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MSMES AND INCLUSIVE GROWTH IN INDIA:

A STUDY OF SECOND GENERATION REFORMS PERIOD

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Abstract

Micro, Small and Medium Enterprises (MSMEs) are universally recognised as a key vehicle to achieve the desired socio-economic transformation of any developing nation. This paper is an attempt to investigate the role of MSMEs in inclusive growth in India in the light of second generation reforms. The study is based on secondary sources of data primarily obtained from Annual Reports of MSMEs, Handbook of Statistics on Indian Economy, Third and Fourth Censuses of MSMEs and other published sources. Based on these data sets, different indicators of inclusive growth- employment generation, regional distribution of industries, Entrepreneurship by different social groups and women participation are used and these indicators are linked with the growth of MSMEs to show its impact on inclusive growth. The findings of the study reveal that MSME sector is promoting inclusive growth in India by creating large scale employment opportunities; thereby reducing poverty, dispensing industries more evenly throughout the entire length and breadth of the country and fostering entrepreneurship among women and backwards classes of the people. There exists a strong association between the growth of MSMEs and inclusive growth indicators. The study also indicates the significant contribution of MSMEs to the Indian economy in terms of contribution to GDP, industrial production, exports and other economic indicators. The study concludes that 'The make in India', 'Digital India' and such other initiatives have opened up new opportunities for the sector to emerge very strongly in the next decade provided Government, MSME sector itself and other stakeholders would work collectively for the development of the sector.

Keywords: MSMEs, Inclusive Growth, Make in India, Employment, Entrepreneurship

1. Introduction

The role of the Micro, Small and Medium Enterprises (MSMEs) in socio-economic development a country is well-established globally. The MSME sector emerged as a highly progressive and vibrant sector of the Indian economy during the last six decades. MSMEs not only play a significant role in providing large employment opportunities at comparatively lower cost than the large scale industries but also help in the industrialisation of rural and backward areas, thereby reducing regional imbalances, assuring more equitable distribution of the national income and wealth.

It is estimated that in terms of value, the sector accounts for about 45 percent of the manufacturing output and 40 per cent of total exports of the country. The sector is estimated to employ about 69 million persons in over 26 million units throughout the country. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by MSMEs in the country. It is well known that MSME sector provides maximum opportunities for both self-employment and jobs, outside agriculture sector. The inclusiveness of the sector is underlined by the fact that nearly 50% of the MSMEs are owned by disadvantaged groups of society (The Report of the Working Group on MSMEs, 12th Five Year Plan).

The Indian economy has performed exceedingly well since the economic reforms of the early 1990s, with the growth averaging 7 percent during 1993-94 to 2009-10 and the economy seems to be on a high growth path of 8 to 9 percent in the present decade. Nevertheless, the benefits of this spectacular growth have not been equitably shared. There is an increasing feeling that only a few sections of the population such as rich and middle class particularly in urban areas, corporate sector, foreign institutional investors and IT sector have benefited from the economic reforms and social exclusion has been taken place in terms of regions, social and marginal groups, women, minorities etc. At this juncture, the policy makers laid more emphasis on the development of Micro, Small and Medium Enterprises, which can play a catalytic role in promoting inclusive growth in the country. The development of this sector is extremely crucial to meet the national imperatives of financial inclusion and generation of significant levels of employment across rural, urban and backward areas of the country.

India is expected to emerge as one of leading economies in the world over the next decade in the light of a positive political and economic scenario. The MSME sector is expected to play a significant role in the emergence of the Indian economy. It can nurture and support the development of new age entrepreneurs who have potential to create globally competitive business from India. MSMEs can be the backbone for the existing and future high growth businesses with both domestic and foreign companies investing in the “Make in India” initiative and make a significant impact in the area of indigenisation. The “Digital India” revolution also provides a great opportunity to promote MSME participation in the information, communication and telecommunication (ICT) sector, in line with the government of India’s vision.

Against this backdrop, this paper is an attempt to investigate the performance of the MSME sector in the Indian economy in general and its role in promoting inclusive growth in particular in second generation reforms period, since 2001-02 to 2014-15. This paper also highlights the future prospects and challenges of the MSME sector in the light of the “Make in India” and the “Digital India” initiatives.

The remaining part of this paper is structured as follows. Section 2 outlines the data sources, methodology and limitations of the study. Section 3 discusses the performance of the MSME sector in India and especially its roles in promoting inclusive growth in the country during the period 2001-02 to 2014-15, while section 4 presents the prospects and challenges

of the sector in India's changing economic scenario. Finally, summary and conclusions emanated from the study are presented in section 5.

2. 1. Data Sources and Methodology

The study is based on secondary sources of data primarily obtained from Annual Reports of MSMEs, published by Ministry of Micro, Small and Medium Enterprises, GoI, Handbook of Statistics on Indian Economy, Reserve Bank of India and MSME Censuses (Third and Fourth). For the analysis of data, simple annual growth rate and compound annual growth rate (CAGR) are used in this study.

The compound annual growth rate is calculated using the semi-log regression model:

$$Y_t = Y_0(1+r)^t \quad (1)$$

Where, Y_0 = the initial value of the variable Y.

T = time period.

Taking natural log of the eq. (1), we obtain

$$\ln Y_t = \ln Y_0 + t \ln(1 + r) \quad (2)$$

Letting $b_0 = \ln Y_0$ and $b_1 = \ln(1 + r)$, the above equation can be written as follows

$$\ln Y_t = b_0 + b_1 t \quad (3)$$

Now, adding u_t (error term), we obtain

$$\ln Y_t = b_0 + b_1 t + u_t \quad (4)$$

Since, $b_1 = \ln(1 + r)$

Therefore, $\text{Antilog}(b_1) = (1 + r)$

Or, $r = \text{Antilog}(b_1 - 1)$

Since r is the compound rate of growth; once we have obtained b_1 (the slope coefficient) we can easily estimate the compound rate of growth of Y by using the following

formula: $\text{CAGR}, r = \text{Antilog}(b_1 - 1) \times 100$

2.2. Limitations of the Study

Non-availability of data is one of the major limitations of the study; the time series data for the variables used in this paper is not available for all the years. The latest census conducted on Micro, Small and Medium Enterprises is the Fourth All India Census 2006-07, in which data was collected till 2009. Since then, the data provided by the annual reports, Ministry of the Micro, Small and Medium enterprises related to different variables is projected. Furthermore, the data pertaining to various parameters for entire study period is not strictly comparable. This is due to the reason that whereas the data up to period 2005-06 is of small scale industries which do not includes services, the data since 2006-07 were collected post implementation of MSMED Act, 2006 under which the definition and coverage of MSME sector were broadened significantly. The act recognises the concept of 'Enterprises' for the

first time to include both manufacturing and services sector besides defining the medium enterprises.

Inspite of the above limitations, utmost care has been taken to make the study as accurate and as meaningful as possible.

3. Role and Performance of MSME Sector in India

3.1. Contribution to the Indian Economy

We use the parameters like numbers of units, total production, contribution to GDP, the percentage share of total manufacturing output and contribution to exports for analysing the role and performance of the MSME sector in India. Furthermore, to investigate the specific roles of the sector in promoting inclusive growth in India, different parameters like total employment generation, regional dispersal of industries, entrepreneurship by different social groups (OBC/SC/ST/others) and women participation are used in this paper.

Table 1 Performance of The MSME sector

Years	Total Working Enterprises(in lakhs)	Production(Rs. crore) At constant prices	Exports(Rs. Crore)
2001-02	105.21 (-)	282270(-)	71244(-)
2002-03	109.49(4.07)	306771(8.68)	86013(20.73)
2003-04	113.95(4.07)	336344(9.64)	97644(13.52)
2004-05	118.594(4.08)	372938(10.88)	124417(27.42)
2005-06	123.42(4.07)	418884(12.32)	150242(20.76)
2006-07	361.78(193.13)	1198818(186.19)	182538(21.50)
2007-08	377.36(4.31)	1322777(10.34)	202017(10.67)
2008-09	393.7(4.33)	1375589(3.99)	N.A.
2009-10	410.8(4.34)	1488352(8.20)	391159(-)
2010-11	428.73(4.36)	1653622(11.10)	507739(29.80)
2011-12	447.66(4.42)	1788584(8.16)	630105(24.10)
2012-13	467.56(4.45)	1809976(1.20)	697318(10.67)
2013-14	488.46(4.47)	N.A.	803941(15.29)
2014-15	510.57(4.53)	N.A.	849248(5.64)
CAGR	12.92%	18.40%	21.00%
CAGR, 2001-02 to 2005-06	4.07%	10.37%	20.51%
CAGR, 2006-07 to 2014-15	4.40%	7.11%	24.56%

Source: Ministry of Micro, Small & Medium enterprises, GoI, Annual Reports, 2013-14, 2014-15 & 2015-16

1. Handbook of Statistics on Indian Economy, 2015-16

Note: The figures in parentheses indicate the percentage growth over the previous year.

The table 1 indicates the total number of MSMEs increased from 105.21 lakh in 2001-02 to 510.57 lakh in 2014-15, with a compound annual growth rate of 12.92 percent. However, the figures for annual growth rates show that the number of the MSME units grows very consistently till 2005-06, but in 2006-07 the growth rate skewed up to 193.11 percent and thereafter the growth rate has been around 4.5 percent per annum till 2014-15. The unimaginable growth rate experienced by the MSME sector in 2006-07 is mainly attributed to the definitional changes and expansion in the coverage of MSMEs. The production data reveals that gross value added of the MSME sector rose from Rs. 282270 crore in 2001-02 to Rs. 1809976 crore in 2012-13, with a compound annual growth rate of 18.40 percent. It can be observed from the annual growth rates of production that it grew at an increasing rate till 2005-06, but besides considering 2006-07 as an exceptional year, fluctuations are also observed in the growth rate of production over the period 2007-08 to 2012-13. The MSME sector contributes a lot to India's foreign exchange earnings. The value of the exports from the sector increased from Rs. 71244 crore in 2001-02 to ₹ 849248 crore in 2014-15, with a compound annual growth rate of 21 percent, indicating that there have been eleven times increase in exports in a span fourteen years.

However, the performance of the MSME sector in terms of units, production and exports are not as impressive as indicated by their respective CAGR, during 2001-02 to 2014-15. This is witnessed by breaking the study period into two sub-periods 2001-02 to 2005-06 and 2006-7 to 2014-15. The table shows that the CAGR for the total working units has been 4.07 percent and 4.10 percent in two sub-periods respectively, whereas the CAGR for production was 10.37 for the period 2001-02 to 2005-06 and declined to 7.11 percent during the period 2006-07 to 2014-15. The CAGR for export increased from 20.51 percent in first sub-period to 24.56 percent in second sub-period. Therefore, the spectacular compound annual growth rate experienced by the sector in terms of units, production and exports can be attributed to the skewed growth achieved by the sector in 2006-07 due to the definitional changes of the MSME sector after the implementation of the MSME Act, 2006.

Table 2 Contribution of MSME Sector in GDP and Output

Year	Share of MSME sector in total GDP (%)			Share of MSMEs in total manufacturing output
	Manufacturing MSMEs	Service MSMEs	Total	
I	II	III	IV	V
2006-07	7.73	27.40	35.13	42.02
2007-08	7.81	27.60	35.41	41.98
2008-09	7.52	28.60	36.12	40.79
2009-10	7.45	28.60	36.05	39.63
2010-11	7.39	29.30	36.69	38.5
2011-12	7.27	30.70	37.97	37.47
2012-13	7.04	30.50	37.54	37.33

Source: Ministry of Micro, Small & Medium enterprises, Gol, Annual Report, 2015-16

Table 2 shows the percentage share of the MSME sector in GDP and total manufacturing output of India at 2004-05 prices for the period 2006-07 to 2012-13. The table reveals that the overall percentage share of the MSME segment in GDP increased from 35.13 percent in 2006-07 to 37.54 percent in 2012-13. Although apparently this contribution seems to be very impressive but considering some of the global economies where the contribution of the MSME segment to the GDP is in the range of 25-60 percent, it may be said that Indian MSME sector is underperforming. At disintegrated level, it is observed that the contribution of manufacturing MSMEs to the GDP has declined marginally from 7.73 percent in 2006-07 to 7.04 percent in 2012-13, while the share of the service MSMEs has increased significantly from 27.40 percent in 2006-07 to 30.50 percent in 2012-13, indicating that the service sector has dominated the Indian economy, even in the case of MSMEs over the second generation reforms period.

The column V of the table reveals that the share of the MSME segment to the total manufacturing sector has declined gradually during the period 2006-07 to 2012-13, signifying that the MSME segment has not flourished as much as the large industries during the period under study.

3.2. Inclusiveness of MSME Sector

The Micro, Small and Medium enterprises played a catalytic role in promoting inclusive growth in India in the second generation reforms period. The role played by the MSME sector in the socio-economic development of the country can be evaluated considering following parameters:

I. Employment Generation

The MSME sector in India has been recognised as the second highest employment provider after agriculture sector and has special significance because of its low investment requirements. As per the census report 2001-02, employment generated by SSI/MSMEs sector per Rs. 1 lakh investment was 1.39, while employment generated by large scale industries was 0.35, implying the fact that large scale industry requires an investment of Rs. 3 lakh to generate employment for one person whereas small scale industrial sector generates employment for four persons with the same investment. Thus, labour intensity in the MSMEs sector is four times higher than the large industries. The employment provided by the MSME sector during the period 2001-02 to 2014-15, is reported in table 3.

Table 3 Employment in MSME Sector of India

Year	Employment(In Lakh)	Growth Rate (%)
2001-02	249.33	-
2002-03	260.21	4.36
2003-04	271.42	4.31
2004-05	282.57	4.11
2005-06	294.91	4.37
2006-07	805.23	173.04
2007-08	842.00	4.57

2008-09	880.84	4.61
2009-10	921.79	4.65
2010-11	965.15	4.70
2011-12	1011.69	4.83
2012-13	1061.40	4.91
2013-14	1114.29	4.98
2014-15	1171.32	5.12
CAGR	12.64 %	

Source: Ministry of Micro, Small & Medium Enterprises, GoI, Annual Reports 2013-14, 2014-15 & 2015-16

The table 3 indicates that the number of the persons employed in the MSME segment increased from 249.33 lakh in 2001-02 to 1171.32 lakh in 2014-15, with a compound annual growth rate of 12.64 percent. The annual growth rate of the employment has been very consistent during this period except the year 2006-07; in this year growth rate of employment soared to as high as 173.04 percent due to definitional changes in SSI/MSMEs and thereafter the employment grew at an increasing rate till 2014-15.

II. Regional Dispersal of industries

The MSME sector assumes a key role in the regional dispersal of industries in India. While large scale industries have the tendency to concentrate in some of the major states and around metropolitan cities, the MSME enterprises are spread over the entire length and breadth of the country, thereby scaling down the regional disparities in industrial development. As regard the concentration of large scale industries in India, if we consider three industrially advanced states of Maharashtra, Gujarat and Tamil Nadu together, the true picture of regional concentration of industries automatically comes into light. In 2009-10, these three states together account for 43.8 percent of the gross output, 43.6 percent of net value added, and 43.1 percent of total invested capital and 38.6 percent of employment in the factory sector. As against this, inter-state distribution of MSME enterprises is relatively more even. The distribution of the MSME units across some selected Indian states is presented in table 4.

Table 4 Estimated Numbers of units in Some Selected States

States	Number of Units	Percentage to Total
Utter Pradesh	4403000	12.17
West Bengal	3464000	9.58
Tamil Nadu	3313000	9.16
Maharashtra	3063000	8.47
Andhra Pradesh	2596000	7.18
Kerala	2213000	6.12
Gujarat	2178000	6.02
Madhya Pradesh	1933000	5.34

Rajasthan	1664000	4.60
Odisha	1573000	4.35
Bihar	1470000	4.06
Punjab	1446000	4.00
Assam	662000	1.83

Source: Ministry of Micro, Small & Medium Enterprises, GoI, Annual Report, 2014-15

The table 4 reveals that MSME units are also concentrated in some of the major Indian states (Utter Pradesh, West Bengal, Tamil Nadu, Maharashtra, Andhra Pradesh etc.). Nevertheless, taking population and area of the states into consideration, we can say that the MSME sector is more equally distributed across the Indian states, than the large scale industries.

The MSME segment is also diffused in rural and other backward areas of the country. The information about the rural MSME units is reported in table 5.

Table 5 Numbers of Rural MSME Units

Third all India Census of MSMEs (2001-02)			Fourth all India Census of MSMEs (2006-07)		
Registered	Unregistered	Total	Registered	Unregistered	Total
609537	5198822	5808359	707000	11968000	12675000
44.33%	56.80%	55%	45.23%	60.22%	59.12%

Source: Third All India Census of MSMEs, 2001-02 & Fourth All India Census of MSMEs, 2006-07

As per the reports gathered from the third and fourth all India censuses of the MSME segment, rural area with 126.75 lakh of working enterprises accounted for 59.12 percent of the total working enterprises in MSME sector in 2006-07, as compared to 55 percent rural MSME units in 2001-02. Additionally, the unregistered MSME units have the greater tendency to be located in rural areas as is evident from the table 5 that 60.22 percent of the unregistered MSME units were located in rural areas in 2006-07 as compared to 56.80 percent in 2001-02, whereas the corresponding figures for the registered MSME units were 45.23 percent and 44.33 percent respectively in the same period. Therefore, the growth rate of the rural MSME units is more than their urban and semi-urban counterparts.

III. Entrepreneurship by Different Social Groups

The participation in the entrepreneurship of the MSME segment is more uniform across people belonging to the different social groups- Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Classes (OBC) and others.

Table 6 Number of Units Owned by Different Social Groups

Social Groups	Registered MSMEs		Unregistered MSMEs	
	Third Census	Fourth Census	Third Census	Fourth Census
SC	107934 (7.85)	119000 (7.60)	943969 (10.32)	2261000 (11.38)
ST	48560 (3.53))	45000 (2.87)	474271 (5.19)	1030000 (5.18)

OBC	529406 (38.50)	599000 (38.28)	3811372 (41.67)	9117000 (45.87)
Others	689074 (50.12)	801000 (51.26)	3916604 (42.82)	7466000 (31.57)

Source: Third All India Census of MSMEs, 2001-02 & Fourth All India Census of MSMEs, 2006-07

The table 6 indicates that 7.60 percent registered MSME units were owned by SC entrepreneurs, 2.87 percent by ST entrepreneurs and 51.26 percent by OBC entrepreneurs in 2006-07, while the corresponding figures in 2001-02 were 7.85 percent, 3.53 percent and 38.50 percent respectively, indicating that the percentage share of ownership of socially backward classes like ST, SC and OBC have increased over the years. Similarly, the percentage share of the ownership in unregistered MSMEs for SC and OBC have increased from 10.32 percent and 41.67 percent in 2001-02 to 11.38 percent and 45.87 percent, while the figure for ST ownership has declined marginally.

IV. Women Participation

Over the last few decades, there has been a slow but steady change taking place in our conservative societies and Indian women are increasingly coming forward to take part in the employment sector. Although the entrepreneurial world is still male-dominated, women participation is on the rise every year. The MSME sector has provided them with an opportunity to plunge into the field of entrepreneurship and contribute to the national economy.

The number of MSMEs managed and owned by females have increased manifold over the years. According to the Annual report of MSMEs, the total number of women enterprises have increased from 10.64 lakh in 2001-02 to 20.21 lakh in 2006-07 i.e. almost doubled over the period.

4. Prospects and Challenges of the MSME Sector in India's Changing Economic Scenario

India is in the midst of a profound transformation; it has already become the world's third-largest economy on purchasing power parity (PPP)¹, and India's GDP is expected to touch 8.5 percent, with the country likely to be USD 5 trillion economy by 2025². The Micro, Small and Medium Enterprises sector is expected to play a catalytic role in the emergence of the Indian economy.

MSME sector can be the mainstay for the existing and future high growth businesses with both domestic and foreign companies investing in the "Make in India" initiative and make a significant impact in the area of indigenisation. The "Make in India" with 'zero defect and zero effect' and the "Digital India" (it is supposed to promote MSMEs' manufacturing and service capabilities in the ICT sector in line with the government's vision), are expected to provide significant opportunities for MSME sector to flourish over the next decade. Following the announcement of the "Make in India", the Ministry of the Micro, Small and Medium Enterprises have committed to work together with the Government of India by

¹ World Bank's International Comparison Programme (ICP)-March, 2015.

² Department of Economic Affairs, Ministry of Finance – India the Incredible Investment Destination, Fact Book – June 2012

upgrading the existing MSME schemes and launching fresh schemes. These include provision of collateral free credit through Credit Guarantee Scheme, provision of subsidy for installation of modern machinery through Credit linked Subsidy scheme, creating an ecosystem through Technology Centres (TCs) to support MSME clusters for global competitive manufacturing through setting up of 15 new technology centres with World Bank assistance, augmenting existing TCs with new technologies and testing facilities, enhancing competitiveness and productivity through upscaling the various components of NMCP (National Manufacturing Competitiveness Programme). As MSMEs are an important part of several value chains, it is expected that they will play an important role in the government of India's the "Make in India" drive. The government's new initiatives to make India a global manufacturing hub are expected to boost the MSME segment over the next decade by:

- i. Significantly increasing the share of the MSME (manufacturing) contribution to GDP from current 8 percent to 15 percent by 2020³.
- ii. Generate employment levels to the extent of 50 percent of the total employment, more than doubling the current MSME labour force of 106 million across agricultural, manufacturing and services sectors. (CRISIL report and Planning Commission, 2012).
- iii. Increasing the share of MSME contribution across key public and private industry sectors fulfilling growing domestic demand, growth in exports and import substitution.

Despite the sector's strategic importance in the overall Indian economy in general and inclusive growth in particular, the MSME sector confronts several challenges. The main constraints that are impeding the development of MSMEs are as follows:

- Infrastructural bottlenecks.
- Obsolete technology and environmental constraints.
- Non-availability of adequate finance; and
- Problems related to access to markets both at national and international levels

To seize the emerging opportunities and to build a robust MSME sector in line with the some of the countries where MSE sector contributes 35-60 percent of the country's GDP, the government has to create a forward-looking framework by bringing various stakeholders i.e. equity funds, banks and financial institution, major industry sector and MNCs, regulators across various ministries at the centre and state level etc. together. Further, to thrive steadily and to be competitive globally, India's entrepreneurial skills will have to be global in their outlook and there is a need to explicitly recognise and exploit the innovation potential of the small industrial sector. It is also essential to develop world class technologies and to skill the nation's favourable age profile of human resources. It is the responsibility of the government to develop stronger support in providing an enabling business environment where MSME enterprises can flourish easily.

5. Summary and Conclusion

The study analyses the contribution of the MSME sector to the Indian economy in general and its role in promoting inclusive growth in particular in India's changing economic

³ CII- Micro, Small and Medium Enterprises Issues and Recommendations, May, 2004.

scenario for the period 2001-02 to 2013-14. To investigate the contribution of the sector to the Indian economy different parameters like numbers of units, total production, contribution to GDP, percentage share to the total manufacturing output and exports are used in this paper. Additionally, to examine the specific roles of the sector in promoting inclusive growth in the country parameters like employment generation, regional dispersal of industries, entrepreneurship by different social groups (SC/ST/OBC/Others) are taken into account in this study.

The study indicates that the MSME sector continues to remain an important pillar of the Indian economy with a noteworthy contribution to GDP, industrial production and exports during the period 2001-02 to 2014-15. The study also reveals that the MSME segment played a catalytic role in promoting inclusive growth in the country by significantly increasing employment opportunities, diffusing industries more evenly across different states as well as between rural and urban areas of the country and fostering entrepreneurship among women and socially backward classes of the people during the period under study.

The sector has great opportunity to grow potentially in the next decade with the Government of India's two newly launched initiatives- 'Make in India' and Digital India revolution. But the lack of infrastructure, the inadequacy of credit flow and technological obsolescence are some of the challenges, which are impeding the growth of the sector. A concerted effort is needed from the government and MSME itself to remove all these obstacles.

A technologically vibrant, internationally competitive and vibrant MSME sector should be encouraged to emerge in India in order to make growth process more inclusive. This sector must be taken care of so as to enable it to care of the whole economy.

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EMPLOYEES PERCEPTION ABOUT GAMIFICATION AT WORKPLACE WITH SPECIFIC REFERENCE TO IT SECTOR IN PUNE CITY

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Abstarct

Ga-mi-fi-ca-tion [gay-muh-fi-kay-shuhn] integrating game dynamics into your site, service, community, content or campaign, in order to drive participation. Gamification is the usage of game-thinking and game mechanics in non-game scenarios such as business environment and processes, specifically in recruitment, training and development, and motivation; in order to engage users and solve problems, as defined by Gartner Group. The power of Gamification works like this: it utilizes the competitive streak that employees have within them and as they play a game, they become more absorbed and engaged, they feel a greater sense of achievement and are more willing to go the extra mile in either making more efforts to choose the right people, or completing more training programs, or even helping employees to stay motivated. And as progression continues, they continue to increase their engagement with the game and reach new levels.

Therefore the authors of this research paper aims to study Perception of employees towards Gamification in broad context and further statistically identify the relationship of Gamification with stress, employee retention and employee involvement.

Keywords: Gamification, Employee Perception, IT sector, stress, employee retention and employee involvement.

INTRODUCTION

Humans have been playing games in various forms since the days of the caveman, and competition is deeply ingrained in the human psyche. Fast forward to the modern era with the significant free time that people have today. Given this wide acceptance of gaming and the emergence of the internet, people have become more open to game mechanics in other parts of their lives. As a result, “Gamification” is becoming a powerful tool through which organizations teach, persuade, and motivate people. In the last couple of years, the term Gamification has begun to appear in the learning field. The word suggests that it must have something to do with games. But Gamification is not about designing full-on games. It’s about the use of game elements, game mechanics, and game thinking *in non-game contexts* in order to make everyday activities (like learning!) more compelling. Gamification for learning is using game-based mechanics, aesthetics, and game thinking to engage people, motivate action, promote learning, and solve problems.

OBJECTIVES OF THE RESEARCH

1. To explore and analyze employee perception about Gamification
2. To identify the application of gamification in IT sector.
3. To study the impact of employee perception about gamification on employee Involvement, stress and retention in select IT companies in Pune city

RESEARCH PURPOSE AND SIGNIFICANCE

Candy Crush, meet the corner office. Online games aren't just for playtime anymore. Small and midsize businesses can take a cue from their large competitors, who are increasingly using online games to recruit, educate and energize their staffs. Gaming involves using video-game techniques—including points, badges and leader boards—to make your HR connections more interactive and to reward staff and applicants for their contributions. Gamification taps into the social desire of humans for self-esteem and desire to interact. Free and low-cost games are available from a growing number of sources. With most new hot topics the research is sparse, and such is the case with Gamification. However, since Gamification utilizes gaming concepts we can look at research on learning games to glean insights into the possibilities that Gamification can provide within our learning solutions. Few Gamification Research says, “Neuroscientists are discovering more and more about the ways in which humans react to such interactive design elements. They say such elements can cause feel-good chemical reactions, alter human responses to stimuli—increasing reaction times, for instance—and in certain situations can improve learning, participation, and motivation.” Gamification is the application of characteristics from games into non-gaming contexts, like work, in order to engage and motivate. It takes all of the concepts illustrated above, and integrates them into business activities and processes, to reframe the way that employees experience the work. To be absolutely clear, it is not about turning work into a game—expense reports don't turn into Angry Birds and lead generation doesn't turn into Guitar Hero. It's about framing work in the language and metaphors of gaming, with the goal of engaging and motivating your employees.

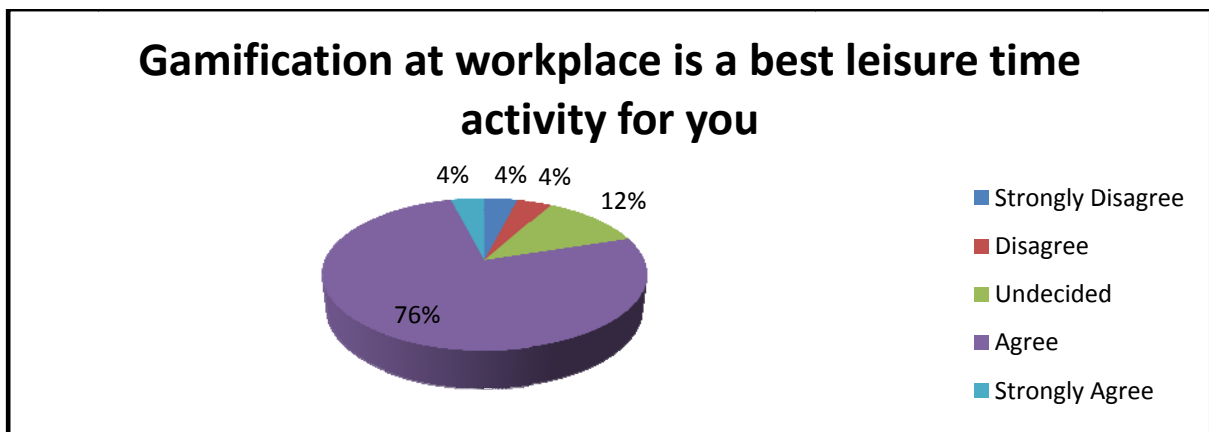
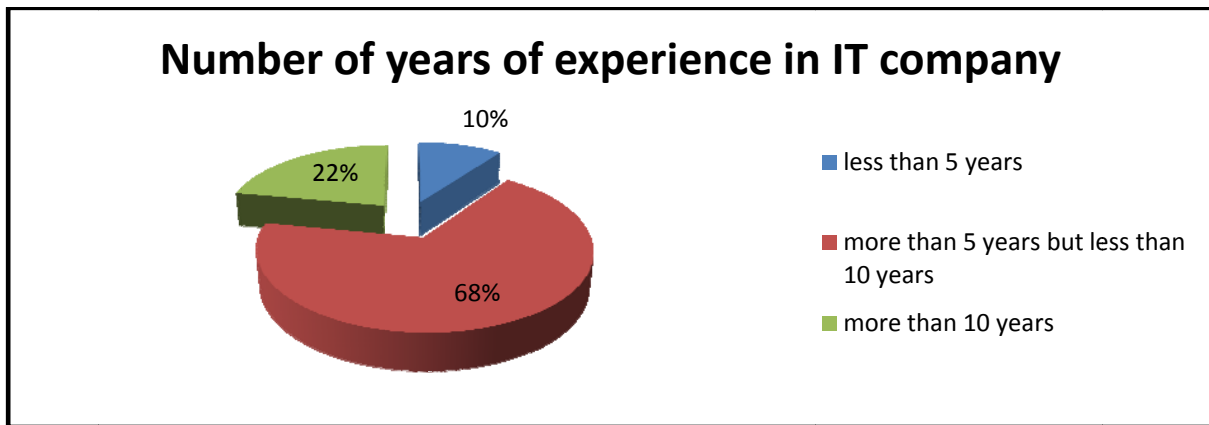
Attempt is made in this research to identify and analyze employee's perception about Gamification at their workplace with specific reference to IT sector in Pune city. Further the researchers have focused on the impact of Gamification on employee Involvement, stress and retention in the proposed sector.

APPLICATION OF GAMIFICATION IN IT SECTOR

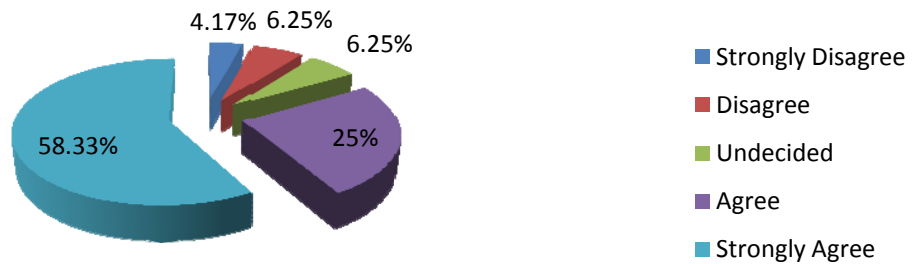
Though a popular trend in the west, it is now fast gaining admirers among Indian HR practitioners. HCL technologies, Cognizant, L'Oreal, and Capgemini are among the pioneers in gamifying the various processes of employee lifecycle to bring a behavioral change in their workforce, resulting in fortifying the contribution of HR to their overall business performance.

HCL has perfectly blended the game mechanics to build a robust gamified platform for the new hire on-boarding process. The new joiners are sent a URL, 15 days prior to their date of joining, to play the game. This game has five stages of employee growth, employee work profile, innovation@HCL, work life balance and HCL’s culture of intrapreneurship. This new platform not only keeps new joiners engaged till they join the company but has also proved instrumental in bringing down the dropout rates of employees at the time of joining. Companies like L’Oreal and Marriott have taken a different route to assimilate game elements into recruitment and selection process. The aim of this game is to find job-fit candidates. L’Oreal has three unique Gamification tools- ‘Brainstorm’, ‘R U HR?’ and ‘REVEAL’ for the same. Cognizant at other end uses Gamification approach in the development of talent processes and training programs. The Catch me If You Can game helps employees achieve faster and effective learning.

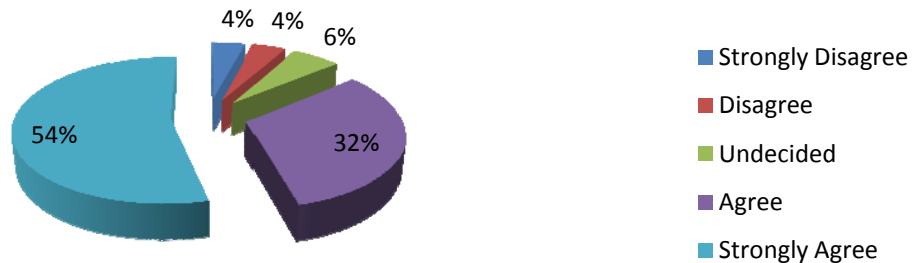
DATA ANALYSIS (Source: Primary Data)



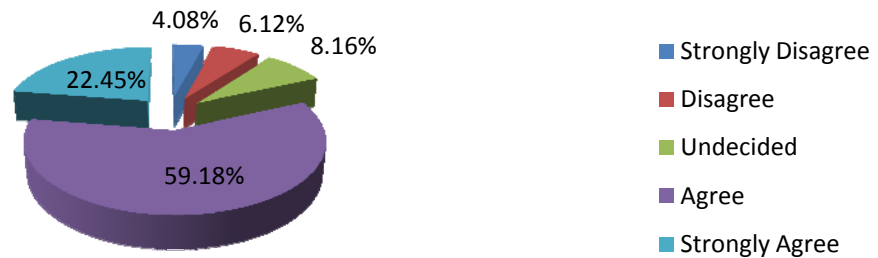
Gamification can help employees fulfill cognitive learning goals



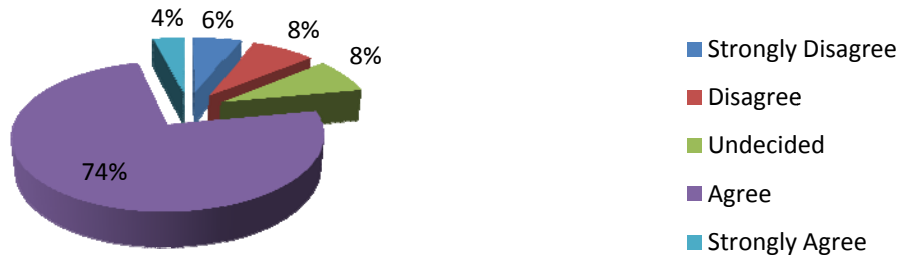
Gamification can be effective in learning when used as a reward



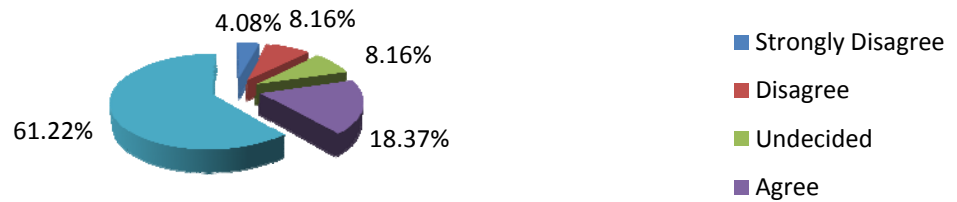
Gamification can be effective in learning when they provide competitive learning environment



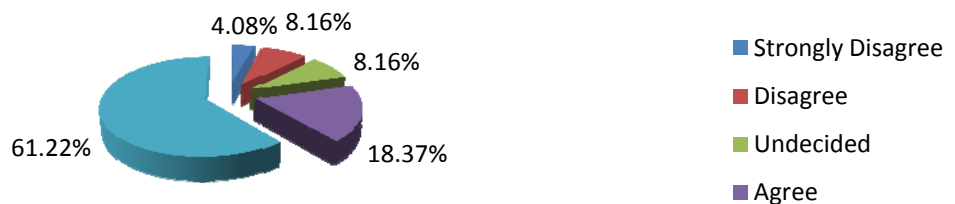
Gamification results into employee retention



Can Gamification gauge and address your feelings and apprehensions accompanying the change



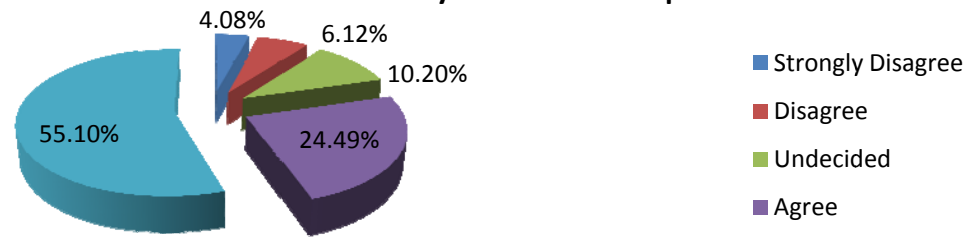
Do you believe that Gamification can have a positive impact on your involvement in the organization



Gamification can reduce your stress level of the day



Do you consider Gamification as a key motivational driver for you at workplace



Rate your overall perception about Gamification and its application in your organization



The respondents are employees from IT sector in Pune city with minimum 5 years to 10 years of experience. From the above data collection we can identify that 85.71% respondents have a positive perception about Gamification. They not only consider gaming at workplace a leisure activity (76% agree) but also view it as a tool to fulfill their cognitive learning goals (58% strongly agree) so as to deal with changes in the working environment in the IT sector. It is identified that Gamification can be effective both when used as a rewards for learning (54% strongly agree) and creating a learning environment at workplace (59% Agree). That is it Gamification in IT sector is acknowledged as work and play rather than work or play. From the research it is further concluded that Gamification has a positive impact on reducing stress level (67.35% agree), positive impact on increasing involvement in the organization (55.10% strongly agree) and 74% agree that it results into employee retention. By adding elements of games to everyday brand interactions — unlocking rewards through everyday activities, holding social media contests with prizes, etc. — businesses have found that both customers and employees become more engaged and want to stick around. This is especially true for new employee training, which significantly impacts employee retention rates. - Training typically occurs during that time when employees [are] most overwhelmed — right after they're hired, "A total of 48 million people play games on smart phones and tablets and 77 percent of gamers play at least one hour a week [according to Big Fish Games]. By building a game into training that is social ... and educational; it makes the company look progressive and resonates with today's employee base." Therefore it can be said that the essence of Gamification lies in building a genuine culture shift that gives up control and supports empowered employees in contexts that seamlessly complement the process or learning initiative within employees.

CONCLUSION

Industry pundits are tagging Gamification as a forceful meta-wave with promising results for workforce management in this new, more digitized and networked world. HR leaders have identified that Gamification is now perceived as the next big revolution to meet HR challenges while critics call it a passing fad. However for now from the study it can be concluded that application of Gamification in the IT sector is reaping benefits in terms of attracting, retaining and developing talent to build a high performance innovation-driven employer brand. In the long run it is necessary to measure ROI of Gamification would be necessary in order to relate it to stress, retention and involvement of employees in the IT sector.

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ENHANCING LEADERSHIP SKILLS IN MULTI-CULTURAL ORGANIZATIONS

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Abstract

Present paper mainly focuses on a definition of leadership, explores leadership, and how educational managers can enhancing the leadership skills necessary in a dynamic, global, democratic educational environment. The definition and the examination of global leadership provide a foundation for developing leadershipskills effectiveness in a global and varied organizational environment. The emphasis is on leadership in formal, global, and varied organizations and the leadership principles that can be practiced, implemented, and concluded with some guiding principles from the related literature.

Key words: leadership skills, multi-cultural organization, management.

INTRODUCTION

Culture and 'structure, leadership and management: all are necessary if an organization is to become highly effective.(Schein 1985: 171).The major focus of every multicultural organization is to attain its goals. At the same time, there is an overriding concern for acquisition of resources which is usually dependent on availability of funds. Therefore, any proposal for changing the scope or method of service delivery within an organization must include a description of the alternatives; a clear delineation of the costs and benefits of each alternative; and an analysis of the proposal's contribution toward goal attainment. This type of analysis is important in the decision-making process to insure effective management of available resources and convergence with stated organizational goals.

Organizational members are looking to the leadership to honesty, effective communicate, negotiation & conflict resolution, meeting & interviews, confidence, inspiration, positivity, collaborate, and to set the course for the organization. Leaders use their collaboration and communication skills and abilities to gain the trust of people and through their actions, commitment, delegation, humor, creativity, intuition he or she gains influence. It is the ability to influence others that gives a leader his or her power. It is the leader that creates the vision and uses their influence with others to make the vision a reality. Without the leader setting the course and navigating through those bumps and dips that occur, the organization may be headed for a crash. Hard work, confidence and talent will only take you and your organization so far. A lack of leadership stifles any further progress.

Leadership and management

Although there has been much debate over the differences between leadership and management, the terms tend to be used interchangeably: agreement over definition - or even the nuances of distinction - is not easily reached. Leadership is frequently seen as an aspect of management, with 'real leaders' often characterized as charismatic individuals with visionary flair and the ability to motivate and enthuse others - even if they lack the managerial or administrative skills to plan, organize effectively or control resources. On this basis, it is often argued that managers simply need to be good at everything that leaders are not! Kotter (1989)

argues that leadership and management functions can be separated out fairly clearly according to context: for him, strategic development is a key function of leadership for change, while day-to-day problem solving is clearly a management function.

Functional management

Fayol's (1916) functional perspective emphasizes, first, that the manager's role is to achieve the task, and second, that managing organizations – regardless of size, nature or mission – follows certain basic functions, i.e. to determine and decide objectives, to forecast, to plan, to organize, to direct, to control and communicate. He conceded, however, that the weighting of functions varied according to hierarchical levels and functional special SMS. Fayol's eight basic functions have been subsumed under several more commonly used headings:

- Managers plan: setting objectives, forecasting, analysing problems and making decisions - in other words, formulating policy.
- Managers organize: determining what activities are required to meet objectives, classifying work, dividing it up and assigning it.
- Managers coordinate: inspiring staff to contribute both individually and as a group to the organization's purposes, being loyal to its aims.
- Managers control: checking performance against plans.

Drucker (1988a, 1990a), a well known American management 'guru', prefers the term 'measure' to Fayol's 'control', which in his view emphasizes 'giving orders'. Drucker also added a vital fifth element:

- Managers develop people: ensuring that people maximize their potential to achieve agreed outcomes - 'someone who is directly responsible for getting work done through and by other people'.

What do leaders do?

Clearly, uni-dimensional distinctions between leadership and management are unhelpful when unraveling the complex interplay of skills, knowledge and abilities required nowadays. Since educational leadership occupies an increasingly high profile in government policy making (both nationally and internationally), we need to ask: what constitutes effective leadership? Adair (1983) has identified five distinguishing leadership characteristics:

- Gives direction, e.g. finding ways forward, generating a clear sense of movement/direction; identifying new goals, services and structures.
- Offers inspiration, e.g. having ideas and articulating thoughts that are strong motivators for others.
- Builds teamwork, e.g. seeing teams as the natural, most effective form of management, spending their time building and encouraging collaborative effort.
- Sets an example, e.g. showing that 'leadership is example': it is not only what leaders do that affects others in the organization, but how they do it.

A key aspect for Adair is that real leadership is that which is acknowledged and effectively 'granted' by others. However, this focus is not always emphasized in the literature. Brown and Rutherford's (1998) assessment of middle management in schools, for example, identifies five leadership 'images':

- Servant leader: stresses empowerment through working with people.
- Organizational architect: initiates and orchestrates change.
- Leading professional: shows awareness of work contexts.
- Moral educator: demonstrates transmissible values to guide relationships.
- Social architect: shows awareness of social and development issues.

Stoll and Fink's (1996) examination of the relationship between educational leadership and effective schooling distinguishes 'technocratic' and managerialist systems approaches from 'humanist' and facilitative ones, emphasizing another potential leadership/management

distinction. While the language of recent inspection and audit reports concerning schools and further and higher education institutions often implies that leadership is about vision, mission and strategic direction, while management involves developing and implementing policies to achieve these ends, there is a danger that the rhetoric gets interpreted overly mechanistically by those receiving the feedback. In educational terms, Barth (1990) sees the leader as 'head learner', while MacGilchrist et al. (1997) argue that the real challenge leaders face is to establish and maintain inclusivity, a view supported by Bolam et al. (1993), who see the facilitation of good quality professional relationships as of key importance.

Hannan's research indicated that for the large majority of schools the focus of multicultural education was thought largely to be a matter of developing appropriate attitudes of tolerance and inter-cultural understanding between all Australians through learning about the backgrounds of each other. This thinking rested on the assumption that maintaining and nurturing cultural and linguistic heritages in Australia would inevitably result in greater communication between diverse groups, leading to the eradication of mutual suspicion and racism. The maintenance of ethnic heritage, in its folkloric, religious and artistic aspects and customs, would serve to strengthen identity. Multicultural education would thus be a way of improving the self-concept of the NESB children by ensuring that they viewed their cultural traits positively. Multiculturalism must be seen as being concerned with the entire range of practices that involve intercultural communication and understanding in people's lives, not simply an emphasis on ethnic histories, customs, religion, music and languages, as it seems to have become in many schools. Arguably, the current programs in multicultural education have led to a celebration of differences. The assumption has been that if people of different cultures know about each others' backgrounds then intercultural harmony will follow. It has been shown earlier how this assumption is mistaken. The common experiences and similarities across cultures are more profound than differences. And in a school committed to democracy, it is these similarities which ought to be the basis for further communication and dialogue. The experience of migration itself, of the way Australian institutions do and do not accommodate minorities and the way power operates in this country, could provide immediate starting points for ongoing dialogue. Cultures should not be seen as static, but as dynamic, constantly changing in response to the input of new ideas, the revision of old beliefs, the construction of new theories and the alteration of old practices. The emphasis should be on cultures being formed and reformed through what Walker (1987) has referred to as 'inter-cultural articulation'. Given this emphasis on the need to begin with common concrete experiences to facilitate intercultural understanding, schools do not need definitive, centrally approved definitions of such terms as 'justice' or 'equality of educational opportunity' before they can apply these ideas to understand the nature of disadvantage in particular contexts. Many students belong to minority groups and their teachers already know a great deal about how material injustices and inequalities actually manifest themselves and what implications they have for educational opportunities. People who live them already know a great deal about poverty, long-term unemployment, indignity and the other manifestations of social injustice. This knowledge should be utilized more fully than it has been in schools, which often pretend that these problems do not exist. If multiculturalism is to mean anything then these experiences should be the focus of educational attention, and not reified cultural artefacts.

Educative Leadership and Democratic Schools

What role might educative leadership have in a democratic school in which responsibility for initiating reforms would rest on its entire educational community? The democratization thesis presented in this paragraph would seem to suggest that a certain tension exists between the

ideas of leadership and democracy. For after all, the traditional notions of leadership embody values of hierarchical authority and centralized power, while the concept of democracy highlights collaborative, caring and reciprocal relationships. The way out of this dilemma is to deny the applicability, and desirability, of the traditional notions of administrative leadership in educational contexts. Watkins (1986) and Foster (1986) have demonstrated how much of the recent writings on educational leadership have been dominated by literature borrowed from management theory. They argue that leadership in education should be based on specifically educational criteria, rather than forms of technical/managerialism that seem to have dominated thinking about educational administration. In schools committed to democracy, educative leadership should be seen as located neither in individuals nor in institutional positions, but in particular acts which serve to bring people together and make the possibility of inter-cultural understanding greater. Thus viewed, leadership may originate with any person within a community, and not just those who have been officially designated as 'leaders'. In our present context, however, principals would appear to be in the best position to offer educative leadership. Not only have they been mandated by the state for this responsibility, but also they are in an ideal position to overview the entire range of schools' activities and from that strategic vantage point can explore the possibilities for educative democratic action. This is consistent with the idea of collective leadership and individuals exercising initiatives that meet with group approval. Educative leadership may involve a whole host of initiatives or it may simply be one single act. The point here is that, apart from reference to specific contexts, it may not be possible to determine what counts as a leadership act. In a democratic multicultural school, educative leadership should, above all, attempt to create conditions that enable school communities to collaboratively understand, and hopefully oppose, the construction and maintenance of inequalities evident in their rituals, myths, traditions and practices. Ways must be found of challenging and, in time, replacing the bureaucratic and meritocratic ideology which has saturated the logic of schooling and school system, for if the argument in this chapter is valid, then it is this assimilatory logic that makes any radical program of educational reform extremely difficult to implement.

Leadership and Effectiveness

Busher and Saran (1994) review the ways in which different leadership elements (i.e. task, relationships and context) relate to each other by identifying five models:

- Structural-functional model: emphasizes rationality, role and success based on 'fit'.
- Open systems model: focuses on the ways people interrelate to achieve organizational aims.
- Cultural pluralism model: recognizes that in a professional situation leadership needs to maximize the differing potential of individuals as members of a group.
- Interpersonal models: rely on the management of individuals as individuals working from differing viewpoints.
- Political model: characterized by a manipulation of power systems to achieve required ends as determined by the leader. While their typology may help us to classify examples from our own experience, these models also need to be judged against the considerable evidence that leaders and led frequently offer very different perceptions of the same event: although head teachers may see their actions as fair and reasonable, the recipients may experience events very differently! We explore the concept of 'effective' educational institutions in more detail later (e.g. in relation to 'corporate cultures'), but consider 'effectiveness' here briefly in relation to leadership. Brighouse's (1986) exploration of 'effective schools' asserts that three kinds of school leader may be identified:
 - Perceptive professional developers: those who empower staff to carry the organization and themselves forward through joint planning and involvement.

- System maintainers: those who follow a more rigid and mechanistic approach, offering a framework for all but with little flexibility.
- Inadequate, security-conscious others: those who follow inconsistent approaches and act according to prevailing pressures (n.b. this is not the same as 'contingency').

A great leader is always able to lead a team to success, regardless of the critical situation at hand. Simply holding a position in leadership doesn't make someone a good leader. A truly great leader understands the many different factors that come with leading others, and strives to help others reach their goals; they are always developing themselves, and act as visionaries for their organization. So here collect some of the leadership skills and qualities that we believe are possessed by many of the world's greatest educational leaders for any type of multicultural organization and formed the list below

Honesty

The foundation of any relationship, both personal and professional, is honesty. People want to work for a leader they can trust a leader that has morals, values, and integrity. They want to work multicultural schools, "Honest Abe," or Abraham Lincoln, is said to have been one of the greatest Presidents to ever lead our country, and he didn't achieve his success or earn that nickname by being dishonest. Your workers want to feel good about their jobs—it's important to establish core values for both the job and yourself as a leader, and to then live and lead by those values as an example to your employees.

Effective Communication Skills

The management of meaning and mastery of communication is inseparable from effective leadership. (Bennis and Nanus 1985: 33) Effective communication is essential for effective management. As Bennis and Nanus's comment above indicates, communication has meaning beyond mere words and is a key attribute possessed by successful leaders. Without clear communication, your employees won't understand your mission, goals, and vision. Employees want to work toward something they believe in, so it's important they understand that they are working toward the same goals. Good communication in education is vital, not simply because it is a complex and multifaceted process, but because it occupies so central a role in both teaching and learning processes and in the task of leading the educational mission.

Negotiation and conflict resolution

Negotiation skills have become increasingly important in the context of a marketized education service. In many schools and colleges, however, their value frequently remains underplayed and undervalued. Lowe and Pollard's (1989) examination of the value of combining effective negotiation and listening skills suggests that 'frame of mind' is as important as what is said. Successful negotiations place issues and principles rather than personal animosities and pressures at the centre of discussion so that the 'push-pull' approach is avoided and win-win becomes possible (Fisher and Ury 1981; Kennedy 1989).

Meetings and Interviews

Meetings can be an extremely effective communication vehicle and a vital component in productive decision making. They are also an area where detailed guidance and practical strategies may prove instructive (see Everard and Morris 1996) and where meeting patterns and activities may reflect overarching managerial and organizational approaches as well as the quality of team development. Effective meeting skills help to preserve the clarity of organizational purposes, enabling managers to 'hover' or 'helicopter' metaphorically above meetings, identifying the processes at work and ensuring interactions remain productive.

Both individual and team roles emphasize the way meetings, whether formal or informal, are integral elements in team processes and how, if handled appropriately, they can be major teambuilding vehicles. Armstrong (1994) argues that effective communications and meetings management skills can be integrated through:

- taking everyone's views into account;
- ensuring ideas are clearly articulated;
- ensuring information is exchanged;
- ensuring that aims and objectives are coordinated ;)

Confidence

When things go wrong, employees look to you for the answers and judge the situation based upon your reaction. Even if the company is experiencing a major downturn, it's important to always be confident, calm, and set a good example. If you aren't confident with the organization in a situation, then be confident in your own leadership skills. Your job is to maintain the happy work environment, and continue leading the team in their daily work.

Inspiration

Whether you're starting a new business, or you're leading a team in a business that's already been established, it's important to get employees invested in the vision and future of the company. You must be inspired and invested in the company in order to inspire others, like Larry Page and Sergey Brin, the founders of Google. The product of their own inspiration has inspired millions of others across the world, and has significantly impacted the world we live in today. Though inspiration often looks forward to the future, it's also important for the present; it gives employees a reason to work, to succeed, and to do their best in everything they do. Make them feel invested in the company through inspiration and they'll be loyal, hard-working employees.

Positivity

Regardless of the situation, always stay positive. Positivity is essential to productivity, employee happiness, and work environment. When mistakes are made- even if they are serious, it's important to look at the bright side of things. You are setting the tone for the work day, and your attitude directly affects those under your leadership. Bringing snacks, giving compliments, and even showing an appropriate interest in an employee's personal life can have a significant impact on their work day.

Delegation

If there is a highly-important project, it can be difficult to trust employees without micromanaging. Trusting them to do their best possible work is a sign of strength in your leadership, and will encourage them to live up to your expectations. When it comes to delegation, the idea is to decide what strengths each employee possesses, and to assign them tasks that best fit those strengths. The ability to delegate successfully will lead to higher quality work and productivity.

Commitment

Nothing shows commitment and humility like getting your hands dirty with the rest of the workers. Showing your commitment sets the example for others to follow, and leads to greater loyalty and respect for you as a leader. Always be committed in whatever you do, whether it is a promise to have a holiday party, a day off, or a meeting time. You are in the spotlight as a leader, and you will be judged harder for your actions than others will be. Set the tone of commitment, and others will follow suit.

Humor

Although not a requirement, a sense of humor goes a long way in leadership. It helps create a positive work environment and enhances the feeling of camaraderie. Warren Buffett, for example, once said, "I buy expensive suits. They just look cheap on me." Your unique personality and sense of humor shows your employees that you are more than a leader, and that you aren't a machine, which encourages them to feel comfortable around you.

Creativity

Some decisions have to be made quickly, and catch us by surprise. In times like these, it's up to you to think outside the box to find a solution. Your team will be looking to you in these situations for guidance, so a quick decision must also be a good decision. Henry Ford faced a situation like this when demand for his vehicles was so high he couldn't possibly keep up. Instead of making the obvious decision to hire more people, he thought with creativity and developed the assembly line. You may even brainstorm with your team to build upon some of your ideas. When your employees are involved in a decision or idea, they often feel more invested, respected, and important. When you are in a situation where creativity is necessary, your creativity level and experience can either gain your employees' loyalty and respect, or damage it.

Intuition

Sometimes we are presented with situations that aren't in the textbooks, and for which you might not be prepared as a leader. The first decision isn't always the best one, and taking your time to come up with a unique solution can be in the best interest of your workers and organization. Sometimes, leaders have to draw upon their instincts, past experiences, and mentors for help in these complicated situations.

Conclusion

It is clear that the successful leader of the twenty-first century will be one who promotes leadership skills development and encourages workers to assume his or her role as a leader. Individuals working in twenty-first century global, multicultural educational organizations must be innovative and creative, practice continuous learning, have values that especially include integrity, have a personal vision, be in charge of their own careers, motivate from within, plan, communicate, and seek harmonious relationships with stakeholders.

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INNOVATION IN BUSINESS AND INTELLECTUAL PROPERTY RIGHTS

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INTRODUCTION

Intellectual Property Rights play a significant role in the commercialization and economic growth of the nation. The enforcement of Intellectual Property Rights in today's economy is one of the core enabling conditions for creativity and development of the innovations in business. World Intellectual Property Organization (WIPO) has suggested about the laws to enforce Intellectual Property Rights worldwide. And when we speak about the Intellectual Property Rights we refer to the way it is used, accessed and distributed through the innovations in business as a medium for the growth of the nation which are a concern for the developing countries.

This research has put-forth the innovations in business needs to use laws, policies, practices and educational training effectively. We need to understand, analyze and reduce the lacunas related to Innovations in business collectively to improve quality of life by protecting life and property, reducing, detecting and solving crime, reducing fear of crime, and enhancing safety in co-operation with the community.

The innovations in business depends upon the sound functioning of the laws and policies formulated by the nations to protect the Intellectual Property Rights which would enhance the development and deployment of new growth in innovations in business.

Significance of the Study

For enforcement of Intellectual Property Rights and the need for the law and policy formulated in the innovations made in businesses there are objectives that need to be addressed. They are; a need to reduce the crimes and disorders; E-commerce difficulties; solve more cases; improve the public's trust of law enforcement; reduce cost on litigations; improve law enforcement competencies to respond on incidents and events more effectively.

In cases wherein intellectual property rights have been infringed (i.e. copy right, related rights, trademarks, geographical indications) it is important that in such cases enforcement mechanisms be called into play to protect not only the legitimate interest of the right of the owners, but also of the public.

We can understand the issues by relating to the present scenario and cases addressed by the pioneers of in business field.

Senior Vice President Mr. Vinton G. Cerf is known as the Father of the internet is of the opinion that the policy problems are the most difficult issues which cannot be solved easily and that the policies have to be understood in depth to get to the root cause.

Mr. Richard Parsons, CEO of Times Warner had given his views on the impact of Napster case which was the landmark Intellectual Property Right Case. Napster had to shut down its entire network to comply with the injunction. The Napster's Case is the most famous peer-to-peer networking which has made change in laws and evolved significantly in matters related to nature of the work in the way of Copyright Infringements.

The above cases and scenario highlights on the importance of protecting Intellectual Property Rights and the need to have good innovations in business laws and policies. However, it is important for Intellectual Property Rights Preservation which would save time & money and litigation would be avoided by having policies dedicated to owner of their Intellectual Property.

The present scenario as to the protection of innovations in business in the developing countries at the International level is limited, ambiguous and unfair and hence a significant study is required for providing an effective legal enforcement system.

Also, despite the interest of WIPO members on Enforcement of Intellectual Property Rights and the heated debates on the subject, there is little scholarly attention to the subject. It is not yet clear how and to what extent, will manufacturers, traders and consumers benefit from the laws and policy formulated by the nations of the developing countries.

Need for Intellectual Property Rights in innovations in business

Intellectual property rights resonate with consumers is a must for every business and helps to minimize marketplace confusion which is also related to differentiated products. Intellectual property rights are economically efficient communication tools as it

transcends language and borders. Intellectual property rights registration is a bargain and can be utilized for growth and development of the nation and the business and ultimately maximizes protection. Further it endures and adds value to the business if properly maintained by being flexible and creative. It is a gateway to the Internet and effective weapons to combat unfair competition.

Each of the Top Ten reasons can be characterized as falling somewhere within the three general statements listed on this slide. IPR are the most common form of intellectual property encountered by people in their everyday lives. IPR lead to better-informed consumers, more accurate purchases, and increased consumer satisfaction. Businesses should have a good understanding of why IPR are so important to effective commerce.

Reasons for Intellectual Property Rights vis a vis Innovations in business

- To shape and formulate the enforcement laws and policies relating to innovation in business as a concern related to Intellectual Property Rights which has become of paramount importance to the legislators.
- To update the laws and policies of the Innovations in business and the Intellectual Property Rights to meet the challenges of the networked environment which has to be the key focus of the developing countries Government, the Courts and the State Legislatures. The Intellectual Property laws (the Patents Act 1970, Trademark Act 1999, Indian Copyright Act 1957, Design Act 2000, The Geographical Indications of Good Registration & Protection Act 1999) and more are the efforts enhancing the Indian laws and policies thereby bringing greater transparency in the work and facilitate the role of Government in development.
- To take positive action towards eliminating counterfeit which are of importance by means of policies and laws that would balance the advancement of technologies, innovation and protect the infringement of the Intellectual Property Rights.
- To use modern surveillance technology devices which can offer potential benefits and costs and enable the society to understand the pros and cons of the trade-off between efficiency and efficacy of the law enforcement techniques.
- To protect the Privacy Rights related to Personal data and Information which has not been specifically implemented by the provisions of the Innovations in business Laws which are otherwise protected under Article 21 of the Constitution.

- To study the challenges and the issues of the developing countries as there is the need to address the critical issues of Internet access and Telecommunication.
- To explore the opportunities by the enforcement of Intellectual Property Rights to protect Innovations in business in issues related to E-commerce which is of Jurisdiction, Fraud, development of electronic trade and cost incurred into the compliance of businesses.

The above mentioned few issues are the factors required to be focused on the enforcement of Intellectual Property Rights in Innovations in business that needs a revision of laws and policies formulated due to rising infringement in the contemporary scenario which questions the adequacy of the present legal enforcement system.

Conclusion

In order to have enforcement of Intellectual Property Rights in relation to the innovation in business of the developing countries, firstly it would inculcate co-ordination to focus on the development, dissemination and education of the laws and policies. Secondly, it would review the present laws and policies and analyze them for the continued applicability and effectiveness. And lastly, there would be formulation of new policies and laws which are followed by the developed countries, to curb the counterfeit and infringement issues, situations and incidents in the developing countries.

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A STUDY OF PROBLEMS & PROSPECTS OF DEMONETISATION ON INDIAN ECONOMY

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Abstract

The government decision to demonetize Rs 500 and Rs 1000 on 8th November 2016 sent a shockwaves to all countrymen and rest of the world. The present paper deals with the government of India's bold decision on Note ban of Rs 500 and Rs 1000 on 8th Nov 2016. This was tried and tested in the year 1978 by former premier Shri Morarji Desai by banning Rs.1000, Rs.5000 and Rs.10000 from circulation. This also encompasses the status of bank notes as on pre demonetization and its effects on various sectors of Indian economy such as real estate, bank deposits, rate of interest & black money and it finally incorporates various steps taken by government along with RBI to ease the plight of interested groups.

Key Words: Demonetisation, banning, Real estate Black Money & Interested Groups etc.

Introduction

In an address to the nation on November 8, India's Prime Minister, Narendra Modi, declared that the two highest denomination currency notes—the 500 rupee note and the 1,000 rupee note—won't remain legal tender. The notes were demonetized at midnight on November 8. It was done to curb black money in the financial system. The demonetization was a surprise. Social Media was flooded with messages and information. People started counting the trash they had accumulated for years legally or illegally. Rumours became rife. Some tried to invest their dying currency in gold. Some contacted their near and dear ones in this miserable hour. People could get only Rs 4000/ of old denomination exchanged with the new one. Big queues before the banks and ATMs became the order of the day. Instead of getting shorter; these queues were getting longer with every passing day. The last date for the whole process was 30th of December. The persons could deposit the old cash worth Rs 2.5 lakhs till the said date. The main objective of this move was to curb the black money, corruption and fake money menace. All the people but those who were indulged in malpractices welcomed the move. The whole opposition shook hand against this move under one pretence or the other. They called this decision a draconian law and wanted the govt to roll back it. Tirades were made to target the decision. Govt also carried out counter attacks.

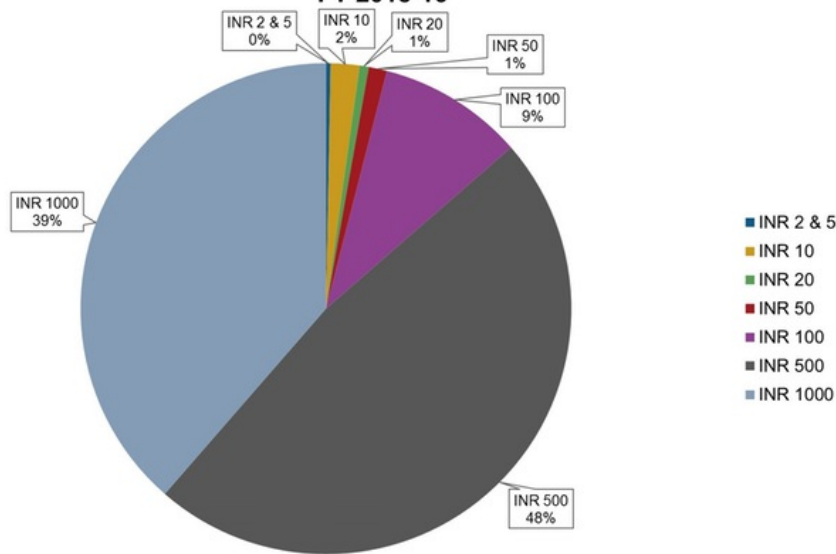
Objectives of the Study:

1. To study the present status of Rupee Notes pre demonetization in India
2. To study effects of demonetization on various sectors of Indian Economy.
3. To study various measures taken by government to neutralize the effects of demonetization.

Research Methodology: The data collected in this paper are from daily English news papers such as Economic Times, Indian Express, Money-control. These are secondary in nature.

Status of Rupee Notes in Circulation: According to the RBI's (Reserve Bank of India) Annual Report for April 2015 to March 2016, the value of the currency notes at the end of March 2016 was 16.42 trillion Indian rupees. The 500 rupee and 1,000 rupee currency notes formed 86.4% of the value. In one stroke, the government removed 86.4% of the currency in circulation by value. In terms of volume, the currency notes of these two denominations formed 24.4% of a total 90.27 billion pieces. Also, RBI data showed that as of March 2016, 632,926 currency notes were counterfeit—known as an FICN (Fake Indian Currency Note). As a proportion of NIC (Notes in Circulation), the 1,000 rupee and 500 rupee notes were the highest. Nullifying these FICNs was also part of the demonetization move

Percentage Share of Denominations in Circulation by Value in FY 2015-16



Market Realist

Source: The Reserve Bank of India

Rs 500 and Rs 1,000 banknotes in circulation						
Denomination (Rs)	Volume (crore pieces)			Value (Rs lakh crore)		
	Mar-14	Mar-15	Mar-16	Mar-14	Mar-15	Mar-16
500	1141	1313	1571	5.7	6.6	7.9
(% share)	14.7	15.7	17.4	44.4	45.9	47.8
1,000	508	561	633	5.1	5.6	6.3
(% share)	6.6	6.7	7.0	39.6	39.3	38.5
500 and 1000 together	1649	1874	2203	10.8	12.2	14.2
(% share)	21.3	22.4	24.4	84.1	85.2	86.4
Total of all notes	7733	8358	9027	12.8	14.3	16.4
Source: RBI						

Impact of Demonetization on India and Investments

Currency Shock

After demonetization put over 85% of cash out of circulation, re-injection of liquidity into the system has been slow, hurting both formal and informal sectors

TABLE 1:
The ratio of key monetary variables relative to GDP at current prices

	Currency/GDP)	M3/GDP	Money multiplier
2011-12	11.09	79.77	5.05
2012-13	10.91	79.48	5.4
2013-14	10.6	79.68	5.64
2014-15	10.56	80.49	5.73
2015-16	10.86	81.98	5.66

GDP: Gross Domestic Product

TABLE 2:
Rate of growth of GVA, savings and capital formation in terms of institutions (average of the growth rates for 2011-15)

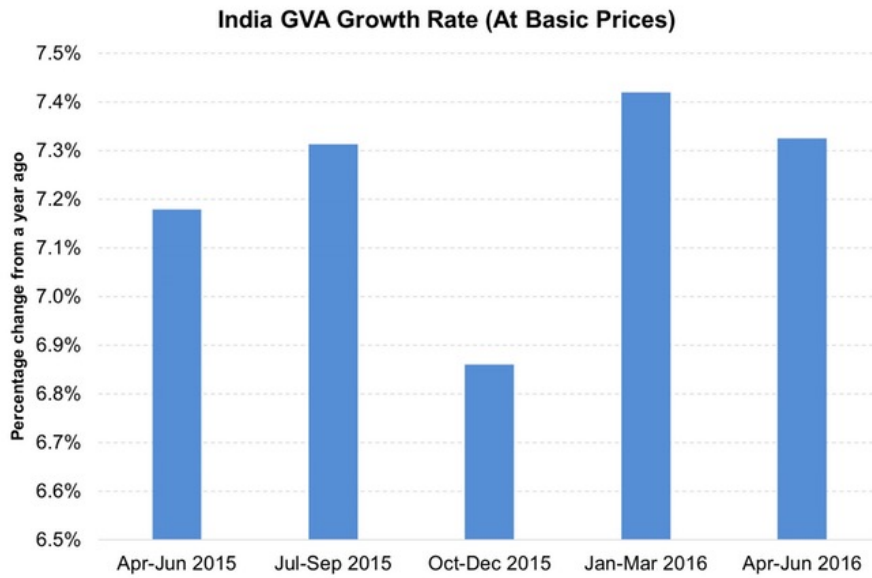
	Gross value added	Gross savings	Gross capital formation
Formal or organized sectors			
Public non-financial corps	4.99	-1.32	3.06
Private non-financial corps	10.71	18.26	11.36
Public financial corps	6.26	-0.52	13.84
Private financial corps	9.56	13.26	0.91
Core government	9.55	-4.48	14.25
Informal sector			
Household sector	8.62	3.61	-0.18
Overall economy	9.07	7.99	6.13
Share of informal sector	45.41	63.96	39.43

Source: Reserve Bank of India and ministry of statistics and programme implementation

Effects of demonetization on various sectors of economy

- **Demonetisation & Economic growth**

Growth in the Indian economy remained solid in the quarter from April to June 2016 (the latest available). In India, a financial the previously mentioned quarter is the first quarter of fiscal 2016–2017. During that period, the GDP (gross domestic product) rose 7.1%, while the GVA (gross value added) rose 7.3%. The GDP and GVA growth in the quarters from September to December 2016 and January to March 2017 could be significantly lower than previous years. Some bounce back should be seen in the first quarter of fiscal 2017–2018. a rise in tax flow and lower interest rates, are expected to help the Indian economy (PIN) (EPI) (INDA) grow stronger. In the next part, we have discussed how demonetization impacted inflation in India.



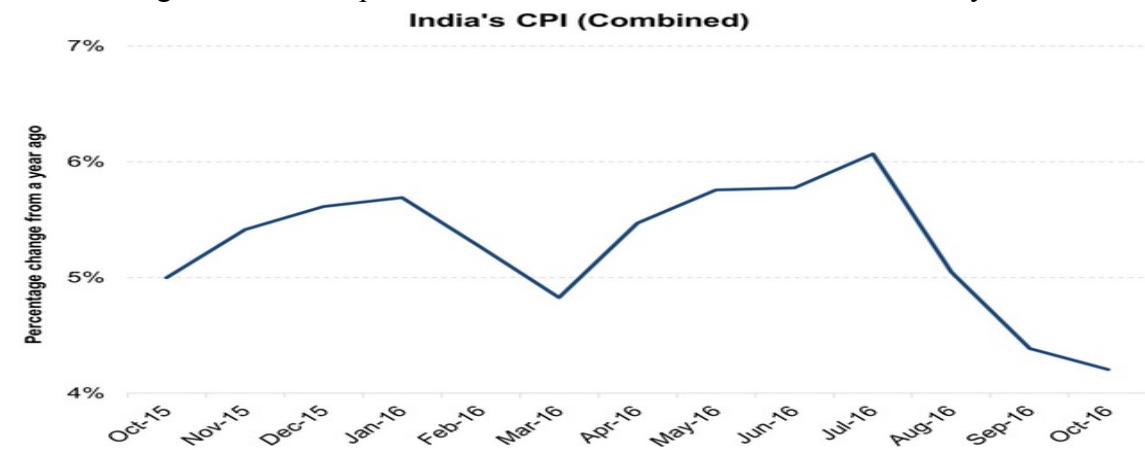
Market Realist^Q

Source: Central Statistics Office, India

Demonetization and Investments

The RBI (Reserve Bank of India) considers the CPI (consumer price index) as its primary gauge of measuring inflation. Prior to the RBI adopting the CPI in India (PIN) (FINGX), another measure of inflation—the WPI (wholesale price index)—was the key gauge of inflation and it's still considered for reference. To learn more about these measures of inflation, read India's different inflation measures—WPI versus CPI.

The RBI has CPI growth targets to adhere to while deciding its monetary policy stance. By January 2016, it was supposed to keep inflation below a target of 6%, which it was able to do. Its next target is to keep inflation at or below the 5% mark by March 2017.



Market Realist^Q

Source: Central Statistics Office, India

Demonetization & inflation

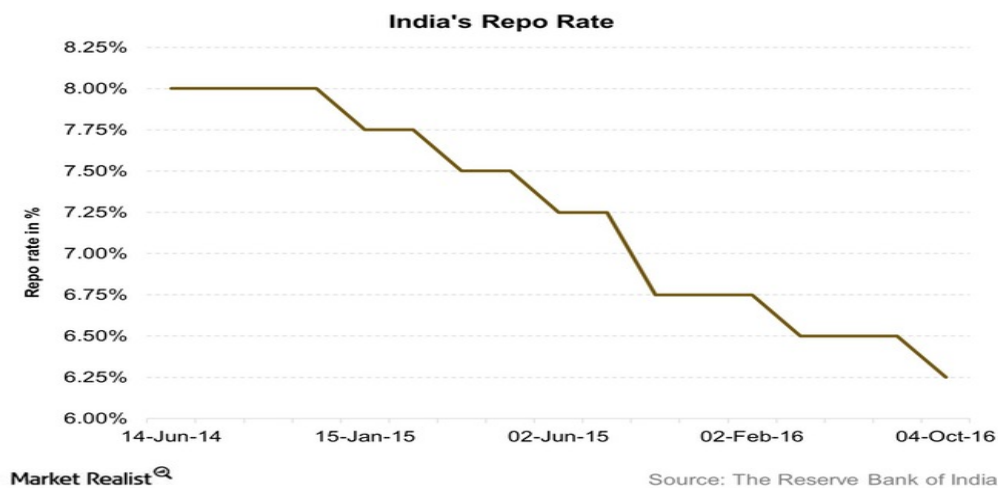
The demonetization that has been in effect since November 9 is expected to have a negative impact on inflation. Consumer spending activity fell to a near halt. Consumers are refraining from making any purchases except essential items from the consumer staples, healthcare, and energy segments. Activity in the real estate sector, which includes a lot of cash and undocumented transactions, slowed down significantly, Metropolitan and Tier 1 cities reported up to a 30% fall in house prices. Food item inflation, measured by changes in the Consumer Food Price Index, accounts for 47.3% of the overall CPI. Due to 86.4% of the

value of the currency notes in circulation going out of the financial system and re-monetization being slow, the supply and demand of food items fell. It will exert more downward pressure on inflation. Investors in India-focused funds (EPI) (WAINX) should continue to monitor CPI inflation. It will determine future rate cuts by the RBI. A change in the repo rate will impact interest rate-sensitive sectors and industries like financials (HDB) (IBN) and automobiles (TTM), among other sectors like the tech (WIT) (INFY) sector.

Demonetization & Monetary Policy.

- **Repo rate cut**

In its last policy meeting on October 4, the RBI's (Reserve Bank of India) Monetary Policy Committee reduced the country's repo rate by 25 basis points on October 4, 2016. The rate reduced 6.3% from the said date. The October meeting marked the second rate cut in 2016. The combined quantum of the cuts for the year stands at 50 basis points.



The repo rate, or repurchase option rate, is the key monetary policy rate for the RBI. It's the rate at which the RBI lends to commercial banks. The reverse of the repo rate—the rate at which banks park money with the central bank—is known as the “reverse repo rate.”

A change in the repo rate signals an increase or decrease in rates to commercial banks (IBN) (HDB). Other rates, like the reverse repo rate and the MSF (marginal standing facility), are fixed against the repo rate. The rate impacts the movement of the rupee, which impacts the revenue of exporters and tech companies (WIT). It feeds into India-focused funds (ETGIX) (INDA) as well.

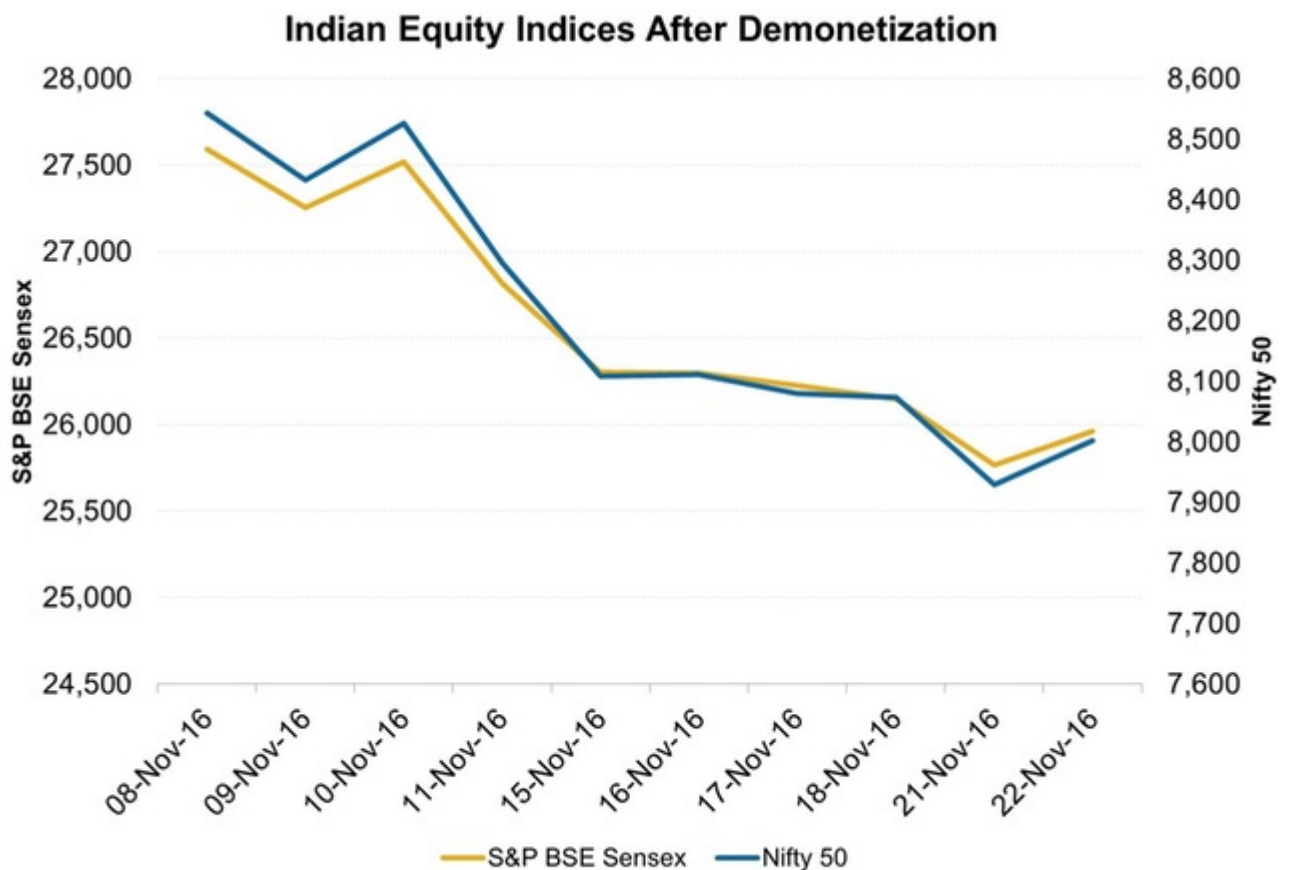
- **Real estate:** A Crisil analysis says demonetization is highly negative for this sector. Cities/ micro markets such as Delhi-NCR with high investor demand has been severely impacted and residential real estate demand has declined more severely in micro markets with high share of unorganised developers (where practice of cash transactions was prevalent). Developers will face serious fund crunch in the short to medium term, which will further delay ongoing projects, it said. Land prices are expected to fall. The combined impact of this announcement, Real Estate Regulatory Bill and continuous monitoring of circle rates/ ready reckoner rates by states will reduce the gap in prices in the primary and secondary market transactions.
- **Cement:** Crisil has again dubbed the impact of demonetisation on the cement sector as negative. Its analysts have pointed out that 60-65 percent or two-thirds of

consumption of cement is by the real estate sector, so near-term demand will be affected. There will be pressure on already low prices.

- **Steel:** This will be marginally negative since 30-35 percent of consumption or just a third emanates from the real estate sector. Near-term demand will be affected. There could be marginal pressure on long steel prices.
- **Agriculture:** One sector of the economy which has been bearing the brunt of demonetisation is agriculture. This piece in Mint says cash is the primary mode of transaction in agriculture sector with formal financing in many parts, especially Punjab, Uttar Pradesh, Odisha, Maharashtra, Gujarat and Kerala coming significantly from cooperative banks. These have been barred from exchange-deposit of demonetised currency. Agriculture is impacted through the input-output channels as well as price and output feedback effects. Sale, transport, marketing and distribution of ready produce to wholesale centres or *mandis*, is dominantly cash-dependent. Disruptions, breaks in the supply chains feedback to farmers as sales fall, increased wastage of perishables, lower revenues that show up as trade dues instead of cash in hand and when credited into bank accounts with limited access affect the sector.
- **Telecom:** According to analysts at CLSA, demonetisation has impacted the mobile industry with a slump in prepaid recharges, Smartphone sales and data adoption. But the cash crunch for prepaid recharges has been partly mitigated by a move to allow the use of old Rs 500 notes. Meanwhile, with demonetisation and a slump in Smartphone sales, Reliance Jio has extended promotions beyond December. Consequently, the analysts have lowered the FY17-19 forecast revenue and Ebitda for incumbents by 1-8 percent. This means BhartiAitel, Vodafone and Idea Cellular -- the big three telcos -- will get impacted the most. While the impact on voice revenues is likely to be short-lived, data revenues -- which are more discretionary -- are likely to see a larger impact. Demonetisation has already led to a 50-70 percent fall in over-the-counter Smartphone sales, as per channel checks by CLSA
- **Automobiles:** Analysts at Kodak Institutional Equities say retail sales of two-wheelers have been severely impacted, down by 30-50 percent year-on-year in various regions in India due to lack of adequate cash in hand for customers. But, they say, since cash circulation will improve over the next few months, there will be a recovery in scooter and commuter bike demand by next fiscal.
- **E-retailing, online cabs:** An analysis by RedSeer consulting says business was down 15-20 percent for e-commerce companies in November whereas the impact on online cabs was a reduction of 3-5 percent. Both these new economy sectors have seen an increase in non-cash transactions too.
- **Consumer products:** Kodak analysts have assessed the impact on this sector at three levels: (1) shortage of cash in the hands of the consumer, forcing her to consume less and at some level, consume only the most basic necessities; (2) shortage of lower denomination currency notes creating a 'change' problem in the cash economy and hurting transaction volumes and, (3) shortage of cash at the retail and wholesale level leading to de-stocking across the chain; this factor means that the primary sales impact across most categories is disproportionately higher than the 'off-take' impact, at this point. The analysts have said that the liquidity impact is a temporary issue and should get sorted over the next 2-3 months. On wholesalers having to reset their business model towards cashless transactions, they said this could take a while. Overall, demand recovery to 'normal' levels could take 12-18 months
- **Logistics:** The All India Motor Transport Congress (AIMTC) -- a representative body for 9.3 million truckers, and more than five million bus operators, tourist taxis and maxi cabs -- says 70 percent of the vehicles of their members are already off the

roads. With the government's curbs on withdrawal of money and exchange of old Rs 500 and Rs 1,000 notes, the motor transport business is suffering, since 80 per cent of the business is cash-based. The association warns that if the situation is allowed to persist not only the supplies of essential commodities like milk, fruits, vegetables and medicines will get increasingly affected but it will also cripple the lives of 200 million people directly or indirectly dependent on this industry

- Financial Markets:** Indian equity markets have been on a near secular falling trend since the government demonetized the 500 rupee and 1,000 rupee currency notes after midnight on November 8, 2016. The two benchmark equity indices—the Nifty 50 and the S&P BSE Sensex—fell on each trading day since the demonetization except for November 10 and November 22. While the Nifty 50 fell 6.3% from November 8 until November 22, the S&P BSE Sensex fell 5.9% during the same period. Due to the rise in the US dollar, the dollar equivalents of the Sensex and the Nifty fell more than 8% each.



Market Realist

Source: Exchanges

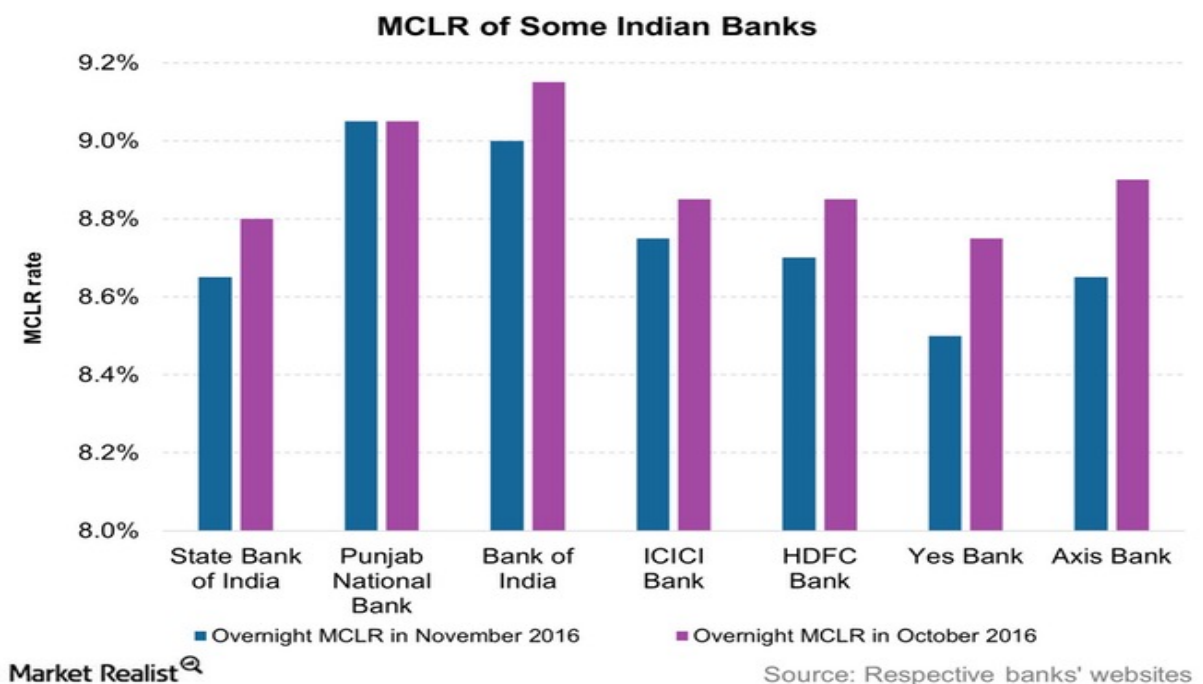
The S&P BSE 100 Index, which is comprised of 100 stocks compared to the Sensex's 30, fell 6.6% during this period. Mid and small-cap indices have been hit much harder than broader market indices. Even after a rise on November 22, the S&P BSE MidCap and the S&P BSE SmallCap indices fell 8.2% and 10.9%, respectively, in the previously mentioned period. Apart from concerns about demonetization, Donald Trump's victory and concerns about his restrictive trade philosophy led to foreign investors pulling out of Indian equities. According to Bloomberg, foreign investors have net sold Indian equities (PIN) (INDA) worth \$1.4 billion from November 9–17. However, once the short-term impact of demonetization is

over, Indian equities will likely bounce back sharply. A rate cut from the Reserve Bank of India would be helpful and easy monetary conditions are generally beneficial for equities. Consumption-driven sectors and stocks (TTM) (VEDL) will continue to be hit in the short term.

- **Indian rupee**

The Indian rupee fell against the US dollar. It mainly fell due to Donald Trump’s victory in the US presidential election. Given the pressure on the local unit and its relative stability, it seems like the Reserve Bank of India has been working hard to keep the currency stable. India’s tech companies (INFY) (WIT) saw a sharp correction since the demonetization was announced. However, the rupee’s weakness can benefit these stocks. For now, Donald Trump’s trade philosophy will be the main driver of the Indian unit.

Deposits After the demonetization announcement on November 8, Indian banks saw a rise in deposits. According to data from the Reserve Bank of India released on November 21, deposits crossed the 5 trillion rupee mark from November 10 until November 18. At 68.2 rupees to one US dollar, it translates to \$75 billion in deposits in just eight banking days. Banks also saw a rise in term deposit accounts since the demonetization. Due to these factors, commercial banks like State Bank of India, ICICI Bank (IBN), HDFC Bank (HDB), and Punjab National Bank, among a host of others, sharply reduced their deposit rates.



Loan burden

Apart from cutting deposit rates, banks reduced their lending rates as well. In India, loans sanctioned from April 1 are with reference to the MCLR (Marginal Cost of funds-based Lending Rate), instead of the Base Rate, which was used earlier. It will translate into lower interest rates on existing floating rate loans and new loans. The reduction in lending rates is expected to stoke lending by tempting consumers to take out loans for purchasing expensive consumer discretionary items like vehicles and houses.

Monetary transaction

Its journey from that level to 6.3% currently includes six rate cuts totalling 175 basis points. However, banks have been slow in transmitting the benefit to consumers. After being flush with deposits, it's expected that banks will reduce their lending rates sizably, improve monetary transmission, and benefit consumers—both corporate (RDY) (VEDL) (WIT) and individual. Any increase in economic activity due to more consumption on account of lower rates can be beneficial to India-focused funds (EPI) (FINGX).

Measures taken by government to ease the effects of demonetization

Following are given steps taken by government

- **November 8 (Day 1)**

- 1) Individuals can deposit Rs 500 and Rs 1,000 notes into your bank accounts and/or exchange in bank branches or issue offices of RBI till December 30, 2016.
- 2) Only up to Rs 4,000 can be exchanged after filled-in requisition slip is presented with proof of identity. Similar facilities will also be made available in Post Offices.
- 3) Limit of Rs 4,000 to be reviewed after 15 days (after Nov 23).
- 4) No limit on deposit of old denomination notes. But if your bank account is not KYC (Know Your Customer) compliant, only up to Rs 50,000 can be deposited in old notes. Proof of identity needs to be produced at bank.
- 5) The equivalent value of the Old High Denomination Bank Notes tendered can be credited to an account maintained by the tenderer at any bank in accordance with standard banking procedure and on production of valid proof of Identity.
- 6) The amount deposited can be transferred to any third-party account if you have authorised such transactions and provide proof of Identity.
- 7) Cash withdrawal from your own account over the counter is restricted to Rs 10,000, subject to overall limit of Rs 20,000 a week until the end of business hours on November 24, 2016.
- 8) No restriction on non-cash method of operating the account, including cheques, demand drafts, credit/debit cards, mobile wallets and electronic fund transfer mechanisms.
- 9) Withdrawal from ATMs restricted to Rs 2,000 per day per card up to November 18, 2016. The limit will be raised to Rs 4,000 per day per card from November 19, 2016.
- 10) Those unable to exchange old notes or deposit it before December 30, 2016 can do so at specified offices of RBI on later dates, along with necessary documentation specified by RBI.
- 11) Banks and government treasuries to be closed for a day on November 9, 2016.
- 12) All ATMs, cash deposit machines, cash recyclers and any other machine used for receipt and payment of cash will remain shut on November 9 and 10.
- 13) Bank branches and government treasuries will function from 10th November, 2016.
- 14) For the first 72 Hours, old notes will continue to be accepted at government hospitals and pharmacies in these hospitals/Railway ticketing counters/ticket counters of Government/Public Sector Undertaking buses and airline ticketing counters at airports; for purchases at consumer co-operative societies, at milk booths, at crematoria/burial grounds, at petrol/diesel/gas stations of Public Sector Oil Marketing Companies and for arriving and departing passengers at international airports and for foreign tourists to exchange foreign currency at airports up to a specified amount.

November 11 (Day 4)

- 15) Existing exemptions extended till November 14, 2016
- 16) Payment for court fees included in the exemptions
- 17) ID proof of customers required for transactions in consumer cooperative stores.

18) Payments towards utility bills restricted to only individuals/households for arrears and/or current bills. No advance payments will be allowed.

19) Payments in toll-plazas of the State and National Highways will be deleted from exemptions (Road Transport Ministry exempted toll payments completely – as on November 24, the decision was to extend the exemption till December 2).

November 13 (Day 6)

20) Chief Secretaries of States to identify rural pockets, if any, where cash availability is a problem and provide all support to banks and post offices to ensure last mile distribution of small denomination of notes, through mobile banking vans and Banking Correspondents (BCs).

21) Complaints about certain business houses (hospitals, caterers etc) not accepting Cheques/Demand Drafts and online payment transfer to be made to District Magistrates/District Administration for action against them.

22) Government of Assam arranged mobile banking vans with support of banks and state government staff at certain hospitals for emergency banking transactions. All Banks advised to make similar arrangements for emergency payments to treat patients.

23) Banks advised to have separate queues for Senior citizens and persons with disability. Separate queues also for exchange of cash-to-cash and transactions against bank accounts.

24) Banks and State Government staff of Arunachal Pradesh helped customers in remote areas open new bank accounts. All state governments requested to do the same as part of financial inclusion programme.

25) Business Correspondents' limit of dispensing cash increased to Rs 2,500 for withdrawal from bank accounts.

26) Over-the-counter exchange limit raised from Rs 4000 to Rs 4500.

27) Cash Withdrawal limit at ATMs increased from Rs 2,000 to Rs 2,500 per day in recalibrated ATMs; other ATMs to continue to dispense Rs 50 and Rs 100 notes until recalibrated.

28) Weekly limit of Rs 20,000 for withdrawal from bank accounts raised to Rs 24,000; limit of Rs 10,000 a day removed.

29) Banks told to increase issuance/use of mobile wallets and debit/credit cards, and to provide them to customers and establishments not having access to these non-cash means of payment.

30) Last date for submission of annual life certificate for the government pensioners, which is to be submitted in November every year, extended up to January 15, 2017.

November 17 (Day 10)

31) In view of rabi planting season, farmers permitted to draw up to Rs 25,000 per week in cash from KYC compliant accounts. Facility also extended to Kisan Credit Cards (KCC).

32) Farmers selling produce from Kharif season in APMC markets/mandis can receive such payments in their KYC compliant bank accounts through cheque/ RTGS and will be permitted to draw up to Rs 25,000 per week in cash.

33) Traders/business entities registered with APMC markets/mandis permitted to draw up to Rs 50,000 per week from KYC compliant accounts, to enable them to pay wages, facilitate easy loading, unloading and other activities at mandis.

34) Last date for payment of crop insurance premium extend by 15 days from due date.

35) Families celebrating weddings permitted to draw up to Rs 2,50,000 (each for boy's family and girl's family) from own KYC compliant bank accounts. The amounts can be drawn only by either of the parents or the person getting married, by furnishing PAN details. Only one of them will be permitted to draw this amount.

36) Limit of exchange of old Rs 500 and Rs 1000 notes across the counter in banks reduced Rs 4,500 to Rs 2,000 from November 18, 2016.

37) Central Government employees up to Group 'C' including equivalent levels in the Defence and Para Military Forces, Railways and Central Public Sector Enterprises given option to draw salary advance up to Rs 10,000 in cash. This amount will be adjusted in their salary for November, 2016.

November 21 (Day 14)

38) Farmers allowed to buy seeds with old currency on production of proof of identity

November 23 (Day 16)

39) RBI and banks advised to make cash available to DCCBs.

40) Additional 60 days time given to small borrowers (loans up to Rs 1 crore) for repayment of dues. This will be applicable to personal and crop loans including housing and agricultural loans, taken from banks, NBFCs, DCCBs, PACS or NBFC- MFIs.

41) Transaction charges on RuPay cards (30 crore RuPay cards issued, including to Jan Dhan accounts) waived up to 31st December, 2016. Public sector banks and some private banks waived transaction charges on debit cards. Growth of nearly 300% in use of RuPay cards in past 12 days. National Payments Council of India (NPCI) already waived switching charges for RuPay Cards till December 31.

42) Monthly transaction limits for e-wallets raised from Rs 10,000 to Rs 20,000 to promote usage.

43) Indian Railways waives service charges on e-tickets up to December, 2016. Daily average number of passengers buying e-tickets online is 58% and across the counter in cash is 42%.

44) SMS charge of Rs.1.50 per reduced to Rs.0.50 each for transactions related to banking and payments.

45) Road Transport Ministry advises the automobile manufacturers to provide ETC compliant RFID in all new vehicles for cash-less auto-collection of tolls.

46) Government organisations, PSUs advised to use only digital payment methods such as internet banking, unified payment interface, cards, Aadhar-enabled payment system etc to make payments to stakeholders and employees.

November 24 (Day 17)

47) Over-the-counter exchange of old Rs 500 and Rs 1000 notes discontinued. Deposit of old currency into bank accounts will continue.

48) Foreign citizens (including tourists) can exchange old Indian currency for foreign currency up to Rs 5,000 a week. Entries will be made in their passports.

49) Rs 1,000 denomination note will not be accepted henceforth for any transaction, even exempted ones. Only Rs 500 notes to be accepted for exemptions

50) Exemptions will only be applicable till December 15, 2016.

Here is a list of payments that can be made using Rs 500 notes till December 15.

a) School fees up to Rs. 2000 per student in central government, state government, municipality and local body schools

b) Fees of Central or State Government colleges

c) Pre-paid mobile top-up of up to Rs 500 per top-up

d) Purchases at consumer cooperative stores up to Rs 5,000 at a time

e) Water and electricity bill payment can be paid by individuals and households (not organisations). Both current bills and arrears can be paid.

f) Toll payments can be made from December 3 to December 15 (Road transport ministry has exempted toll payment till December 2

Conclusion

The demonetization has been a step ahead to curb corruption, check rate of interest on loan and deposits, supply of money, terrorism and fake currency from economy. The government has taken numerous actions in the form of incentive as well as punitive measures to honest

and dishonest individuals respectively. This action shook the whole country and the RBI was able to identify various loopholes in the system.

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A STUDY ON IMPACT OF INDIA'S POPULATION GROWTH ON ECONOMIC DEVELOPMENT

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Abstract

The world experienced dramatic population growth during the twentieth century, with the number of inhabitants doubling from 3 to 6 billion between 1960 and 2000. India, too, saw very rapid population growth during this period from 448 million to 1.04 billion – and to 1.21 billion in 2010. Population is the resource of labour force. The larger the size of population, the larger will be the labour force. Labour alone cannot produce anything. If other resources required for production are also available in sufficient quantity then a labour force is productive assets for a country. If other resources are not available in sufficient quantities then large labour force can become an obstruction to faster economic growth. Some countries particularly the developing countries have fast growth rate of population. This paper intends to highlight how the fast growth of population affects the economic development of the country and it also tries to suggest some measures to control population explosion so that economic development may not be hindered.

Keywords: Population growth, India, Economic Development, Major Effects of Population Growth, Population control measures.

INTRODUCTION

In initial stages of human history as well as pre-history, the human population grew at a snail's speed till 17th century (i.e. .002% per year) with advancement in science, agriculture and industry the population growth began to accelerate. It took mankind more than a million years to reach the first billion around the year 1800. By the year 1900, a second billion was added and the twentieth century has added another 3.7 billion. The present world population is estimated at 6.8 billion. Every four days the world population increases by one million.

India, the largest democratic country in the world covers 2.4% of the total land of the world and 16% of the total world population inhabits in it. Every year about 1.6 crores persons are

added to its population. According to the United Nations Fund on Population Activities (UNFPA) the world population increases by about 78 crores every year, India contributes about one-fifth of this growth. According to 2011 census, India now has a population of 1.2 billion comprising 624 million males and 587 million females. This is an increase of 181 million people since the census 2001 which is nearly equivalent to the population of Brazil.

TABLE- 1
Size and Growth of India's population (1951-2011)

Census Year	Population (Crore)	Increase or Decrease (Crore)	Average Annual Growth Rate (%)
1951	36.1	4.24	1.25
1961	43.92	7.82	1.96
1971	54.81	10.89	2.22
1981	68.33	13.52	2.2
1991	84.63	16.3	2.14
2001	102.9	18.07	1.93
2011	121.02	18.12	1.7

(Jain. T. R and Majhi. B. D, 2014)

In the table 1 Growth of population is not uniform in the period from 1951 to 2011. Population growth is increasing from 1951 to 1981, there was an alarming rise in population. In 1971 the growth of population was highest, after this it decline but volume of population is increasing. In 2011 it was 1.76 which is very high in the comparison of World population growth rate.

OBJECTIVE OF THE STUDY

- To Study the main effects of Population explosion in India.
- To Study the ways through which growing Population hampers the Indian economic development.
- To Study the various remedial undertaken to control population explosion so that economic development may not be hindered.

HYPOTHESIS OF STUDY

Hypothesis taken in this study is-

1. Population is growing rapidly in India.
2. Increasing population is constraint for development.

RESEARCH METHODOLOGY

The study is based on secondary data. The required data has been collected from various sources i.e. research papers, various Bulletins of Planning Commission of India, Govt. Of India that are available on internet. Basically, the required information has been derived from

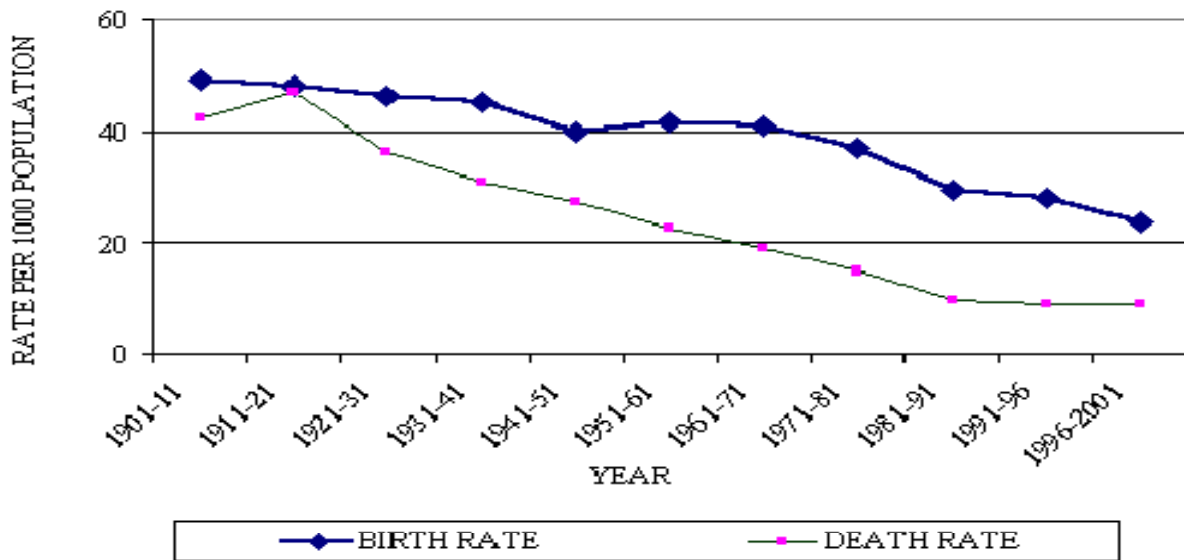
1. Various reports and publication of Government.
2. Articles from Economic Journals, books, magazines and
3. From the various related web-sites which deal directly or indirectly with the research paper.

Argument Favouring the Perception that India is Overpopulated

Economists believe that India is an overpopulated country, offer the following argument:

- **Unemployment:** Large population implies a large unskilled labour. It is very hard to provide gainful employment of everybody. Indian economy has the normal features of open unemployment in urban areas and disguised unemployment in rural areas. It is the alarm of overpopulation in India. Indian economy having approximately 2 percent unemployment which is very high.
- **Low Standard of Living:** Rapid rate of population growth accounts for low standard of living in India. Mostly necessities of life are not available to a large section of the society. 29.5 per cent population is living below to poverty line in India. We have certainly crossed the threshold of overpopulation. Thus, India is certainly an overpopulated country.
- Every year, there is an addition of more than 12 million people in the India's population. India supports 16.87 per cent of world's population with meager 2.42 per cent of world's area and 1.5 per cent of world's income. These numbers show that there is excessive pressure of population on the Indian economy.

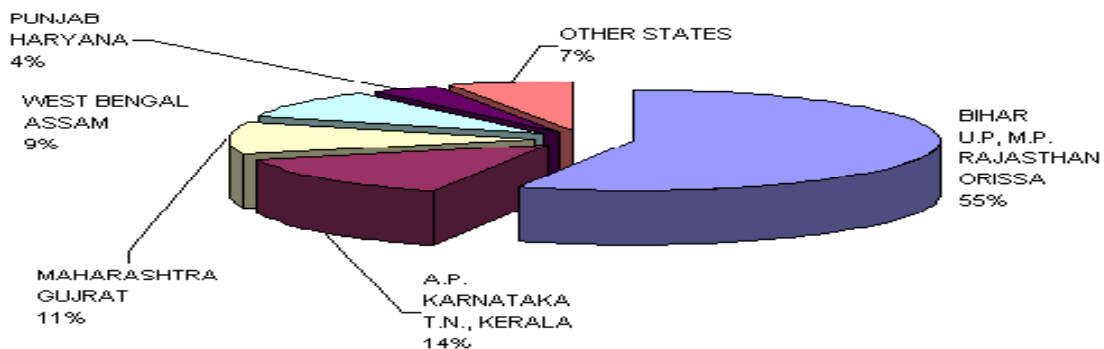
BIRTH & DEATH RATE IN INDIA 1901 to 2001



Source:- Registrar General India

Over the last four decades there has been rapid fall in Crude Death Rate (CDR) from 25.1 in 1951 to 9.8 in 1991 and less steep decline in the Crude Birth Rate (CBR) from 40.8 in 1951 to 29.5 in 1991. The annual exponential population growth rate has been over 2% in the period 1961-90. During the nineties the decline in CBR has been steeper than that in the (CDR) and consequently, the annual population growth rate has fallen below 2% .

Share of Regions in Population Growth (1996-2016)



POPULATION GROWTH AND ECONOMIC DEVELOPMENT

The consequences of population growth on economic development have attracted the attention of economist ever since Adam Smith wrote in his “Wealth of Nations”. Adam Smith wrote, “The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life”. It was only Malthus and Ricardo who created an alarm about the effect of population growth on the economy. But their fears have proved unfounded

because population growth in Western Europe has led to its rapid industrialization. It is sometimes said that a growing population helps in economic development by providing an expanding markets for goods. But it is an erroneous view. Actually over-population retards economic development.

All efforts at economic development under fast growing population turn out to be “Writing on sand with waves of population growth washing away all that we have written”.

Population growth hampers the economic development in many ways-

Overuse of Natural Resources

Rapid population growth tends to overuse the country’s natural resources. This is particularly the case where the majority of people are dependent on agriculture for their livelihood. With rapidly increasing population, agricultural holding become smaller and unremunerative to cultivate. There is no possibility of increasing farm production through the use of new land. Consequently, many households continue to live in poverty. In fact, the population of India has increased from 102.7 crore in 2001 to 121.01 crore in 2011 which leads to overuse of land, thereby endangering the welfare of future generations.

Per Capita Income

The effect of population growth on per capita income is unfavourable. The growth of population tends to retard the per capita income in three ways-

- It increases the pressure of population on land.
- It leads to increase in costs of consumption goods because of the scarcity of the co-operant factor to increase their supplies.
- It leads to a decline in the accumulation of capital because with increase in family members, expenses increase. These adverse effects of population growth on per capita income operate more severely if the percentage of children in total population is high.

Therefore a large number of children in the population entail a heavy burden on the economy, because these children simply consume and don’t add to the national product.

Agricultural Development

Under-developed countries like India, people mostly live in rural areas. Agriculture is their main occupation. So with population growth the land man ratio is distributed. Pressure of

population on land rises because land supply is inelastic. It adds to disguised unemployment and reduces per capita productivity further. As the number of landless worker increases, their wages fall. Thus, low per capita, productivity reduces the propensity to save and invest. As a result the use of improved technology and other improvements on land are not possible. Capital formation in agriculture suffers and the economy is bogged down to the subsistence level. The problem of feeding growing population becomes serious due to acute shortage of food products. These have to be imported which raises balance of payments difficulties. Thus, the growth of population retards agricultural development.

Capital formation

Growth of population retards capital formation. As population increases, per capita available income declines. People are required to feed more children with the same income. It means more expenditure on consumption and a further fall in already low savings and consequently in the level of investment. Further, a rapidly growing population by losing incomes, savings and investment compels the people to use a low level of technology which further retards capital formation.

Employment

A rapidly increasing population plunges the economy into mass unemployment and under-employment. As population increases, the proportion of workers to total population rises. But in the absence of complementary resources, it is not possible to expand jobs. The result is that with the rise in labour force, unemployment and under-employment increases. A rapidly increasing population reduces income, savings and investment. Thus, capital formation is retarded and job opportunities are reduced, thereby increasing unemployment. Moreover, as the labour force increases in relation to land, capital and other resources, complementary factors available per workers decline. As a result, unemployment increases. India has a backlog of unemployment which keeps on growing with a rapidly increasing population. This tends to increase the level of unemployment manifold as compared with actual increase in labour force.

Environment

Rapid population growth leads to environmental damage. Rapid population growth, developmental activities either to meet the growing population or the growing needs of the population as well as changing lifestyles and consumption patterns pose major challenge to

preservation and promotion of ecological balance in India. Some of the major ecological adverse effects reported in India include:

- Severe pressure on the forests due to both the rate of resource use and the nature of use. The per capita forest biomass in the country is only about 6 tons as against the global average of 82 tons.
- Adverse effect on species diversity: conversion of habitat to some other land use such as agriculture, urban development, forestry operation. Some 70-80 % of fresh water marshes and lakes in the Gangetic flood plains have been lost in the last 50 years.
- Tropical deforestation and destruction of mangroves for commercial needs and fuel wood. The country's mangrove areas have reduced from 700,000 ha to 453,000 ha in the last 50 years.
- Intense grazing by domestic livestock
- Poaching and illegal harvesting of wildlife.
- Increase in agricultural area, high use of chemical fertilizers pesticides and weedicides; water stagnation, soil erosion, soil salinity and low productivity.
- Increasing water requirement leading to tapping deeper aquifers which have high content of arsenic or fluoride resulting health problems.

Social Infrastructure

Rapidly growing population necessitates large investments in social infrastructure and diverts resources from directly productive assets. Due to scarcity of resources, it is not possible to provide educational, health, medical, transport and housing facilities to the entire population. There is over-crowding everywhere. As a result, the quality of these services goes down. To provide these social infrastructures requires huge investment.

Population Control in India- Remedial Measures

Large size of population and high growth rate of population become a challenge for India. Solution to the problem of population calls for a definite population policy. The objective of population control policy is to decrease the growth rate of population and improve economic Condition. We take following steps to control the population:

- Late Marriages
- Family Planning
- High Standard of Living
- Social Security

- Change in Social Outlook
- Urbanization
- Health and Sanitation
- Respectful Status of Women
- Spread of Education

Other remedial measures taken by Indian Government

After independence India economy adopted a national policy on population control. Objective of the policy was that control the increasing in birth rate and enhancing the quality of life.

National Population Policy(1976)

The Government of India announced the 1st population policy on 16th April, 1976. In this policy following are some notable features:

- Use of education system to create awareness of the population problems.
- Use of media for spreading the policy of population control among the urban and rural areas.
- The main objective of this policy was that decline the birth rate from 35 per cent to 25 per cent (**National Population Policy,1976**).

National Population Policy (2000)

The Government of India announced its National Population Policy on February 15, 2000. The Immediate objective of NNP is to address the fulfilled needs for health care infrastructure, health personnel and quality of life. The medium- term objective is to bring TFR to replacement level of fertility by 2010 through various strategies. The long objective is to achieve a stable population by 2045 to a level with the requirements of sustainable economic growth and environmental protection.(<http://populationcommission.nic.in>)

Family Welfare Programme

Family planning means keeping family- size within limits, realizing in fact that, smaller the family size, better the standard of living. The government has widened the scope of this programme, it as Family Welfare Programme. It implies, to have a child by choice, not

bychance. Generally, it is advised to restrict the number of children in a family to two or three. (www.yourarticlelibrary.com)

CONCLUSION

The above analysis shows that high growth rate of population has slowed down the pace of economic development in the developing countries. On the basis of above argument my hypothesis holds true that population growth is constraint for development. It is found that the fast increasing population makes the task of absorbing the labour force in productive activities all the more difficult. So large increase in population is more a liability than an asset in the developing countries. It has also been also examined that increasing demand for agricultural land, firewood, dwelling units' etc. results in deforestation which adversely affects soil fertility, causes floods and affects the climate. It can be concluded large size of population and its fast rate of growth increases the consumption needs. This increases consumption expenditure. So saving rate and capital formation does not increase much. A part of resources mobilized by such economies are eaten away by fast growing population. Despite this conclusion I want to express that the correlation between population growth and economic development could be favourable only when increasing population is proportionate to resources available in country and resources are to be exploited in its full capacity, in effective and efficient manner by the skilful, talented human resources in the countries like India.

In the present time we are facing the problems like unemployment, poverty, low level of per capita income, low level of living standard, environmental degradation, poor social infrastructure, etc. So, there is need to implement many effected policies. Solution to the problem of population calls for a definite population policy. The objective of population control policy is to decrease the growth rate of population and improve economic condition.

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Glimpse of Environment Vis-A-Vis Biotechnology

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Introduction

This article presents the positive and negative impacts of biotechnology on the environment, and also describes the application of biotechnological processes. Like any other man-made technology, biotechnology has both positive and negative effects on the environment. The use of biotechnical methods including genetically-engineered micro-organisms is indispensable for the manufacture of many products essential to mankind. Biotechnology as a whole, including the latest developments in genetic engineering, is having a tremendous effect on all stages of human, animal and plant life. For better or for worse, it is the mankind's task to tackle the problems that are associated with the use of this technology, and which to a high degree are located in the field of unwanted environmental impacts. At the same time, biotechnological processes themselves provide humans with the means and powerful tools to combat the negative effects that might result from the application of these processes. The best time is now before things become even more complicated and possibly get out of control.

1. The Essence of Biodiversity

Modern biotechnology offers new means of improving rather than threatening biodiversity. If properly tested for both risks and benefits to humans and the environment, transgenic crops are more likely to increase agricultural biodiversity and help maintain native biodiversity rather than to endanger it. Such applications need to be judged by the criteria of improved sustainability and compared to current as well as alternative farming practices.

The intrinsic value of species and ecosystems, in addition to their value as starting material for finding new products, is the basis for these measures. The biggest threat to biodiversity is habitat destruction. Humid tropical forests are particularly valuable reservoirs of biodiversity and are currently being seriously threatened. As the human population expands, the need for food is expected to double in the next 30 years with the ensuing threat of massive habitat destruction particularly in the less developed countries. Increasing crop productivity on the land already under cultivation would prevent or be enhanced by modern biotechnology.¹

Many other measures in the technical, socio-economic and political fields need to be taken at the same time in order to balance intensification and sustainability of modern agriculture. Biodiversity is the multitude of different living beings in a particular ecosystem or on the whole earth. Biodiversity can be seen and studied at different organisational levels: genetic, organism and ecological. It touches both upon native environments on land and sea as well as agricultural and other man made surroundings.

2. Agricultural biodiversity²

In addition to biodiversity in the wild, there is the biodiversity of organisms used for farming and other human activities. In agriculture, 7000 species of plants are used by farmers somewhere in the world, but only 30 species provide 90% of our caloric intake as observed by Haywood.

There are many indications that mixtures of varieties of a crop or of different crops may give higher yields and be more resistant to pests and diseases than monocultures, as reported recently by Zhu for rice in China. However, even in mixed cultures high quality, well defined varieties and pure seeds are required and the sustainability of mixed cropping related to pest management has still to be proven. In addition, it is still not clear, whether in natural, non-agricultural habitats yield is basically dependent on biodiversity.

3 Human population expansions

The one species that is still globally expanding in numbers are humans. The world population has gone up from 2.5 billion in 1950 to 6 billion today; it is expected by the UN to reach 8 billion in 2015 and 9 – 10 billion in 2050. Over 95% of the expected population increase will be in the less developed countries (LDCs). In those countries, most of the population growth will occur in the cities. The additional population will require more space to live in, more water, more energy, more food and more services.

4. International agreements

In view of the importance of biodiversity for the future of mankind, several international agreements have been reached. Since this has only occurred in the last few years, the long term impact of these agreements cannot yet be estimated.

4.1 The Convention on Biological Diversity (CBD) ³

Recognising that biodiversity of organisms in the wild should be maintained both for their own intrinsic value, but also on practical grounds, the United Nations prepared this Convention and succeeded in having it adopted in 1992. It entered into force in 1993.

The field of biotechnology is particularly touched by articles 16 and 19 of the CBD⁴, since they require a fair and equitable sharing of benefits derived from the use of genetic resources. This includes providing facilities and financial means for technology transfer and open access to scientific and technical information. The sovereignty over biological resources means that no-one can remove specimens of plants, animals or micro-organisms from a country without the prior consent of that country.

4. Loss of biodiversity and conservation

Losses of biodiversity are undoubtedly occurring in many parts of the globe, often at a rapid pace. These losses require countermeasures such as an increased effort towards conservation by many different means.

4.1 Reduction of biodiversity

The loss of biodiversity can be measured by a loss of individual species, groups of species or decreases in numbers of individual organisms. In a given location the loss will often reflect degradation or a destruction of a whole ecosystem. Recently the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) of the CBD ranked the priority of threats to global biodiversity in the following manner: first comes habitat loss (most of it through the expansion of cultivated land), second comes the introduction of exotic species.

4.2 Conservation Strategies

Conservation may be in situ or ex situ, either in the natural or semi-natural habitat, or in some purpose-built environment. The choice of one or the other technique, or a combination of both, will depend on the particular case. In situ conservation will involve the maintenance and protection of natural habitats, while botanical gardens and seedbanks are used for the ex situ conservation. Both of the latter require precise knowledge of taxonomy. The role of indigenous communities in

maintaining agro-biodiversity is stressed by the Global Biodiversity Assessment and the Leipzig Plan of Action, two recently concluded international agreements.

5. Applications of biotechnology and its effect on environment

The methods of biotechnology can be applied to the study of virtually any biological phenomenon and will in some cases have practical applications for maintaining environment. Conversely, threats to biodiversity by biotechnology also need to be considered.

5.4 Agricultural Biodiversity and Biotechnology⁵

Possibly not only wild plants, but also old landraces might be threatened by transgenic crops. It needs to be recalled that vertical gene transfer by pollen has always occurred between different old landraces and between different new varieties of crops. Despite this, varieties of apples or cereals have been stable over many years and specific traits have not disappeared. Pollen has always flown. Vertical gene transfer between cultivars and wild plants has always occurred within the limits of species, if the two types of plants were in close proximity and flowered at the same time. No new problems can be expected from transgenic plants, except if the gene transferred from the GMO to the wild plant significantly increased the fitness of the recipient.

6. Social consequences

The introduction and spread of new technologies generally have social consequences with winners and losers. For biotechnology this has led to intense public debate on many different facets, among them ethical, economic, legal and emotional.

6.2 Ethical considerations⁶

The issues involved in the interaction between biodiversity and biotechnology have far-reaching consequences and need to be subject to an open and knowledge-based dialogue in society. The heated public debate, seen primarily in Europe in the last couple of years and which in some circles led to near hysteria, is according to Leisinger not sufficient to solve the underlying problems. The dialogue needs to include many different

stakeholders, including farmers of LDCs, diverse scientists, policy makers and communicators. Cultural values involved in farming and food production needs to be taken into consideration, just as much as the emotional side of eating and drinking.

Adverse effects of human activity on environment

Human activity has caused several adverse effects on the Environment.

- The discharge of untreated industrial wastes and other unsafe substances into water bodies has caused water pollution.
- The air has contaminated because of uncontrolled release of harmful industrial and vehicular smokes into the air.
- Our environment also suffers from soil and noise pollution.
- The excessive emission of greenhouse gases has caused an increase in surface temperature of planet earth and ultimately leading to a situation called Global warming.

Conclusion⁷

Human-beings and other living creatures depend upon environment and natural surroundings. The methods of biotechnology can be applied to the study of virtually any biological phenomenon and will in some cases have practical applications for maintaining environment. We can save our environment by:

- Pollution control laws should be imposed strictly.
- Restriction on the use of fossil fuels should be imposed. In its place, the usage of non-Conventional sources of energy should be encouraged.
- Emission of carbon-dioxide and other greenhouse gases should be strictly controlled to save our environment from the threat of Global warming.

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EFFECTS OF DEMONITISATION ON INDIAN ECONOMY

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Introduction:

The Prime Minister of India Narendra Modi has taken a major step for the purpose of curbing the menace of corruption existing in India and black money earned by such corrupted people since independence through a declaration dated November 8, 2016 to withdraw the Legal Tender status of Rs.500 and Rs.1,000 denominations of banknotes of the Mahatma Gandhi Series issued by the Reserve Bank of India. Although through such demonetization trade, commerce and business have been affected to a great extent for a short period but on the other hand it has also proven to be beneficial for the citizen of India in long run. This paper discuss about the effects of demonetization on the Indian Economy.

Definition:

According to the Oxford dictionary “Demonetization means Deprive (a coin or precious metal) of its status as money”.

Adverse Effects of Demonetization:

The recent step of declaring the existing stock of Rs.1000 and Rs.500 notes as illegal tender has addressed multiple issues with one stroke.

- It has straight away wiped out most of the illegal cash accumulated over a number of years from the system. This will have a direct impact on inflation as we will not have too much money chasing too few goods and excess money supply will no longer fuel price rise.
- Counterfeit currency circulating in the country has ceased to be of any value.
- It would curb the menace of corruption and terrorism as the existing black money was in a large way responsible for promoting the same.
- It would bring back a lot of money outside the system back into the financial system which can be used by the banks for onward lending for commercial activities.
- This would not only improve the profitability of banks, but would also pave way for reduction of interest rates and partly address the problem of NPAs.

- It will help cleaning the process of election funding bringing more transparency and fairness in the manner of conduct of Elections.
- In due course of time, it would significantly help in improving tax collections as public would prefer to deal in white transactions by paying legitimate taxes.
- In respect of currency which is not deposited back in the banks (estimated anywhere between Rs.2-4 lakh crore, though figures would be known only after December 30, 2016), a space would be created wherein outstanding liability of RBI can be extinguished paving way for additional resources for the Government for being used for public purpose in phases without impacting inflation.
- With clean-up of black money, asset prices especially real estate would further decline thus making housing more affordable for public at large.
- It would significantly improve India's image in the global arena as the country which respects the rule of law and where businesses can flourish through legitimate means paving way for large scale investments both from within the country and abroad.

With all these implications, it can be inferred that this is perhaps the biggest surgical strike on black money since Independence. This is also another milestone in Swachh Bharat Abhiyan, though in a different sense.

Impact of Demonetization on Indian society:

As per RBI Handbook on Statistics of Indian Economy 2015-16, a total of Rs.16.42 lakh crore worth of currency was in circulation as at end-March 2016. Of this, Rs.14.18 lakh crore was in form of Rs.500 and Rs.1000 denomination notes, representing around 86 per cent of the value of total currency and coins in circulation. In terms of number of notes in circulation, Rs.500 and Rs.1000 denomination notes represent about 2200 crore notes, which were about 26 per cent of total notes in circulation. Therefore, it can be seen that the step would cause immobility of a major chunk of currency in the system which is expected to result in short term inconvenience for the public.

The most interesting thing regarding the demonetization is that people are devising various unique methods for transforming their black money in to white one. Some of these methods are as follows –

- Depositing money in the accounts of their poor relatives and friends.

- Enticing the people with some percentage of money for exchange.
- Asking their employees to stand in the long queues in front of Banks and ATMs for getting money exchanged.
- Hiring labors for some Rupees ranging from Rs 500/- to 700/- for becoming the part of long queues in front of banks/ ATMs.
- Converting black money in to gold.
- Paying a few months salaries in advance.
- Paying back loans forcibly.
- Using their influence / links with bank employees and so on.

1. Bank deposits and interest rate:

Deposit in the short term may rise, but in the long term, its effect will come down. The savings with the banks are actually liquid cash people stored. It is difficult to assume that such ready cash once stored in their hands will be put into savings for a long term. They saved this money into banks just to convert the old notes into new notes. These are not voluntary savings aimed to get interest. It will be converted into active liquidity by the savers when full-fledged new currency supply takes place. This means that new savings with banks is only transitory or short-term deposit. It may be en-cashed by the savers at the appropriate time. It is not necessary that demonetization will produce big savings in the banking system in the medium term. Most of the savings are obtained by biggie public sector banks like the SBI. They may reduce interest rate in the short/medium term. But they can't follow it in the long term.

2. Indian Economy –

We shall see a great impact of this move of the Central Govt on Indian Society and Economy. The first impact shall be that people will have lower expenditure power. With that they will not be able to purchase luxurious things.

There shall be no ostentatious expenditures on marriages and other ceremonies. So the society will grow lesser materialistic and people more prudent. With the fake money destroyed, Indian economy will see a big boom and the so far booming real estate sector shall fall on the ground.

The things shall be cheaper. Indian Currency shall get respect at the international market. There shall be a great check on the terror-related funding and therefore on terrorist activities. Corruption shall be down to a great extent as people will stop the tendency of accumulating money using wrong means.

It will bridge the gap between the haves and the have nots. However, there may be some difficulties for a couple of months. But this inconvenience shall be temporary and for short-term.

Moving towards cash less economy:

- The change of currency notes and resultant cash crunch in the system has led to a new opportunity for the country i.e. to move towards a cashless or less cash society in the medium to long run.
- Hon'ble Prime Minister, in his "Mann kiBaat" address to the nation has emphasized the need to use alternate methods of payments without relying heavily on cash.
- While India has come a long way from introduction of electronic funds transfer, the newer forms of payment have been developed in the recent years which hold significant potential to move towards a less cash economy.

These include:

- (i) Unified Payments Interface (UPI) which enables a person to transfer funds to any other person registered on UPI through mobile phone connected to internet;
- (ii) Digital wallets, such as SBI Buddy wherein money can be loaded to your mobile wallets (e-batua) and transferred to any other person using mobile numbers or bank details;
- (iii) Pre-paid, Debit or Credit Cards which can be used at ATMs, Point of Sales (PoS) Machines by swiping the cards;
- (iv) Aadhaar Enabled Payment Systems (AEPS) wherein funds can be transferred using Aadhaar numbers seeding with bank accounts; and
- (v) Unstructured Supplementary Service Data (USSD)

Wherein funds can be transferred from mobile phones without requiring access to internet connection by dialing *99#. There is a need to spread widespread knowledge and allay the fears amongst the public to use these facilities. Government

of India has already initiated a major drive for sensitizing public to make maximum use of these avenues. India already has in place one of the finest payment infrastructure in the world. Simultaneously, issues like connectivity, security and ease of transactions, data protection and user charges are also being addressed. In the long run, this would provide a significant boost to the economy as more and more informal methods of business transactions migrate to the formal sector paving way for greater transparency, financial inclusion (both on deposits and credit side) and better tax compliance.

Conclusion:

Indian Economy is heavily dependent on cash, as only less than half the population uses banking system for monetary transactions; demonetization has hit trade and consumption hard with people scrambling for cash to pay for goods and services, the move is likely to take a big toll on the country's growth and output during the current fiscal. Consumption makes up for around 56% of India's GDP, hence a drop in spending will pull down growth. The current step could also lead to behavioral changes in household's savings and their consumption pattern.

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A STUDY OF PROBLEMS & PROSPECTS OF SUGAR INDUSTRY IN MAHARASHTRA

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Abstract

Sugar industry is a second largest agro-based industry in India with 650 operating sugar factories across country, about 5 crores sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities. Maharashtra state is the one of the biggest sugarcane production state in India. Sugar industry plays the main role to development in Maharashtra. The sugar industry in Maharashtra is most popular in co-operative sector. The Maharashtra sugar industry has been contributing 26.46% of India's total sugar production. Sugar industry plays an important role in the national as well as state economy.

Key Words: Cooperative, Private Industry, Sugar, Mills, Agro based industry

1. INTRODUCTION

Sugar production is the primary business among farmers of the western Maharashtra region. The cooperative movement for the sugar industry started in the 1960s in Maharashtra with the announcement of 12 places in the state where sugar factories could be established. The Bombay state government announced a capital share of one million rupees to establish sugar factories at these potential 12 places. A central committee was formed by Bombay State Cooperative Bank under the chairmanship of Dhananjayrao Gadgil. Maharashtra likely has significant potential to expand sugarcane production by increasing both planted area and yield, while Maharashtra area planted to sugarcane, about 1022 in thousand hectares in recent year of primarily irrigated land. Sugarcane however is a year-round crop that typically remains in the field for three years and returns to sugarcane production must be competitive for irrigated land on which two and in some three crops are taken in one year.

Maharashtra Sugar industry has made considerable progress especially in the co-operative sector. Maharashtra is well known for the development of sugar industry on co-operative lines in which the farmers acquire a share in the sugar mills and recently private sugar industries investment also increased. In 2001-02 year 112 cooperative and 13 private industries, later thirteen year 96 cooperative and 61 private industries in Maharashtra.

The cooperatives sugar factories in the state have not just remained an industries, but they have become a movement. This movement not only led to the industrial development of the state but also gave many of its social and political leaders.

2. OBJECTIVE

1. To study the Current Status of Sugar industries in Maharashtra State.
2. To study the problems faced by sugar industries in Maharashtra

3. Research Methodology

The study uses secondary sources of data have been collected from the various sources. The period consider under the study is thirteen years i.e. 2005-2017.

4. SUGAR INDUSTRY Status in Maharashtra

At present there are 173 cooperative sugar factories in operation, employing 165,000 people. Almost 800,000 people are engaged in the harvesting and transportation of sugarcane to factories from the fields. The sugar industry provides annual revenue of over ₹ 22 billion to the government. Due to the cooperative sugar industry, allied businesses including milk cooperatives, fertilizer supply, and irrigation systems have flourished. The presence of this industry has led to development of rural places, from which the sugarcane is drawn to factories, including an improved road network, transportation facilities, medical facilities, education facilities, and banking. Over the last sixty years, the local sugar mills have played a crucial part in encouraging rural political participation and as a stepping stone for aspiring politicians. In Maharashtra there is a large number of politicians belonging to the Congress party or NCP with ties to sugar cooperatives from their respective local areas. Unfortunately, mismanagement and manipulation of the cooperative principles has made a number of these operations inefficient. Maharashtra Sugar Industry is one of the most notable and large-scale sugar manufacturing sectors in the country. The Sugar industry in Maharashtra is highly popular in the cooperative sector, as farmers own a portion in the sugar factories. The Maharashtra Sugar industry has seen a spectacular growth owing to the different conducive in the state. One of the chief crops manufactured in Maharashtra is sugarcane, with a host of sugar industries been set up over the years.

Table 1: Growth profile of Sugar industry in Maharashtra state

Year	No. of Factories under Crushing			Crushed Sugarcane (Lakh mt.)	Sugar Production (Lakh q.)	Sugar Average Recovery (%)
	Co-op.	Private	Total			
2004-05	122	13	135	483.97	562.81	11.63
2005-06	144	15	159	534.68	621.80	11.63
2006-07	120	16	136	290.64	317.75	10.93
2007-08	83	18	101	194.54	223.21	11.49
2008-09	120	22	142	445.57	519.57	11.67
2009-10	141	22	163	798.39	909.47	11.39
2010-11	145	26	171	761.74	909.80	11.94
2011-12	116	28	144	400.42	461.40	11.52
2012-13	111	30	141	641.47	710.60	11.56
2013-14	123	41	164	802.52	907.20	11.30
2014-15	119	51	170	771.08	899.60	11.67
2015-16	108	62	170	700.26	798.70	11.41
2016-17	96	61	157	676.37	771.20	11.41

Source: <http://www.mahasugarfed.org>.

The pace of growth of sugar manufacturing has been massive over the past few years. The latest statistics of sugar production in Maharashtra indicates that this state is doing better than the other states in the country. The cooperative sugar industry in Maharashtra has seen the growth trajectory at its heights with future trading being implemented in sugar manufacturing. Table No.1 and fig No. 1 show the 2001-02 to 2013-14 years growth profile of the Maharashtra sugar industry. In the season 2001-02 shows that 122 cooperative and 13 private industries in Maharashtra. After thirteen years Maharashtra cooperatives industries decreases and increased the private industries. It is 96 industries in cooperatives and 61 industries in private stories in 2016-17. It is decreased year by year and increased private sector investment in sugar industry.

Status of Sugar factory in Western Maharashtra

S.No.	Factory Name	Factory Type	Capacity
ZONE NAME : Central			
DISTRICT NAME : Ahmednagar			
1	<u>Agasti SSK Ltd.</u>	Cooperative	2500
2	<u>Ashok SSK Ltd.</u>	Cooperative	2600
3	<u>ShriDnyaneshwar</u>	Cooperative	5000
4	<u>Shri Ganesh SSK Ltd.</u>	Cooperative	1750
5	<u>ShriJagdamba</u>	Cooperative	800
6	<u>ShriKedareshwar</u>	Cooperative	2500
7	<u>The KopargaonSahakariSakharKarkhana Ltd. Gautamnagar</u>	Cooperative	3000
8	<u>ParnerTaluka SSK Ltd.</u>	Cooperative	1250
9	<u>Kukadi SSK Ltd.</u>	Cooperative	2500
10	<u>PadamashreeDr.VitthalraoVikhePatil SSK Ltd.</u>	Cooperative	4000
11	<u>Dr.BaburaoBapujiTanpure SSK Ltd.</u>	Cooperative	4250
12	<u>SaiKripaSakhar</u>	Private	1250
13	<u>SangamnerBhag SSK Ltd.</u>	Cooperative	3500
14	<u>The Sanjivani SSK Ltd.</u>	Cooperative	3000
15	<u>The Shrigonda SSK Ltd.</u>	Cooperative	3500
16	<u>Mula SSK Ltd.</u>	Cooperative	3500
17	<u>ShriVriddheshwar SSK Ltd.</u>	Cooperative	2500
18	<u>Nagar Taluka SSK Ltd.</u>	Cooperative	2500
DISTRICT NAME : Nasik			
19	<u>DwarkadhishSakhar K. Ltd.</u>	Private	1250
20	<u>KarmaveerKakasahebWagh SSK Ltd.</u>	Cooperative	1250
21	<u>The Kadwa SSK Ltd.</u>	Cooperative	1250
22	<u>Nasik SSK Ltd.</u>	Cooperative	1250
23	<u>Ravalgaon Sugar Mills Ltd.</u>	Private	2000
24	<u>Vasantrya Dada Patil SSK Ltd.</u>	Cooperative	2500
DISTRICT NAME : Pune			
25	<u>Bhima Shankar SSK Ltd</u>	Cooperative	2500
26	<u>ShriChhatrapati SSK Ltd.</u>	Cooperative	3500

27	<u>Indapur SSK Ltd.</u>	Cooperative	5000
28	<u>ShriVighnagar SSK Ltd.</u>	Cooperative	5000
29	<u>Kabirsugar India Pvt.Ltd.Pune</u>	Private	9888
30	<u>Malegaon SSK Ltd.</u>	Cooperative	4000
31	<u>nameuser sugar co.in</u>	Private	90
32	<u>NathMaskoba</u>	Private	1250
33	<u>ShriSomeshwar SSK Ltd.</u>	Cooperative	2500
34	<u>Bhima SSK Ltd</u>	Cooperative	5000
35	<u>Rajgad SSK Ltd.</u>	Cooperative	1250
36	<u>Ghodganga SSK Ltd.</u>	Cooperative	2500
37	<u>Yashwant SSK Ltd.</u>	Cooperative	3500
DISTRICT NAME : Solapur			
38	<u>Swami Samarth SSK Ltd.</u>	Cooperative	2500
39	<u>SahakarMaharshiShankarraoMohitePatil SSK Ltd.</u>	Cooperative	4500
40	<u>Chandrabhaga</u>	Cooperative	2500
41	<u>Bhima SSK Ltd.</u>	Cooperative	2500
42	<u>ShriVitthal SSK Ltd.</u>	Cooperative	5000
43	<u>ShriAdinath SSK Ltd.</u>	Cooperative	2500
44	<u>ShriSiddheshwar SSK Ltd.</u>	Cooperative	3000
45	<u>LokneteBaburaoPatil SSK Ltd.</u>	Cooperative	1250
46	<u>Lokmangal Agro Ind. Ltd.</u>	Private	1250
47	<u>Saswad Mali Sugar Factory Ltd.</u>	Private	2500
48	<u>ShriPandurang SSK Ltd.</u>	Cooperative	2500
49	<u>VitthalraoShinde SSK Ltd.</u>	Cooperative	2500
50	<u>SangolaTaluka SSK Ltd.</u>	Cooperative	2500
51	<u>ShriSantDamaji SSK Ltd.</u>	Cooperative	2500

<http://www.mahasugarfed.org>

5.SUGARCANE BY-PRODUCTS AND EFFICIENCY

The increasing the cost of production lead industry to the heavy losses at the same time the management is unable to give the fair price to the sugarcane growers. The by-product s are produced from the same raw material and through the same process with additional process if required.

In order to minimize the cost of production of sugar, by products are required to be produce. Some of the by-products of sugar industries are Molasses, Bagasse, Ethanol, Alcohol, Co-generation, Paper, Wax, Bagasse Ash, Cattle feed, Filter cake or Press mud manure and CNG etc.

6.PROBLEMS OF SUGAR INDUSTRY IN MAHARASHTRA

The Sugar industry in Maharashtra is the perfect example of a sweet dream turned sour. It have been the backbone of Maharashtra agriculture sector. They contribute 95 percent of the total sugar produced in the state, making private sector's presence almost insignificant in the state. But now days it face some problems:

Problems of Sugar Industry:

Sugar industry is plagued with several serious and complicated problems which call for immediate attention and rational solutions. Some of the burning problems are briefly described as under:

I. Low Yield of Sugarcane:

Although India has the largest area under sugarcane cultivation, the yield per hectare is extremely low as compared to some of the major sugarcane producing countries of the world. For example, This leads to low overall production and results in short supply of sugarcane to sugar mills. Efforts are being made to solve this problem through the introduction of high yielding, early maturing, frost resistant and high sucrose content varieties of sugarcane as well as by controlling diseases and pests which are harmful for sugarcane.

II. Short crushing season:

Manufacturing of sugar is a seasonal phenomena with a short crushing season varying normally from 4 to 7 months in a year. The mills and its workers remain idle during the remaining period of the year, thus creating financial problems for the industry as a whole. One possible method to increase the crushing season is to sow and harvest sugarcane at proper intervals in different areas adjoining the sugar mill. This will increase the duration of supply of sugarcane to sugar mills.

III. Fluctuating Production Trends:

Sugarcane has to compete with several other food and cash crops like cotton, oil seeds, rice, etc. Consequently, the land available to sugarcane cultivation is not the same and the total production of sugarcane fluctuates. This affects the supply of sugarcane to the mills and the production of sugar also varies from year to year.

IV. Low rate of recovery:

The average rate of recovery in Maharashtra is less than ten per cent which is quite low as compared to other major sugar producing states. For example recovery rate is as high as 14-16 percent in Uttar Pradesh

V. High cost of Production:

High cost of sugarcane, inefficient technology, uneconomic process of production and heavy excise duty result in high cost of manufacturing. The production cost of sugar in Maharashtra is one of the highest in the world. Intense research is required to increase the sugarcane production in the agricultural field and to introduce new technology of production efficiency in the sugar mills. Production cost can also be reduced through proper utilisation of by-products of the industry. For example, bagasse can be used for manufacturing paper pulp, insulating board, plastic, carbon cortex etc. Molasses comprise another important by-product which can be gainfully used for the manufacture of power alcohol. This, in its turn, is useful in manufacturing DDT, acetate rayon, polythene, synthetic rubber, plastics, toilet preparations, etc. It can also be utilised for conversion into edible molasses and cattle feed. Press-mud can be used for extracting wax.

VI. Small and uneconomic size of mills:

Most of the sugar mills in India are of small size with a capacity of 2000 to 2,500 tonnes per day. This makes large scale production uneconomic. Many of the mills are economically not viable.

VII. Old and obsolete machinery:

Most of the machinery used in sugar mills is old and obsolete, being 50-60 years old and needs rehabilitation. But low margin of profit prevents several mill owners from replacing the old machinery by the new one.

VIII. Competition with Khandsari and Gur:

Khandsari and gur have been manufactured in rural Maharashtra much before the advent of sugar industry in the organised sector. Since khandsari industry is free from excise duty, it can offer higher prices of cane to the cane growers. Further, cane growers themselves use cane for manufacturing gur and save on labour cost which is not possible in sugar industry. It is estimated that about 60 per cent of the cane grown in Maharashtra is used for making

khandsari and gur and the organised sugar industry is deprived of sufficient supply of this basic raw material.

7.SUGGESTIONS

1. Support price of sugarcane should be fixed so as to stabilize sugarcane production.
2. The experience is that it is the prices of Gur and Khandsari, and not sugar, which determine how much area would be planted under sugarcane crop.
3. Another area of consideration is greater corporatisation of the industry.
4. To compensate for the losses incurred by growers the sugar factories.
5. Lack of optimum utilization of by-products needs attention because it would not only help in reduction of cost of production but also improve the economic status of the sugarcane growers.
6. The co-operative sugar factories should give more attention on the professional management, new techniques in administration, to produce the by-products, co-generation projects, increase efficiency of workers, control on corruption, increase market competitiveness, away from politics, instant decision making etc.

CONCLUSION

At present there are 157 cooperative and private sugar factories working in sound condition which has become livelihood of 2.5 crore population in the state. This cooperative sugar industry provides employment to 1.65 lakh people directly. Almost 8 lakh people are engaged in the harvesting and transportation of sugarcane to factories from the fields. The sugar industry provides annual revenue of over 2200 crores to the government. Due to the cooperative sugar industry allied business like milk cooperatives, fertilizer supply, irrigation systems have flourished. All this together have led to development of rural places from where the sugarcane is drawn to factories in form of improved road network, transportation facilities, medical facilities, Education facilities, Banking etc.

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