.62% to Rs 4,744 crore in the same quarter compared 4,068 crores in the third quarter of 2018.

- The gross NPA declined to 11.01% as on December 31, 2018, against 11.78% last quarter. Net NPA ratio declined to 4.26% last quarter. The absolute amount of net NPA also declined by Rs.1,929 crore to Rs.19,130 crore, lowest in seven quarters. With the decline in gross NPA, provisions also reduced by 13.31% to Rs.3,067 crore in the third quarter of 2019 as against Rs 3,538 crore in the third quarter of 2018.
- Net Interest Margin (NIM) improved to 2.69% in the third quarter of 2019 from 2.61% last quarter. The NIM of International operations increased to 1.99% from 1.66% during the last quarter.
- In the case of the loan book, this would be the fifth consecutive quarter where domestic credit growth was 15% plus. Retail loan shot up by 32.58%; out of which auto loan itself was 50.61% and the home loan was 33.93%.

Bottlenecks in the Merger

Several bank associations went to the Supreme Court of India to stay the bank merger. As commented by the advocate of the bank officers association, there were several flaws in the merger. There was no concurrence with the RBI and no effective consultation. Even the management team of the merging banks was, not given sufficient time to discuss the merger proposal. However, the Supreme Court of India dismissed the stay on bank merger and green signaled for the proposed merger. The Court argues that the merger process had started way back on September 17, 2018. The merger complies with all the statutory requirements. Since all merging entities are public sector banks, terms of employment will be the same, and therefore, the employees will not be affected much. It was, also argued that three committees were, formed on the merger proposal and the same was, informed to the Parliament and RBI before making a decision.

Share Swap Ratio

The current merger may consider being a win-win situation for shareholders of all three banks. However, the merger was compelled by the government as a rescue operation for ailing Dena Bank. Because the financials, deposits, branch network etc. of the new entity outweigh the negatives. The boards of all merging banks approved the following swap ratio.

In pursuance of the scheme of amalgamation the shareholders of Vijaya bank receive 402 equity shares (as shown in Table-1) of BoB with a face value of Rs.2 for every 1000 shares with a face value of Rs.10, each held in Vijaya Bank and the shareholders of Dena bank receive 110 equity shares

of BoB for every 1000 shares with a face value of Rs.10 each held in Dena Bank. With share swap, the government's shareholding in the merged entity increases from 63.7% to 65.7%. On the day of announcement of the share swap ratio, the value of Vijaya bank's 1000 equity shares stood at Rs.51,050 against the shares allotted by BoB worth Rs.47,939, translating into a loss of 6%. Similarly, the value of Dena bank's 1000 equity shares stood at Rs.17,900 against the shares allotted by BoB worth Rs.13,118, translating into a loss of 27%.

Table-1: Share Swap Ratio

Merging Banks	No. of shares issued (for every 1000 shares)	Price Received	Discount Received	Closing Price	Market Capitalization (BSE)
Bank of Baroda	-	-	-	Rs.119.35	Rs.31588 cr
Vijaya Bank	402 shares	47.97	6%	Rs.51.05	Rs.6658 cr
Dena Bank	110 shares	13.13	27%	Rs.17.90	Rs.4055 cr

Source: Bloomberg Quint

The total number of shares post-merger is 342.5 crore, and the net worth of the combined entity is Rs.55,600 crore. Considering the actual swap ratio and the closing price on January 2, 2019, the adjusted book value of the merged entity stands at Rs.80 per share, and the combined entity is at a valuation of 1.5 times, which seems to be fair.

Financial Highlights of the Merger

After the merger, the BoB will be the third-largest public sector bank in India after SBI and ICICI bank. The merged bank will have nearly 34% of low-cost deposits and capital buffer of 12%. Bank of Baroda is the largest among the three merging banks with Rs.10.29 lakh crore of total business, followed by Vijaya bank at Rs.2.79 lakh crore and Dena Bank at Rs.1.72 lakh crore resulting into the entire business of merged entity Rs.14.82 crore.

Table-2: Financial Highlights of the Merger

Parameters	Vijaya Bank	Dena Bank	BoB	Merged Entity
Total Business (Rs. Cr.)	279575	172940	1029810	1482325
Deposits (Rs Cr)	157325	103020	581485	841830
Gross Advances (Rs Cr)	122350	69920	448330	640600
No. of Employees	15875	13440	56360	85675
No. of Branches (Domestic)	2130	1858	5502	9490
Deposit/Branch (Rs Cr)	74	55	106	89

Parameters	Vijaya Bank	Dena Bank	BoB	Merged Entity
Advances/Branch (Rs Cr)	57	38	81	68
ROA (%)	0.32	-2.43	0.29	-0.02
CET-I Capital Ratio (%)	10.35	8.15	9.27	9.32
CRAR Capital Ratio (%)	13.91	10	12.13	12.25
Net NPA (%)	4.1	11.04	5.4	5.71
CASA Ratio (%)	24.91	39.80	35.52	34.06

The merged entity enables to increase deposits from Rs.5,81,485 crore to Rs.8,41,830 crore, gross advances from Rs.4,48,330 crore to Rs.6,40,600 crore, employee base from 56360 to 85675, no. of branches from 5502 to 9490. After the announcement of the merger, the scrip of Bank of Baroda increased to Rs.135.10 (by 0.41%), Vijaya Bank up by 0.93% to Rs.59.80 while Dena bank fell by 0.62% to Rs.15.95.

Benefits of the Merger

Bank mergers yield several benefits and which are, witnessed in various studies. Prashanta and Bhavani (2012) studied bank merger between SBI and HDFC and, found that after the merger, all critical parameters increased except several employees and profits in case of SBI and number of employees in case of HDFC Bank. Jyoti Lahoti (2016) opined that nowadays, mergers and acquisitions are, used for improving competitiveness through more significant market share, eliminating business risk through widening portfolio, entering new market and economies of scale. The current merger has resulted in the following benefits.

- The main objective of merging the banks is to eradicate increased corporate NPA. Several banks were suffering from bad loans on account of excessive lending to the corporate sector. Den bank has the highest gross NPA ratio of 22% in the Indian banking sector, while Bank of Baroda has as low as 12.4% and Vijaya bank 6.9%. The merger resolves all these issues and makes the banks more durable and sustainable and increases their lending ability.
- Another benefit of the merger is that all three banks are using the similar core banking system of Finacle from Infosys. It will help in smoother functioning on the technology front.
- BoB has been, spread across the nation but Dena bank and Vijaya bank are more localized, and hence this merger provides better-coordinated network, low-cost deposits and subsidiaries.
- The merger improves operational efficiency and customer services and involves synergies in the branch network (nearly 9500 branches) and low-

cost deposits. The Provision Coverage Ratio (i.e. PCR) of the combined entity will be 67.5% which is above the average of PSBs 63.7% and capital adequacy ratio 12.25% which is more than the regulatory norm of 10.875%. It helps the bank to tap the capital market.

- The merged entity gets advances and deposits market share of 6.9% and 7.4%, respectively, CASA mix of 34.06%, with a CD ratio of 70.7%, employee base increases to 85675 and retail book increases to 20% of total loans due to a higher retail book of Vijaya bank.

Challenges

The merger is likely to create the following challenges

- The Bank of Baroda has a national presence while the Vijaya Bank has its operational presence mostly in south India. The merger is likely to avoid duplication of branches. All three merging banks are similar in terms of the portfolio of assets.
- Dena Bank is in a critical condition with a considerable amount of NPAs, increased cost to income and decreasing profitability, which may pull down the profitability of the merged entity.
- **Technology integration issue:** Bank of Baroda has upgraded its core banking technology from Finacle 7 to 10. Now the most significant challenge before the merged entity is putting all the three banks in the same platform.
- **Workforce issues:** BoB hired a lot of outside professionals at the lower level management and recruited the staff for newly set up subsidiaries. These people, including the employees from merging banks, need to be trained to deploy them in new roles.
- Setting up of an independent subsidiary for processing share services in Gujarat is a boon for the merged entity. The merging banks, Dena Bank and Vijaya bank, need just to transfer their branch processing work to the subsidiary.
- Another major issue of the post-merger is allocation of IFSC code to the bank branches. The IFSC Code of the branches of all three merging banks will have to be changed, which is not so easy, and challenges can be, expected as the process continues.
- Hence, the operation can take six months or more, but all the banking operation of all three banks will be available to use that includes NEFT, RTGS transactions, missed call balance inquiry number etc.
- The merger results into the second-largest bank after SBI with a balance sheet value of Rs 10 lakh crore.

Conclusion

Post-merger, the financials of BoB is likely to be diluted in the initial phase of the merger due to high NPA of Dena Bank. Also, technology-related expenses, possible NPA provisions etc. are also likely to take a toll on the merged entity profitability. However, the merger of the three banks will boost capital levels and lending ability in the long run. Though the current merger faces some challenges shortly, the supply of capital by the government and improvement in the credit growth and NPL cycle indeed enables for smoother operations. The current bank merger makes the third largest bank in India. It provides synergy benefits in terms of low-cost deposits, network, and subsidiaries. It also helps to increase customer base, operational efficiency, market reach and services for customers.

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