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From the Editor's Desk

This is the third issue of "ASM Business Review", the refereed research journal of the ASM group of Institutes.

ASM group of Institutes is committed for qualitative research in academics and ASM Business Review is a product of its commitment. Audyogik Shiksahan Mandal has been playing a pioneering role in the field of creative education ever since its inception in 1983. With a mission" Excellence in Management Education, Training, Consultancy and Research for Success", ASM is marching towards excellence having more than 45000 Alumina working at all levels of management in all types of industries.

ASM has seven full fledged academic institutions, has earned affiliation to University of Pune and Mumbai, Government of India and Government of Maharashtra. ASM has global vision for education and as a part of our academic commitment for excellence, we have signed MOU with CETYS Universidad Mexico for students & faculty exchange programs. Vistula University Poland, Indo European Center Poland and Marketing Institutes of Singapore, are our academic partners for various activities. ASM is spreading wings across the border for continuous upgrading academic excellence.

The ASM Business Review is a medium created by ASM to demonstrate the research skills of authors. It is a strong communication link between industry and academia and aims to work as a catalyst for knowledge sharing between various sections of society. ASM Business Review provides a platform for academic scholars and champions from industry to come together for a common cause of developing innovative solutions to various problems faced by society and business entities. The present Review is a medium to faculty members, research students and the like to present their research findings before the wider audience. The opportunity to publish their research results would provide ample motivation to this type of scholars. The previous issue of the Review received encouraging response from the academic and corporate community as well. Research articles accepted and printed herein are subject to objective editorial processing and are peer reviewed.

ASM Business review looks forward as a strong link and partner for society and industry to develop workable solutions for day to day problems. We believe our success is a team work of various contributors to this journal. ASM BUSNIESS REVIEW is always committed to excel in academic research and consultancy.

Dr. Asha Pachpande

Managing Trustee and Secretary,

Audyogik Shikshan Mandal.

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Innovation In Indian Higher Education Teaching: A Pedagogical Approach

Dr. Asha Pachpande Director IBMR

Ravi Nath Kumar, Research Scholar

Abstract

At the end of the class, a teacher who have put up their whole efforts to deliver and in returns there is a lengthy silence before answering questions. That silence really putting a big question mark. We might convince ourselves that we have done it, but after facing this situation it looks whether we have said something either too complicate or too erudite to stimulate the class or it may happen that something is delivered which is not concerned with the class. It is also fact that real reason may be something else. How to deal with the class and how to deal with these silences is a big challenge for the teachers and this is the focus point of this study. The paper also brings out what are the essential and fundamental elements in teaching at Higher Education level and how to make co-ordination among these elements to facilitate learning. The purpose of this paper is to identify some useful suggestions in the present form of teaching methodology.

The main purpose of this study is to help the teachers to innovate some new idea and tools from the existing methods of teaching for the betterment of students thereby to make learning an interesting activity.

Key words: Methodology, Teaching, Higher Education, Innovate

Introduction

High quality of Teaching Learning Process at University level means that the Teachers who possess high standard of knowledge and student acquire the same with deep – level of understanding of their discipline and ability to use it practically.

With the needs of learners having changed globally, now time has arises that our education system should make some extra effort to innovate something without disturbing the structural framework so that the gap which is increasing day by day can be filled. In present form of teaching learning process, now it become essential that Universities and Institutions should do something innovative to meet the global challenges and to meet the expectation of the Industries and the outside World. Recent steps taken by the Delhi University to adopt the semester pattern in graduate level programme and soon it will be four years programme instead of existing three years, with one year compulsory Industry internship is appreciable. It's not the time for criticizing some ones creative thinking, now the time demands to be creative like this. Creating infrastructure for research work, giving more opportunities to the faculty to do some kind of quality of research is now become priority for the higher education Institutions. It is now essential that the faculty may be motivated to go for path breaking research work and publish the findings.

Innovation In Higher Education

The Oxford Dictionary meaning of the word innovation is "the introduction of novelties, the alteration of what is an established method". Never the less Education is the main tool of transformation and plays a big role in social change. Here the big question is arises that why every authority is talking about the innovation in our Education System? Why at all we need Innovation? Is everything not fine? These questions are debatable but one answer which can be suggested here is there is a need of improvement in our Higher Education System and we have to find out the solutions. There are mainly three elements which indicate the requirement of Innovation in education. These elements are: Teaching, Learning and Curriculum. If these elements show any downfall in the required standard then we have to make some innovative idea to reach those desired standard.

In the area of Innovation in higher education teaching methods, University- Industry collaboration is another area which can be taken care off. Besides internship and placement, the expectation of the Industry should come to our teaching learning process and the student should be prepared according to that.

Going Global is another area where we can innovate something in our teaching learning process. Collaboration with foreign Universities which will clear the way for students and faculty exchange programme, cross – cultural research work and joint academic programme will certainly enhance the standard of our education system.

In our education system change is needed at both the level, what the Institutions are teaching and how it is being taught. Giving due weightage to Technology or Business subject will not solve the problem until we give due respect to the social science and humanities subjects.

Quality, Not Quantity

"Apart from the top 20% of students who crack the IIT entrance examination and can stand among the best anywhere in the world, quality of the remaining 80% leave much to be desired".

-- N R Narayan Murthy, Infosys Chairman Emeritus.

"The main reason why our student not been able to reach international levels is because of the lack of regulatory body. We have raised the issue with the government but it's going very slow on it".

E Sreedhar, Former DMRC Chief.

At higher education level Institutional expansion in last decades are more than any other country in the world but we fail to establish ourselves in the world top 200 Institutions list. (Source: QS

World University Ranking). There is a need of qualitative growth not quantitative growth. We have to find out the innovative idea in teaching learning process so the quality of higher education can be maintain which intern impart-in-depth knowledge & understanding to lecturer and provide skill base training to compete in different walks of life.

Methodology of the Study

Past trend and present form of teaching methodology critically examined, evaluated and some suggestions made by which doing little modifications in the present method of teaching can have better results. Advantage and disadvantage of each methodology are identified and possibility of modification is suggested.

Teaching and Its Methodology (Pedagogy)

In Indian Education System basic structural change is not needed. The efforts to be made in the area that of exposing students towards creative thinking, generating problem solving ability. If we analyze the teaching pedagogy followed in our higher education system at University level and the outcomes of this in the form of results, placement and the status of Institutions at World ranking then only two things will come out. Either poor teaching is taking place or poor learning. Some cases it is seen that teacher who using the teaching methods including case studies, they keep on using the same throughout his teaching career.

If we go with the systematic views of teaching then we can see that there are at least seven elements of effective teaching and co-ordination among these elements facilitates an effective learning. These elements are: Institutional Culture, Program Culture, Students, Teacher, Pedagogical approach, Materials and Facilities.

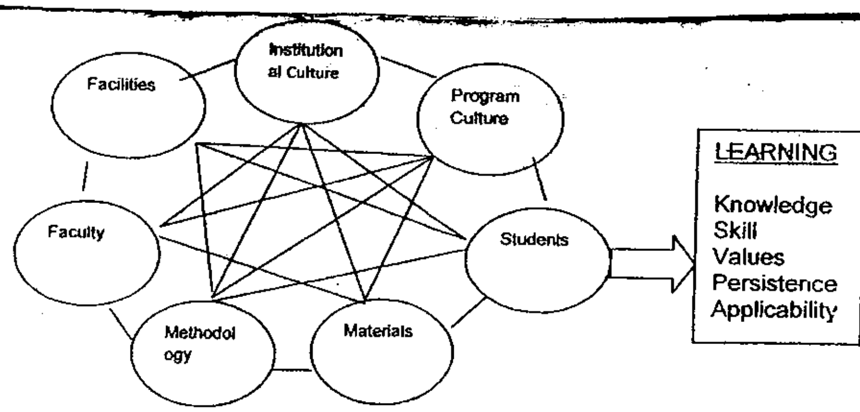

Figure 1. Fundamental Elements in Teaching. (Source: Clawson and Haskings)

In Figure 1. Shows that each element is connected with each other, in spite of different elements have different characteristics. A collective effort put up by all these elements ensures that quality of teaching and so as quality of learning taking place in the class. Unless these elements functions together the result will be not up to the standard. If any contradiction is taking place among these elements then desired result is not possible at all.

Much has been written and discussed about this topic. Many educationalist and expert have been trying to raise awareness of this problem for years, and I felt I had to add my analysis too. But all the findings and out comes is worthless, unless it is incorporated in the main stream. If a proper result is not seen in our higher education system then there is possibility of lack of co-ordination between these elements or these seven elements is not perfectly aligned in the institutions.

(1) **Institutional Culture:** All Institutions and Universities have their own culture and all the staff members are bound to follow that culture. Those Institutions which emphasizes on quality they never compromise with this culture. They may intern force there Faculty and students to adhere too. They never compromise with quality of teaching learning process. More or less Institutions culture decides the quality of teacher as well as students. It is institutions will and wish that the fate of the students is decided. If Institutions is following good culture,

understanding the necessity of student and so teacher the effective teaching leaning process will take place otherwise vice versa.

(2) **Programme Culture:**_Culture of Institutions may vary from Institutions to Institutions and from University to University. Some Institutions or Universities have lecture dominated culture while the other has case study dominated culture. These cultures play a big role in some or other ways. If an institution having good rapport of Teaching, Research or Placement then the expectations from the faculty is also high compare to other Institutions who do not have that standard. Promotion and monetary benefits is also varying based on these cultures. Size of the Institutions and numbers of staff also effect the culture of these Institutions. Sometimes it is seen that smaller Institutions and university have a stronger will and spirit than the larger Institutions or Universities because of these cultures.

These are some questions which can be used to assess the culture level of the Institutions:-

What is the normal Teaching load of the Faculty?

What is the value of Faculty in the Institution?

How does comparison is made with other organisation that is exceptionally doing well based on these value?

Does the Institute following the same pedagogical approach what the premier Institutions are following?

Are the Faculty members treated as part of the Institution?

Are the promotion policy and monetary benefits are at par with other institutions?

Are the Faculty included in the committees and task force made for developmental work?

Does Institutions ensure the good harmony and relation between the students and Faculty?

(3) **Student:**_Students are the vital parts of the Teaching Learning Process. Learning process begin with the students and ends with the students. The behaviour and the attitude they bring to the class room that does decide the learning level of the students and how they learn. It is fact that every student has different level of learning but it is also fact that the levels of motivation play a vital role in learning process. Present form of learning is also depends on the factors such as their past that what they have learn and how they have learn? Students not only have different level of learning but they do have different style of learning. Some students prefer to hear, some students prefer to see it, and some prefer to experience it. And the effective Teachers are always considering these styles of learning and uses different types of teaching methods with the help of different teaching aids.

(4) **Faculty:**_It is believed that like students, Faculty also have habitual ways of behaving and communicating. But I don't believe this truth; my belief is that such habits can be modified by a positive approach which can lead to reach the desired destination efficiently and effectively. Now the question is arises that if we are unwilling to do so then how come we expect from the students to modify their behaviour and characteristics? Giving respect to each other and accommodate each other's requirement certainly enhance the effectiveness of Teaching Learning Process.

Most of the cases it is seen that Faculty learn their job how to teach by trial-and-error method ratified their past mistakes and become an excellent teacher.

Can we say that, teacher who have good experience are the good teacher? For some, as Samuel Coleridge pointed out, "experience is like the stern light on a passing ship, illuminating only the wake where one has gone but offering no help in guiding one's direction". Therefore it is very much necessary and useful that we should involve ourselves into some kind of teacher development activity. It may be formal activity like Faculty Development Program, or informal activity like coaching, meeting etc.

When a teacher enters the class, it is firm belief that he can only teach what they are and what they know about the topic or what preparation he has done about the topic. More or less faculty behaviour in the class, face expression, reply to the student query and attitude in the class influence the learning process. It is teacher attitude and behaviour which determines whether the student will get close enough to subject or they simply chitchat and play with their Galaxy Phone.

(5) **Material:** Now a day the course materials to the student and teaching methods are decided by the Institution. Any individual who go beyond this is their own decision and their creative work. Teaching is in some or other a part or an art. The heart of that art is what material we select like books, notes, magazines, cases, documentaries, slides and so on. The decision regarding selection of material is depends upon the kind of a course. If the same type of material is used throughout the course may create boredom in the class. Hence are the chances of creating and selecting materials different from the tradition one and students can be engage in subject. A Faculty have to use different variety of materials, add some spice and create interest in the classroom. Use of films, tapes, live cases and other kinds of materials can be experimented.

(6) **Methodology (Pedagogical Approach):**_Before making attempt for teaching a faculty must know that what he intends to teach. He must develop some objectives in his mind and the teaching plan should match according to the objectives. Faculty must try to find out the present status of knowledge in student and pitch his creative instruction according to that state of knowledge.

It is not the matter what we are teaching and which method is adopting, here the matter is, there should be clear indication in the form of outcome from teaching learning process. In present form of teaching pedagogy there are mainly four methods: lecturing, case study, discussion and experiential exercises are being used. Every method has its own strengths and weaknesses.

Lecturing: Lecturing is the very fast and quick method of delivering and conveying the idea and information to the student. In this method a faculty have good control over the methodology.

But at the other side, lecturing is primarily known as one way communication process and in this process we can't justify whether responses from the student are match with the efforts put up by the faculty. An effective lecturer always gives thought at some point and asked questions from themselves, Are my lecture justifying the present need of the students? Do my students understand what we wanted to convey?

Case Study Method: The case study methods, generally depends upon the actual events happened relevant to the area of study. This method is no doubt a

Good method which increase the analytical thinking & decision making skill of students. This is the method by which social skill can be developed in students.

On the other side in this method lecturer have less control on the methodology part compare to lecture method. Case study method also requires certain level of experience in the students to understand the theme and concept, without this they may not participate in good discussion in certain complex situations. The main disadvantage of this method is that this method has fail to present actually what is already known to be and it is valid of their principal and concept. In spite of all these problem this method has given to Faculty an important tool to identify that what student know and what actually should be introduced to them. Here we should not forget that, presenting is not equivalent to learning.

Discussion or Seminar Techniques: This method is mixture of both lecture & case study method. Here, students are actively participating and free to ask their query and at the same time Faculty can have control over situation.

At other side this method missing the practicality and leave students with a question mark and search for a link.

Experiential Learning Method: This method is very popular and creative method. But due to small simulation from the real world one cannot judge its effectiveness.

On the other side one cannot assure the student about its applicability in real life.

(7) **Facilities:** In the past experiment and studies it is seen that infrastructure and facilities have some influence over learning. If the place is surrounded by irrelevant sound or experiencing too hot or too cold climate or lighting in the class is too bright or too dim that can inhibit learning process. The size of the class, colour of the wall, accommodation facility can have bad impact over learning. If the faculty is using different media in the class, it should be non interruptive, poor sound quality in the class or light, poor quality chalks and like this distractions certainly divert the mind of student and so the leaning process.

Limitation

Any analytical suggestions made in this research paper are views and opinion of the researcher and which cannot be generalized. The suggestions made in this paper are also not a tested method; there may be some limitations to this study too. But here the main aim of researcher is suggestions made in this paper could be better result oriented if it is tried effectively.

Conclusion

The seven elements of teaching learning process is not only the base of learning but it is like seven pillar of Teaching Learning process. An effective teaching and the outcome in the form of effective learning is the result of better co-ordination among these elements. Although Faculty has developed their own methods of teaching process but by considering those seven elements the outcome one can't imagine. In teaching learning process always quality of learning is counted not quality of teaching. By understanding the contribution of those seven elements a faculty can ensure the quality of learning. And if quality of learning is ensures, it ensures quality of teaching.

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Use Of Social Media For Marketing And Promotional Activities For SMEs In India

Dr. Sandeep Pachpande **Chairman ASM**

Prakash Singh **Research Scholar**

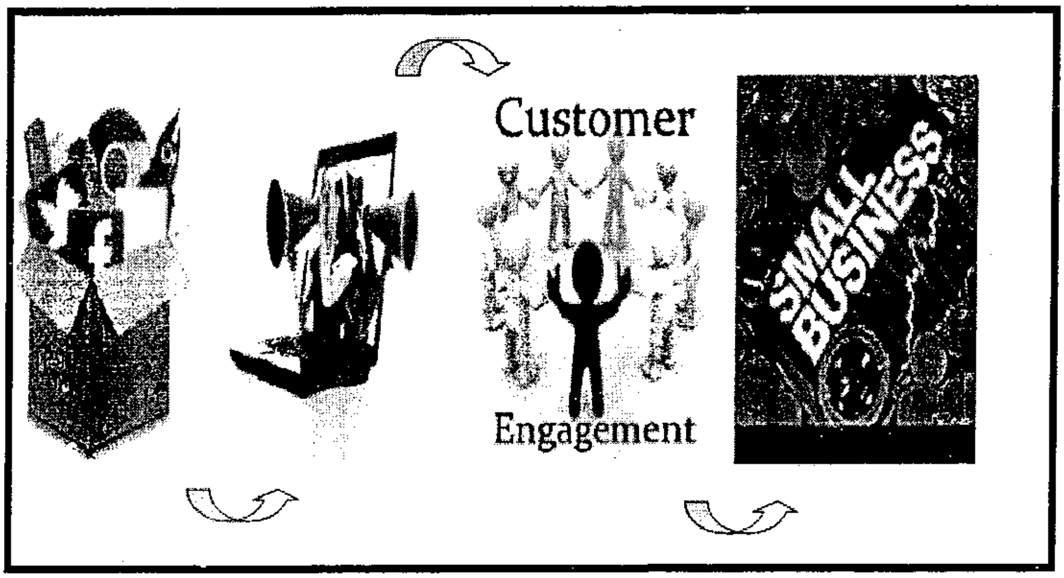
Abstract

This research paper is on "Use of Social Media for Marketing and Promotional activities of SMEs in India." The objective of this paper is to study the features and benefits of social media for marketing and promotional activities of SMEs in India and the awareness of the use of social media for marketing and promotional activities of SMEs in India. Use of social media like Google+ ,Facebook ,LinkedIn & Twitter may help Indian SMEs in adjusting their marketing and promotional budget as social media have a large follower base and the costing is very low in comparison to print and electronic media. Indian SMEs are not performing well as compared to MNCs and the main reasons behind this are lack of branding and proper promotional activities. Due to lack of capital they are not able to promote their products and services and hence are becoming the Outsourcing Hub for MNCs. Indian SMEs are not getting the right profits, brand awareness, customer base and market access as they adopt a limited customer *approach. The study reveals that social media is the need of the hours and Indian SMEs can't ignore their importance for marketing and promotional activities.*

Keywords: Social Media, Facebook, SMEs, Promotional activities.

Introduction

"Social media-The magical wand of 21st century is the need of today's marketing world due to their vast follower base, cheap costing and best features. Indian SMEs should not ignore them anymore as this is the war of survival and social media may be used as an innovative marketing tool to be ahead in this competitive world's war of survival. So SMEs should adopt social media as a marketing tool just like 4 P's of marketing. "



Today, SMEs occupy a position of strategic importance in the Indian economic structure due to their significant contribution in terms of output, exports and employment as SMEs have become the backbone of the Indian manufacturing sector and engine of economic growth in India. It is estimated that SMEs account for almost 90% of industrial units in India and 40% of value addition in the manufacturing sector. Presently, the SMEs in India are at a cross-road and intense debate is centered on questions like what would be the future of the SMEs? How these enterprises can survive in the international trade arena? What role can the government play in making these SMEs more competitive?

In this context, it is important to re-look into the basic issues of SMEs, past, present and future prospects, especially in the marketing. The Researcher has found that there is a lack of branding and better marketing strategies.

For cash crunched SMEs, best way to reach out to their target group is to use social media like Facebook, LinkedIn ,Twitter & Google+ which can easily help them reach out to a large prospective customer base cost effectively.

Objective of the Study

To study the features and benefits of social media for marketing and promotional activities of SMEs in India.

To study the awareness of the use of social media for marketing and promotional activities of SMEs in India.

Literature Review

Mr. Dixon, Mark[1] (CEO, Regus) observes about the importance of networking. According to him, many of us get our best work through personal introduction, or hire our best people on the basis of a personal recommendation. We know the power of word of mouth.

According to a survey jointly conducted by Internet and Mobile Association of India (IAMAI) and Estates India[2], 73 per cent of MSMEs in India have their own websites, while 99 per cent of MSMEs use online B2B marketplaces to generate business.

Kinra, M[3]. (Co Founder & CMO of Jade Magnetic) proposed that the real power of social media marketing lies in brand building and longevity of the content the company adds to the social community. Social media efficiently helps to create a dialogue between the brands and the consumer. They also have the ability to gain important insights into the market that they may serve. Social media marketing helps to improve customer loyalty as they facilitate community building around a brand.

According to an estimate by Google India[4], there are over 8 million SMBs in India who can benefit from the internet but only 5 per cent, or 400,000, have a website. The search giant is not behind in offering freebies to SMBs.

Sanjay Bhatia[5], Chairman, MSME Committee at FICCI said that social media marketing is picking up, largely led by the younger generation both in the manufacturing and service sectors. For Indian SMEs , who are usually wary of taking up any extra costs, free advertising will be a huge incentive for them to get started on Facebook.

Mr. Rao, Sachin[6] (Country SMB Manager Facebook India) argued that social networking platforms such as Facebook have changed the way people relate to one another, providing an easy-to-use and effective platform for small and medium businesses to harness one of the most powerful forms of marketing --word of mouth.

SME World Bureau[7] points out the intense competition in the business world require that no matter what the size of your business, you need marketing for success. Internet marketing is the foremost among contemporary marketing strategies, as this medium has a global reach and is quicker way to attract customers. SMEs should not hesitate or fear to adopt the internet marketing tactic, as it does not mean huge investments or manpower to drive audiences to their products or brands. SMEs should realize the immense benefits and advantages of using the internet for product promotion and wooing of customers in faster and effective ways.

S. Swetha[8] explained that social media is slowly emerging as a potent mainstream business tool and plays a major role in customer acquisition. Businesses have now started seeding social media for long term relationships which eventually would convert into a potential customer. A survey conducted by **Regus**, an office services firm in February – March 2010, revealed that 52% businesses in India have acquired a customer using social media and business size makes a significant difference. Social media has worked favourably for SMEs.

The reviews of the above related studies indicate that SMEs of India should have to use social media for creating awareness about their brands among customers, for selling their products and attracting the customers in a very economical and effective way. In this way, the above review of literature reveals that the use of social media for marketing and promotional activities of SMEs in India would not only help in branding but also in stepping Indian SMEs forward as a market leader in their respective area of expertise.

Research Design & Methods

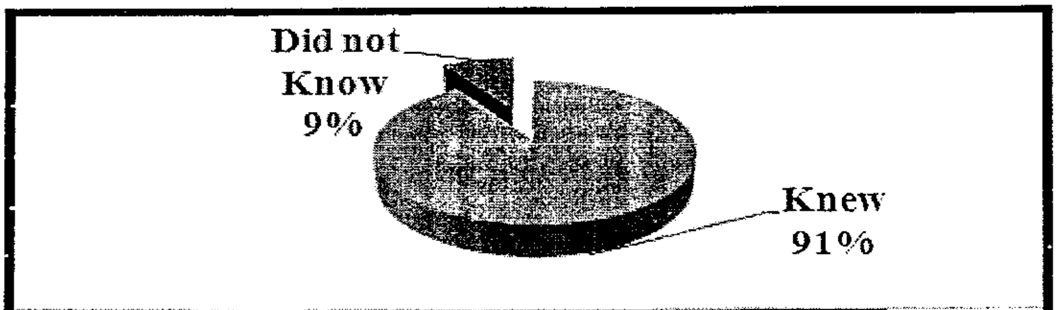
Research Design and Sample: Employing an exploratory research design, the sample size of the present study was 11 SMEs in MIDC Chinchwad, Pune. The sampling techniques used were Convenience and Cluster sampling.

Primary Data: The primary data have been collected by personal interview involving face to face basis. Questionnaire technique was used as a tool to collect information. Questionnaires focused on awareness, uses & benefits of social media. Questionnaires having five point Likert type scale, open and close ended questions were employed.

Secondary Data: The secondary data mainly relating to review of previous research documents, websites, blogs, magazines and articles etc.

Main Argument with data and critical analysis

Awareness of social media

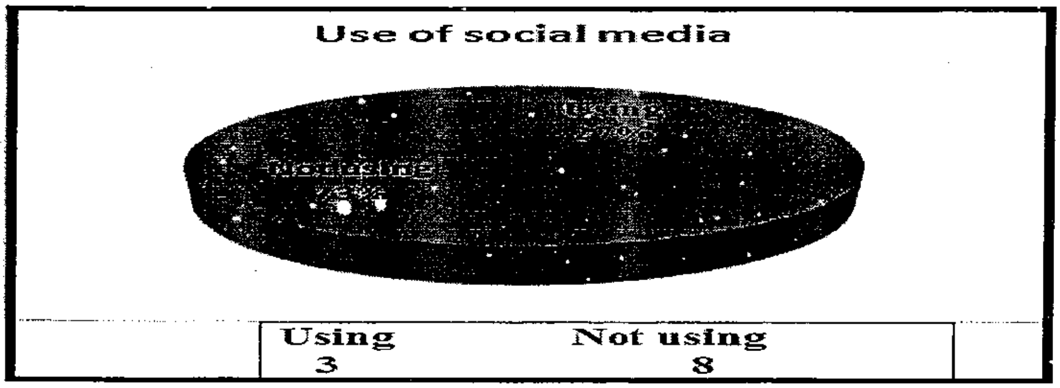


Knew	Did not know
10	1

Analysis:

On the basis of the collected data, only 91% SMEs knew about social media while 9% SMEs didn't know about them.

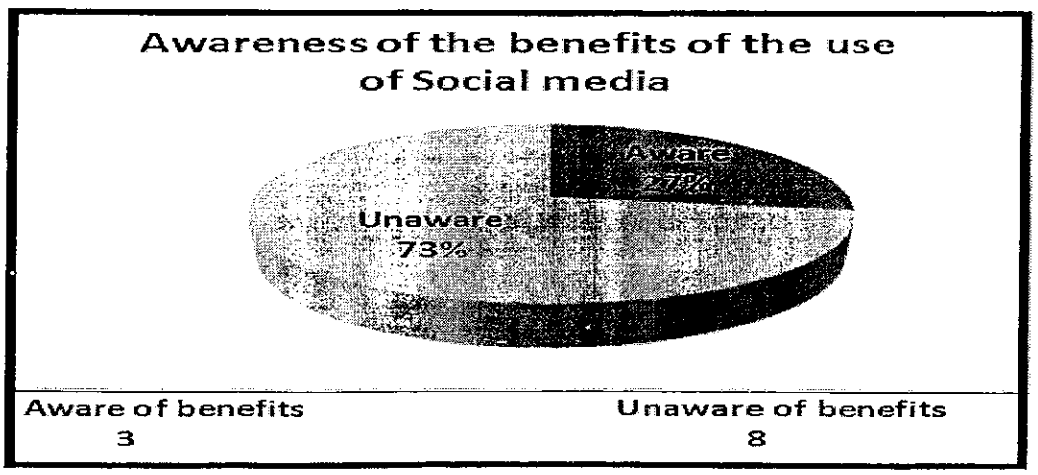
Use of social media



Analysis:

On the basis of the collected data, only 27% SMEs are using social media while 73% SMEs are not using them.

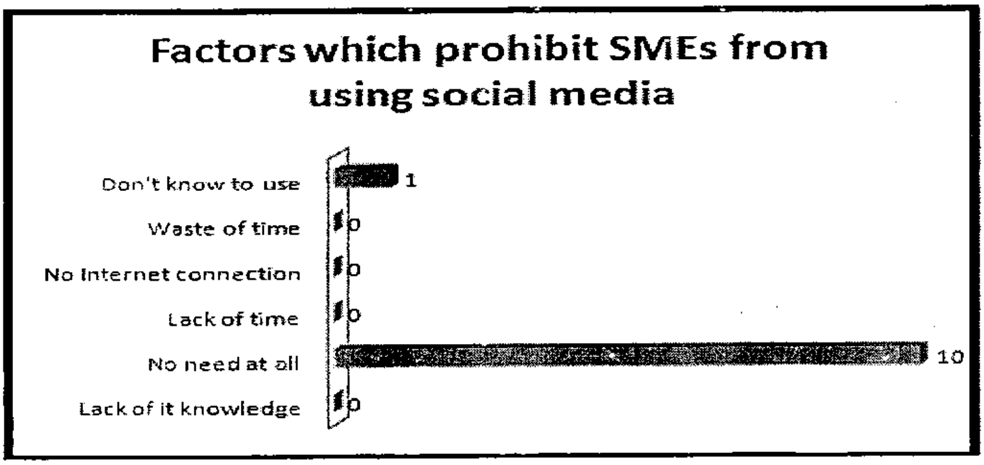
Awareness about benefits of the use of social media



Analysis:

On the basis of the collected data, only 27% SMEs are aware of the benefits of the use of social media while 73% SMEs are unaware of them.

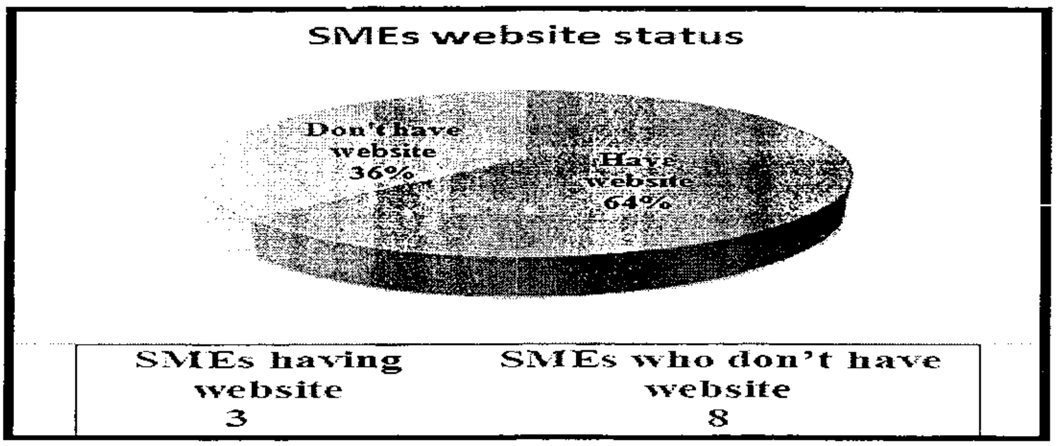
Factors which prohibit SMEs from using social media



Analysis:

On the basis of the collected data, 10 SMEs out of 11 have no need at while 1 SME out of 11 don't know how to use them.

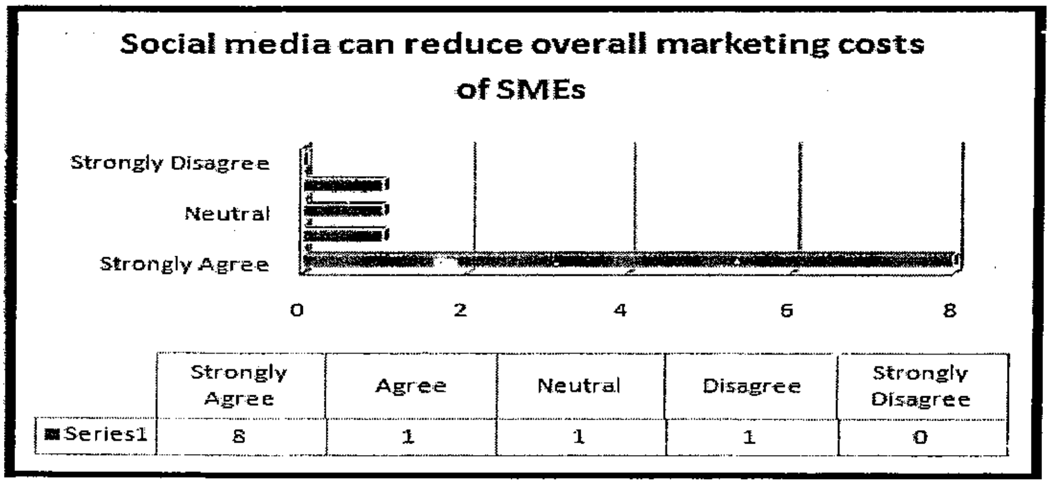
SMEs with own website



Analysis:

On the basis of the collected data, 7 SMEs out of 11 have website while 4 SMEs out of 11 don't have their website.

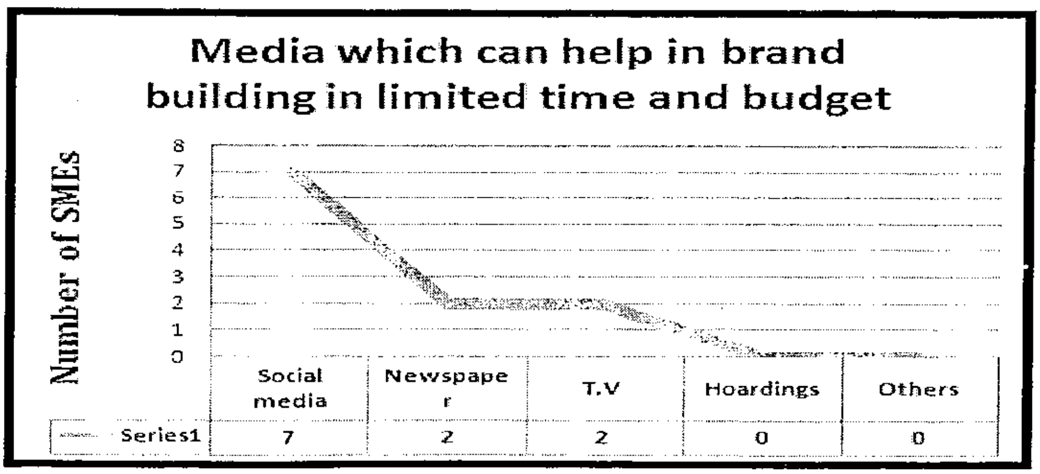
Social media can reduce the overall marketing costs of SMEs



Analysis:

On the basis of the collected data, 8 SMEs out of 11 strongly agreed,1 out of 11 agreed,1 out of 11was neutral and 1 out of 11 disagreed with the above statement.

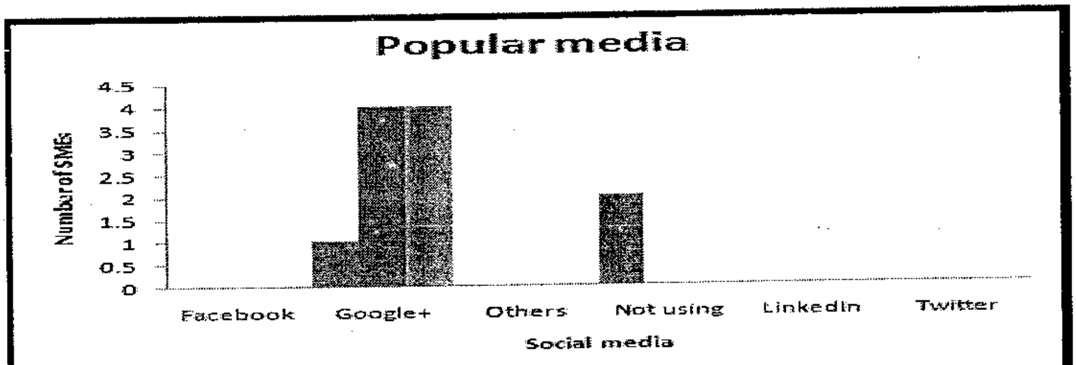
Media which can help in brand building in limited time and budget



Analysis:

On the basis of the collected data, 64% SMEs believed that social media can help in brand building in limited time and budget while 36% believed that Newspaper & T.V can help in brand building in limited time and budget.

Popular social media among SMEs



	Facebook	Google+	Others	Not using	LinkedIn	Twitter
upto 1 crore	0	1	0	2	0	0
1 crore to 5 crore	0	4	0	0	0	0
Above 5 crore	0	4	0	0	0	0

Analysis:

On the basis of the collected data, Google+ was the most popular social media among SMEs. 9 out of 11 confirmed that Google+ was best.

Main Findings

The Researcher has found the following main research findings on the basis of above data analysis:-

91% SMEs knew about social media.

27% SMEs are using social media for marketing and promotional activities.

63.64%SMEs have website but they don't use them productively.

72.73%SMEs strongly agree that social media can reduce overall marketing costs.

64%believed that social media can help in brand building in limited time and budget.

81.82% SMEs confirmed that Google + is the best social media for marketing and promotional activities.

There is no budget forecast of SMEs for social media in next years/future for marketing and promotional activities.

Suggestions

The Researcher has suggested the following suggestions:-

SMEs must have to use social media for marketing and promotional activities as they are not only economical in nature but also result oriented.

SMEs should include social media buttons on their websites to drive most internet traffic.

SMEs should have to allocate budget forecast for social media every year.

SMEs should have to create marketing strategy for social media.

SMEs should adopt the changes in current market scenario to be in the race.

Conclusions

This study validates that more and more use of social media for SMEs marketing promotional activities with a focus on their growth in India by attracting more customers by offering better products & services. This study demonstrates that when use of Social media would be started more and more by SMEs in their marketing activities, market share, revenues & brand awareness will positively grow.

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Role Of NGO As A Socio Economic Change Agent

Prof. Dr. Sanjay S. Kaptan

HOD, Department of Commerce and Research Centre,

University of Pune.

Introduction:

The concept of development is changing very rapidly and has taken a different position in the past 2nd world war period. There is a paradigm shift in the concept of administration, governance and development. The classical and conventional concept of development is not in vogue. There are many new trends and emerging issues that have influenced the concept of development in multiple ways.

The old and conventional belief that government is solely responsible for the administration of society and its development is no longer valid. The multiple and diversified set of functions which a government supposed to perform cannot be rightly performed due to its limitation. The growing complexity in the social systems, increasing expectation of the citizens, emerging challenging situation and due to limitation and manpower demand a new structure of administration and governance. The rigid straight jacket form of governance cannot function effectively. We need to rethink about how the government should meet the challenges of growing complexities and from this point of view a system of governance should be redesigning.

The restructure and redesigning of governance has given birth to a new concept of governance which is more inclusive, broad and all pervasive. This system encourage and allows NGO's to come forward and participate in the developmental process and it is here the role of NGO's in administrative system becomes more crucial and important. The present paper deals with this issue on a broader scale and hence in this article the author has stressed upon the role of NGO's in the developmental process as a catalyst and game changer.

Problem statement:

Modern days civilization is marked by certain important features. Awakened society, enlightened citizens and complexities of social relations are few important features of the society. The relationship between individual and individual, individual and society and nation has become very complicated and multifaceted. It is not possible to address the complex problem of the society by using one single mechanism of administration and governance. Expecting government agencies alone to participate in the developmental process and redress the problems of the society is a kind of miscount. The society requires different and multiple systems at different levels for proper synthesis and resolution of the problem. From this point of view NGO's has to play a very important role. NGO can become a part of the society to identify the problem and part of the administration system to redress the problem. Thus NGO play the role of conduit to smoothen the flow of development. Hence, in this paper what role NGO can perform as a catalyst and game changer? Hence the title of the study is " ROLE OF NGO GOVERNMENTAL ORGANIZATION AS A SOCIO-ECONOMIC CHANGE AGENT'"

Objectives of the paper:

To identify what are the complex issue of modern civilization and its implications on mode of governance.

To examine the role of NGOI's in the present day civilization as a game changer.

To identify functions and activities that NGO's can undertake.

To address problem of modern society.

Discussion:

COMPLEX ISSUE OF MODERN CIVILIZATION AND ITS IMPLICATION ON MODE OF GOVERNANCE:

NGO's has emerged after the second world war as a socio economic phenomenon as an institutional solution to address present day problems. The war toned economies in Europe and

Asia were unable to resolve much of the complex situations. As such a new instrument was essentially required to look into the situations and resolve the conflicting issues. The NGO's have come forward as an alternative mechanism to satisfy expectations of the citizens and various social groups who could not get solace from the government agencies and formally established machinery.

The term NGO is defined by UN "A voluntary not for profit voluntary citizens group which is organised local, national and international level to address issue in support of the public good. Task oriented made up of people with common interest NGO's perform a variety of services and humanitarian functions bring citizens concern to government's monitor policies, programme and its implementation, encourage participation of civil society stakeholders at community level".

Some expert also defined NGO – NGO's are organizations within the civil society that work or not for profit approach in the space which exists between the family, market and state.

The need for NGO exists because of a variety of reasons. A few important reasons justify the existence and role to be performed by NGO's can be enlisted as follows:

There always exists a space between a formal administration set up and the citizens' expectations which needs to be rightly fulfilled. An NGO come forward to minimize this gap by offering some concrete, positive and justifiable solutions.

The formal social institutions like the family, markets, various socio economic institutions and well set administrative and judicial institutions cannot redress all the problems of modern civilisation. These institutions have defined mechanistic and extremely formal approach to look at different social and economic issues. This approach cannot consider the emotional dimension and specific problems of the individuals. Further this approach offers only straight jacket solution without taking into account the complex realistic of the life. Many areas which do not fall within the purview of well-defined straight jacket approach are not taken into account. The people whose problems do not have formal and organised solution become the side-tracked segment of the society. They are excluded because of their differentiated status. Thus the formal structure of the society neglects these complex elements, people and problems.

Here the role and need for voluntary organization that are dealing and ready to address the problems of such neglected segments become very vital. Many problems do not have a well-defined solution. These problems often fall in the purview of voluntary organizations with a purpose to offer services and solutions. Physically challenged people, lunatics, people who required emotional support, aged, senior citizens, unemployed, youths, widows, conviction prisoners and people live below poverty line are essentially the segments who often have no room in the formal structure of the society. Their problems are not addressed by the administrative mechanism and governmental agencies. Here NGO's come forward as a support, service and solace.

NGO'S AS A GAME CHANGER:

NGO's are formally registered as not for profit associations. Usually they are constituted by groups of individuals who believe in the principles of equity, social justice, brotherhood and fair treatment to all segments of the society. The foundation of NGO's is rest on the voluntary work spirit, altruism and egalitarian equality. The principal purpose of NGO is human development, nation building and creating a true spirit of welfare and development of all concerned. Many NGO's work for objectives broader than mere service to the society and human development by incorporating issues like biodiversity and ecological development. Hence, in true sense NGO's perform multiple roles considering the needs and requirements of different social segments. The United Nations has rightly recognised the special role that NGO's perform in socially challenging situations in less developed and developing countries. Various issues of social concern, economic upliftment and fair and equitable distribution of wealth are not rightly taken up by various government and administrative machinery. These issues can be addressed only by organizations that work healthy and fair socio economic development. NGO's are the lifeblood for social development in developing regions. However, the role becomes very critical and challengeable foe different reasons that can be enlisted as follows:

The socio economic problem in these regions are multiple and diversified in nature.

There is cyclical flow of challenges like drought, famines, floods, earthquakes, riots and other socio economic problems maintaining peace, harmony brotherhood; fair and balanced socio economic equilibrium thus becomes a challenge. NGO's provide services that are in line with contemporary government policies as a supplement, support service and in many cases creating employment, developing infrastructure and reducing socio economic disparity is the principal goal of NGO's in such regions.

MULTIPLICITY ROLE OF NGO'S:

NGO's perform a multiple set of roles. Their activities are not confined to one particular area or segment of social work. They perform various activities that suit their objectives or the activities required by the society at large. Issues of social concern, intervention by society on a particular matter of public importance. Areas where the role of government is not properly defined and the systems or areas where public concern is not converted into effective action.

Many problems of small or micro level minority or social segments remain neglected due to poor understanding, lack of willpower, limited resources or absence of well-defined policy framework. In all such cases social intervention through an NGO become solution. The problems of leprous, physically challenged citizens, senior citizens, orphans, unemployed youths, beggars and many such socially neglected segments can be addressed only with the help of NGO's.

Intervention of NGO's to address all such activities becomes only the feasible solution to meet the challenges.

NGO's also playing a vital role in issue of economic and ecological concern. The growing problem of mismanagement of resources, lack of serious attention toward perfection is conservation of natural resources. Creating a basic for social action to develop awareness regarding economic menace and degradation of environment are not only issues of more importance but they deserve a price attention. Government cannot alone address these issues. On the contrary a symbiosis between government and NGO's only can address their problem. It required a political will social action and joint efforts to address the problems. Complex problems required multi-layered solution. From this point of view initiatives of NGO have to address the problem is the right approach.

ADDRESSING PROBLEMS OF MODERN SOCIETY:

The modern day social life has become extremely complex due to a variety of factors which constitute our social life. Disintegration of family system, growth of individualism, growing materialistic style of living, development of independent lifestyle, desire to be independent , free individual, changed relation between individuals and government, impact of implication of rapidly developing technologies and mechanistic approach.

All these factors have change modern life in multiple ways. Today our social system, regulatory and governing mechanism and state individual relation have become too complex and difficult to explain in simple words.

It is not possible for any single regulatory system to control the entire social system and its relations. No government can control, monitc and direct activities of social concern by using one single yardstick. Therefore it is necessary that various social and NGO's institutions should come forward and participate in the local change process. NGO's can play a very important role in reforming the system, redesigning and reengineering the systems. As such NGO's have now become a major instrument of socio economic change. Without having an effective mechanism for intervention improvement innovation and modification in the social system are not possible.

CONCLUSION:

The above discussion helps us to conclude that NGO's have to play a vital role in the development of the society in a creative way. Problem of modern society cannot be addressed only by formulating systems and establishing regulation. It requires more than just establishment of a well-defined procedural framework. Unless and until procedural framework and philosophical foundation is established, various problem of the society cannot be addressed. Furthermore it is equally important that various segments associated with the process of social change should also participate in this process. A holistic approach towards change and development is the key for development of modern society. From this point of view it is necessary that social institutions especially NGO's should come forward and participate in the development process. It is the need of the hour that NGO's especially social organization with objectives of helping governing and regulatory authorities should work jointly for addressing contemporary social problems. From this point of view the process of change in approach of social development needs a multifarious approach. Without participation of NGO's this approach cannot be rightly implemented. Hence it is now the need of the hour to develop a comprehensive developmental p[philosophy to give more space to Non-Governmental and Voluntary Organization.

Indian Banking and Basel III

Dr. S. R. Dastane

Director-Research

ASM's Institute of Business Management & Research

Executive Summary

During the post-1991 era, Indian financial institutions and Indian banks have been experiencing paradigm shift in their functioning. These institutions now have to get tuned to a set of institutions operating at the global level. This is imperative to sustain tough competition across countries and also to enhance quality of their products. This has to be achieved without sacrificing the profitability aspects. Norms suggested by Basel committee on banking supervision was a bold attempt to make banking institutions more transparent, standardized and empowered. It has been a long term move to raise the capital base of Indian banks and thus bring about better operational management, risk management and liquidity management. Indian banks, operating mostly in public sector are habituated to follow age old practices of credit allocations and credit management. The present paper attempts to analyse various repercussions of a series of Basel norms issued during the last two decades and also evaluate some notable implications of these norms.

Key Words: Risk management, Liquidity management, Basel norms, bank capital.

Introduction:

Indian Banking has witnessed an eventful march for over six decades after independence. This period has been of many diverse changes in various sectors of the economy. The banking sector in particular has witnessed dramatic transformation of both qualitative and quantitative nature.

On the eve of independence, it was a small urban-oriented activity, catering to a narrow range of needs of a specialized class of clients. Of late the things have moved to the other extreme. The banking sector is hugely diversified, trying to reach nook & corner of the country and making all round efforts to meet a wide range of financial needs of almost all types of clients. Form class banking of yesteryears, now the set of banking - and financial institutions attempts to shoulder the responsibilities of mass banking, using modern technology and management practices. The banking sector has truly proved to be an engine of growth for the economy in general. During the period of about sixty years after independence, the population of India increased about three times. The urban to rural population ratio in India was1:4.7 by 1951 and the census of 2011 has measured the same to be about 1:2.2, suggesting extensive urbanization that has taken place in India in recent times. Today every third Indian stays in urban area, meaning a paradigm shift in most parameters describing Indian society. The sectoral distribution of national income of India has also shown from primary sector dominated economy by 1950 to service sector dominating economy by 2010. The share of service sector in the national income was about 59 percent by the year 2010. The aggregate foreign trade turnover of India was a meagre amount of about Rs.1200 cr by 1950 and the same swelled to about Rs. 37,00,000 cr by 2012. The banking sector has also exhibited spectacular expansion, each scheduled commercial bank office was serving about 75,000 persons on an average by 1950, the same has improved to about 11,000 persons per bank office, a qualitative growth worth mention.

The economy initially pursued the policy of democratic socialism, suggesting thereby a very positive and active role to the public sector with equally active government intervention in almost all sectors of the economy. The program of five year plans was rigorously followed giving priority to rapid investments in basic and heavy industries with foreign collaborations in important sectors of the economy. The economy continued to grow and develop but a series of structural snags continued to erupt. Rapid price inflation, widespread unemployment across sectors and instabilities were order of the day. Huge fiscal deficits with mounting public debt were rampant. Regional imbalances, income disparities and deep rooted poverty could not be brought down to manageable levels. Balance of payment situation was constantly a matter of concern. India's share in world trade, even today, has failed to touch the magic figure of 1%, despite a cluster of export incentives and import restrictions. Our performance on the front of social indicators such as literacy-primary education-health service-housing-drinking water is away from the accepted world benchmarks of developing nations. During the last decade of the twentieth century, the economy was given the dose of liberalization and privatization with a committed march towards globalization. The economy gradually opened up, making a wide spectrum of opportunities available through world markets. Merit and quality became the buzz words of the twenty first century. Though 1991 is taken to be a watershed in the contemporary business history, the process of deregulation, delicensing, denationalization and disinvestment had commenced even before that date. The program of restructuring the economy started receiving top priority. The economy is struggling to get itself tuned to world markets and world economies, meaning thereby that there is no end to hosts of problems that the economy encounters today.

Age of Reforms:

Taking a quick look at a series of economic reforms would not be out of context at this stage. The initial round of economic reforms was an attempt for crisis management coupled with macroeconomic stabilization measures. These measures had an objective of demand management at the macro level. The foreign exchange situation had crossed all the safety limits and required immediate steps to bring the conditions to normalcy. Industrial licensing *per se* was abolished except for 15 industries of strategic & security significance. The MRTP Act had lost its relevance in the era of marketization and growing competitiveness of the economy and therefore it was abolished. Foreign direct investments were encouraged, the rules & regulations of which were simplified. Import of technology received top priority to bring about technology up gradation and modernization. Foreign trade became easier as quantitative restrictions on all items were removed. Professional management was introduced in public sector undertakings so that they become more autonomous, competitive and vibrant. These sectoral adjustments were aimed at supply-side management in the economy. After about a decade from the first dose of economic reforms, a set of second generation reforms was launched. They were now described as "change with human and social touch." Stress was laid now on elementary education, rural health services, employment programs, women empowerment, gender equality, removal of child labour etc. A need for enhancing quality of human life progressively was urgently felt.

The reforms, thus, included a series of programs to reengineer and recast the macroeconomic fabric of the economy to fine tune itself for long term changes and challenges. Out of all the reforms introduced, those pertaining to finance sector and banking sector were more deep rooted, elaborate and comprehensive. The government appointed two separate committees for the same, both chaired by Mr. Narasimham, the former Governor, Reserve Bank of India. The report of the former committee on financial system was submitted in 1991 and the report of the later committee on banking sector was submitted in 1998. The former Report included several significant recommendations, potential of far reaching consequences. A few leading recommendations of this report were:

Progressive reduction in SLR and CRR.

Introduction of prudential norms in the context of income recognition, asset classification, capital adequacy and provisioning for bad debts.

More freedom allowed to banks for spreading branch network.

Entry of private sector for new generation commercial banks allowed and encouraged.

Interest rate structure liberalized and rationalized.

Special Recovery Tribunals Act, passed in 1993, to ensure fuller and quicker recovery of outstanding loans & advances. Assets reconstruction fund to be created to take care of doubtful debts of banks.

New financial instruments to be introduced to generate additional funds [for example, Certificate of Deposits] for banking sector, in order to enhance profitability of banks in particular and strengthen the financial system in general.

The definition and scope of priority sector was modified to mean only "weakest section of the rural population".

The recommendations of the Narsimham committee [1991] were meant to deregulate the banking system and strengthen the banking structure. The recommendations of the committee were implemented to a great extent and the entire banking/financial system started working with more commitment and confidence. Under the improvised system, the supervision of commercial banks was streamlined, Local Area Banks [LAB] were established in 1996 and thus the financial system became more competitive, vibrant and flexible.

The next round of changes occurred from 1998 onwards when Mr. Narsimham worked on the functioning of the Banking sector and submitted comprehensive report. This time the committee was more concerned with the qualitative improvement of the banks with clear stress on sound working on firm foundation. If required, the overall rationalization of the banking structure would be attempted to show better performance matching global standards. The committee specially recommended overhaul of the legal framework that affects the banking system; this included rethinking and reworking on the RBI Act, Banking Regulation Act, SBI Act and so on.

Many critics pointed out the redundancy of the second committee on a similar issue where duplication and repetition were very imminent. The actions on the first committee were yet not complete and still the next committee was set to get going. And also, some of the observations of the second committee were in contradiction to the first committee. For instance, the 1991 committee opined that the merger of commercial banks be encouraged, so that the structure of banks would be strengthened and consolidated. But on the same issue, the second committee showed a U-turn, observing that more strong banks are necessary to make the finance sector more viable and vibrant. Despite these shortcomings, these committees attempted to put the banking-finance sectors and subsequently the entire economy on the proper track.

Thus, if a stock taking of the changes in these sectors is attempted, what is the true objective picture on the macroeconomic front after more than two decades of structural changes? The mission document of the 12th five year plan aptly summarizes the current state of the economy. The Plan endeavours to achieve faster, sustainable and more inclusive growth. This set of objectives suggests that the unfinished tasks are stupendous and deserve urgent attention of policy makers. Undoubtedly, the banking and finance sectors are supposed to bear the brunt of these developmental programs.

The Present Study

On the backdrop of the macroeconomic scenario elaborated above, the present study has the following modest objectives:

To identify the challenges before the banking sector in the context of the experience during the series of structural changes,

To study the implications and impact of the Basel regulations on the banking institutions,

To make suitable suggestions for bringing about long term changes in the banking structure to make it more dynamic, inclusive and vibrant.

As per the stages in the development of banking industry in India today, the introduction of Basel conditionalities proves to be a very significant milestone. It has a long term perspective to improve the health of the banking industry and as a result the health of the economy in general is expected to improve. A quick glance at the relevant literature would pave way for further pondering over the present research theme.

In the year 2012, Kidwai (2012) edited - book containing several research articles of contemporary relevance. The theme running through articles was about rapid changes taking place in the banking, finance and capital markets sectors with a clear focus on issues like governance, innovation, and technological up gradation. It also threw light on hosts of challenges that this sector is facing these days. Rangarajan (2012) identified the issues like NPAs, financial inclusion, innovation in this sector. Zainulbhai (2012) made an attempt to correlate factors like urbanization, changing consumer behaviour and high degree competition that has gripped Indian banking sector of late. An article by Subbarao (2012) discusses a significant issue like the type of corporate governance the banks are having these days. Bindra (2012) too has identified a few different aspects of the structure of governance the banks have evolved in recent times. Acharya (2012) analyzed the implications of Basel III stipulations on Indian economy and also on Indian

Banking industry in particular. The RBI publications, published periodically, highlight the march of Basel III regulations in the context of the macroeconomic changes in the economy. These publications include the *RBI Annual Report* (2012), the annual issue of *Trend & Progress of Banking in India* and also the *Report on Currency & Finance*. The *Economic Survey* (2013) (ES), draft of the Twelfth Five year plan of India (2012) contain discussions pertaining to the banking sector in India and especially the issues pertaining to the Basel III stipulations. The government of India appointed - committee on Roadmap for Fiscal consolidation and the Report of the Committee (Kelkar Committee, 2012) throws light on the issue of capital provisioning of banks in India and the fiscal implications of this phenomenon. Subhashish Roy (2013) has estimated the costs of implication of Basel III conditionalities to Indian economy, especially the macroeconomic ramifications of the same have been discussed by him.

Evolution of the Concept:

It will instructive to state in brief, to begin with, the role of capital funds in a commercial bank In the days of more open competition among banks and privatization of banking operations, the capital mobilized on their own plays greater role as compared to that injected through the government sources. In this case, accountability, transparency and productivity considerations play more dominant role rather than administrative funds transfers through government departments. To define the role of bank capital, it can be said that bank capital provides a very safe base for expanding the loan business of a bank. This in turn has a direct impact on the efficiency and profitability of a bank. Borrowed funds have more string attached and thus in many cases these funds cannot be used for lending for different purposes and for different time durations. Own bank capital can safely be utilized for permanent and long term investments such as buildings, construction, technology up gradation, purchase of tangible assets etc. Another function of own bank capital is to act as a buffer for possible losses that a bank would incur. This would happen only in extreme cases of liquidation or insolvency; but the precaution is always necessary in case of serious emergencies. Though normal risks are covered through usual methods, unforeseen and unanticipated risks are borne by the cushion of bank's own capital. Stronger, deeper and broader the capital base, stronger is the risk bearing capacity of a bank. In these circumstances, the bank can sail through more smoothly and confidently in the event of rough weather patch through its journey. The section 23 of the Banking Companies Act has given sufficient powers to the RBI to be satisfied about the capital adequacy of bank for their smooth functioning without any shocks or hindrances.

Several parameters are deployed to check the adequacy of bank's own capital. For instance, the ratio of paid up capital to bank's reserves is a measure to check bank's financial health. The capital : deposit ratio is also a frequently used indicator. Higher the ratio, lower the risk of bank operations. One more ratio is capital: assets ratio. Primary capital to Risk ratio is too used to measure the capital adequacy of banks. It takes into account bank's adjusted primary capital to its weighted risk assets. In the present context, the primary capital means the capital fund that is freely available to act as a cushion to bear current losses. These ratios do not follow any cardinal formula for safe and productive operations. Things depend upon the risk perception of the bank management and also on the business policies the bank intends to pursue for day-to-day operations.

The Basel committee on Banking supervision kept on suggesting various capital adequacy standards since 1998 for measures for improved risk management. This has been at the initiative of the Bank for International Settlement which has set the capital adequacy ratios for risk-free bank operations. These stipulations were necessitated by the growing competition, new technology, liberalization move, reforms program and privatization policies pursued by the banking industry. In July 1988, the committee issued norms to be followed as a time bound policy. To calculate the capital adequacy ratio, assets were classified according to risk. These Basel I stipulations 1988 classified capital into two parts. The tier I capital was the core capital, i.e. permanent capital. This included paid up capital, statutory reserves, share premium money and capital reserve fund. The tier II capital was the supplementary capital, i.e. less permanent capital. This included undisclosed reserves, fully paid up cumulative preference shares money, revaluation reserves, fully paid up cumulative preference shares money, revaluation reserve, general provision and loss reserve fund. The minimum capital to risk weighted assets was set at 8 per cent, i.e. minimum 4% each. But the quantum of tier II capital would not be more than 100%

of tier I capital amount. The assets were given risk-based classification ranging from 0 to 100%. The sweeping stipulations were common to all banking institutions from all the member countries, irrespective of their varying risk perception, management practices and operational risks. The risk classification was crude and round about. In fact, these stipulations did not differentiate between credit risk and other types of risks.

This led to the formation of Basel II norms on capital adequacy. The initial June 1999 version was widely circulated and extensively debated. The revised one was issued in January 2001. Another modified version of the Basel Capital Accord was released in July 2003 and was to be operationalized gradually, in stages, by 2006. The basic philosophy followed by Basel II version was roughly as follows:

Minimum capital requirement as per the risk weightage as against the uniform 100% weightage followed previously. Now four categories were identified- i.e. 20%, 50%, 100% and 150% of the risk weightage. This new approach was thus more relevant and realistic.

Second supervisory process was to make sure that each bank would evolve its own internal system of financial modelling to work on the capital adequacy requirement. Main intention of this was to make the system more flexible.

The banks were supposed to follow market discipline by enhancing disclosures. This would make the risk profile of banks more transparent and would make capital adequacy more realistic.

According to the basic tenets enumerated above, several modifications were introduced. For instance, fully secured lending would attract 35% risk weightage instead of 40%. Also, an alternative standard operational risk approach was now developed. Banks were expected to make their own assessment of credit risks and follow their own operational strategies therefor. A higher level of competitive advantage with greater internal tenacity was expected out of this modified arrangement. The operational part of these guidelines depended largely upon the IT enabled practices and procedures. With this, a higher degree of standardization of banking services was aimed at.

Implementation

The RBI responded actively and positively to the Basel I and Basel II stipulations. The banking industry too responded enthusiastically. As described by Y V Reddy, the then RBI Governor, in June 2006, the policy of "gradualism and cautious harmonization with the global standards" was followed. The initiative of the RBI included issue of time bound directives for assessing the capital requirements, attempt a quarterly review of the progress in this direction, sensitizing the top management of banks for meeting these world class standards etc. A step in this direction was to bring Capital Adequacy Assessment Process (CAAP) into practice. The risk based supervision was also introduced in banks. A steering committee was formulated to ensure the smooth implementation of these conditions. As per the modified directive, the banks are required to maintain capital to risk weighted assets ratio (CRAR) on continuous basis. But taking into account the risk profile on the case to case basis, the RBI may recommend a higher minimum capital adequacy ratio in the case of particular a bank. As expected, the banks were given a time bound target of meeting the 6% tier I capital level. A structured schedule was outlined for banks for meeting the tier II capital level. The credit rating certification issued by CRSIL or ICRA was formally accepted for risk assessment. To maintain uniformity, a set of disclosure requirements was also recommended. Thus, the Basel conditions strived to meet the international standards of capital adequacy, risk management, liquidity management, transparency, competitiveness and governance among the institutions from the banking industry in India. The Basel II requirements necessitated banks to garner Rs 670 to 725 billion in term of fresh equity capital. That was the cost of making Indian banking industry more stable, vibrant and deep rooted to withstand competitive challenges of the new digital generation.

5. **Basel III**

Things were moving in the right direction since 2006 and gradually the health of the banking industry was improving bit by bit. The problems such as high NPAs and financial inclusion remained to be addressed adequately. But gradual capital deepening was an item on the credit side of the banking industry in India. In the meantime international financial debacle of 2008 developed cracks in the superstructure of Indian banks. It brought to surface the inadequacies of the Basel II stipulations in the light of the new set of challenges before the banking sector. Though the previous conditionalities treated the issue of risk perception, still in the new circumstances, the view was reckoned to be a narrower one. The bank failures and downturn coupled with huge NPAs were seen as a result of systemic failures & limitations of the weaponry in the hands of the regulatory bodies. All this paved a way for bringing about a fresh set of conditions, rightly named as Basel III. With rising degree of diversification, deregulation and structural consolidation, the banking sector required financial stability with built-in tenacity to confront copious challenges of the changing times. Basel III conditions were an extension of the Basel II and not a substitution. The new feature was to elaborate:

Increase in the level and quality of capital

Introduction of liquidity standards

Modifications in provisioning norms

Better and more transparent disclosures

The new approach was to reclassify the risk that was sidetracked by the earlier stipulations. It was now imperative to identify the capital risk thoroughly, the risk of market value of the assets falling below the obligations. Also, the liquidity risk was to be identified in unambiguous terms, the situation where the banking firm is not in a position to convert assets into liquid cash because of illiquid assets market. This modified approach was an improvement on the earlier conditions.

The Basel III provided a time bound scheduled to be followed to meet the conditions adequately. The banks were expected to reach the level of minimum 3.5% of risk-weighted assets level provision of capital by 2013 and 4.5% level by the year 2019. Finally they are supposed to reach the minimum 8% of risk weighted assets level of capital adequacy [including minimum total capital *plus* capital conservation buffer] by 2013 and 10.5% level y the year 2019. These provisions would insure the banks from cyclical shocks in the credit demand and expected loss arising out of these situations. It was realized that there is an organic linkage between the capital requirements and liquidity requirements. Both require similar treatment and that would avoid possible failures and losses within the system. In order to spell out this modified approach, the Basel III committee identified two new ratios:

[1] Liquidity coverage ratio (LCR): The ratio of a bank's high quality liquid assets (cash plus G-Sec) to its net cash outflow over 30 days' time period.

[2] Net stable funding ratio (NSFR): a ratio of bank's available quantum of stable funding (its capital, long term liabilities and stable short term deposits) over its required quantum of stable funding. Normally this ratio must have the value of greater than 1, i.e. it should exceed 100%.

One can make a critical evaluation of these provisions. The new conditions take a micro view of the banking operations but fail to show their linkage with the macroeconomic ramifications. Too much focus on individual cases would certainly miss the repercussions at the macro level and thus entirely miss the focus of these fine tuning adjustments. Eventually this may lead to systemic risk and further to a possible systemic failure. With this the very basic objective of risk minimization and risk management would be missed totally. In fact, the risks in the credit transactions are interlinked and cannot be considered in isolation. One risk triggers a series of changes involving endogenous risks as a chain reaction. These changes become more pronounced when the economy in general and credit market in particular passes through cyclical phases. One can say that the Basel I, II & III conditions on capital requirements do not take into account [1] actions on the part of the regulatory bodies, and also [2] interactions with other financial institutions. These two parameters have huge potential of impacting the performance of banks, despite their meeting the capital requirements satisfactorily.

It is claimed that the Basel III conditions have redefined and reengineered the concept of capital base of banks, and has attempted a qualitative refinement, but still a lot is left to hosts of exogenous factors, such as changes in value of assets due to macro level fluctuations. This, in turn, would bring the financial stability in question. The banking system in this case would not be fully insured against financial shocks emerging from this type of eventuality.

One imminent way out for banks to meet the stringent norms issued by the Basel III is to hold greater liquidity in hand. Needless to say, that this would be done at the cost of bank's profitability. Liquid assets in practice mean that banks would hold more and more government securities, but too large an exposure to g-secs is generally not advisable as it violates the basic principle of asset diversification. Credit risk and liquidity risk do not go hand in hand, in practice, they are antithesis of each other. Thus banks shall be vulnerable to still greater and unanticipated risks while they strive to fine tune their asset profile.

Another facet of the problem of capital building of Indian banks is to note the fact that most of the commercial banks are in the public sector. To be precise, public sector banks have about 76% share in the business of all scheduled commercial banks as per the statistics pertaining to the year 2013. Though huge capital building exercise is to be carried out in near future; there are limitations on government's ability to making provisions through its own pockets. Budgetary provisions of high order shall lead to budget deficits, leading to high fiscal deficits. The Fiscal Responsibility and Budget Management Act has kept a cap on government's limit on the size of the fiscal deficit. The issue of raising capital though other traditional sources poses obvious limitations and the also cost of raising capital is very high.

An estimate given by Roy (2013) about the additional equity capital required by public sector banks and private sector banks is between Rs.1400 billion and Rs.1500 billion. The massive size of funding banking sector with additional equity capital is stupendous, if not impossible. Most of this capital when injected in the banking sector for day-to-day operations shall be used mainly for provisioning and similar purposes. Automatically the earning capacity of this huge fund shall be extremely limited. In order to earn higher income and maintain reasonable profitability level, banks would have to lend and spread their credit net at higher interest level on an average. It would adversely affect the credit off take and thus lead to lower profit level for banks in general. The only gain in all this development is the expected rise in the asset quality, meaning thereby lower NPAs, lower bank failures leading to strengthening, deepening and stabilization of the banking sector. This would in turn trigger a wave of consolidation, mergers-amalgamations of banking institutions. The implication of the L-P-G program i. e. "Survival of the fittest" would perhaps become a reality. But through these changes, the role of the regulatory body, RBI would show a paradigm shift. The bank would work in a freer and more autonomous manner to guide and regulate the banking operations in the country. The Basel stipulations would make the banking sector more standardized and more vibrant with high degree of internal strength. It is hoped that the job of the RBI would be easier as far as the regulation of the banking system goes. With greater resilience, tenacity and flexibility, the banks from India shall operate in the global markets with more strength and confidence. The competitive edge of banks from India would certainly show a higher level in the days to come.

The Economic Survey (2012-13) (ES) notes that at the beginning of the financial year 2012-13, the CRAR stood well at 14.24% level, which is a fairly satisfactory level. The RBI norms, following the Basel II guidelines, expect this level to be the minimum 9% only. As noted above, the government is struggling to infuse more capital into the banking sector, i.e. the equity capital base of public sector banks (PSBs). During the year 2011-12, the total amount of Rs 12,000 cr was made available to the PSBs. From the year 2012-13, the government has started complying with the Basel III norms for capital adequacy. The sum of Rs. 12,517 cr. was allocated in the revised budget estimate. It is pertinent to note that the ES has observed on page 114 that "due to budgetary constraints, it may not be feasible for the government to infuse huge sums into the PSBs." The government has now recommended the formation of non-operating financial holding company with the main objective of meeting the debt and equity capital requirements of PSBs in India. With this, one can observe that at least the quantitative aspect of capital base as per the Basel III norms is being taken care of by Indian banking sector and banking authority.

6. Conclusion

The Basel rules are a bitter medicine. This set of rules was overdue and finally would lead to better health of the banking sector in particular and finance sector in general. If rules of the game are followed scrupulously and if a futuristic view of the economy is taken, say about a decade from today, the economy would show a better qualitative performance with more stability and sustainability. For a globalized banking sector time bound action plan of international standards and practices is a precondition. Though the series of Basel conditions have some built-in limitations, the purpose and objectives of the action are in the long term interest of the banking sector. Another precondition that is complementary to the capital adequacy is favourable legal infrastructure and good governance for speedy disposal of debt recovery, financial inclusion efforts for broad based social equity & justice and better service to the clients. Finally, good banking service is a means for equitable and sustainable development of the economy. The successful implementation of Basel and other norms strive to achieve precisely the same objective.

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The "Tripod Theory"-- For Strategic Business Management.

Prof J. A. Kulkarni, Associate Professor, ASM's IBMR

Abstract

The organizations, the academicians and the students who are involved in understanding and implementing various essential requirements of Strategic approach to Business management, need to be conversant with the typical steps prescribed for Strategy Formulation, Strategic Options &Choice, Strategy Implementation, Strategic Evaluation & Control aspects of SBM.

A very broader overview of these essential steps generates a very interesting correlation between the important stages of in strategic Business n Management as a process As we know the entire structure of SBM relies on three basic and founding elements which are

1.) The strategy Formulation-(SF)

2.) The Strategic Options and Choice- (SOC)

3.) The Strategy Implementation-(SE)

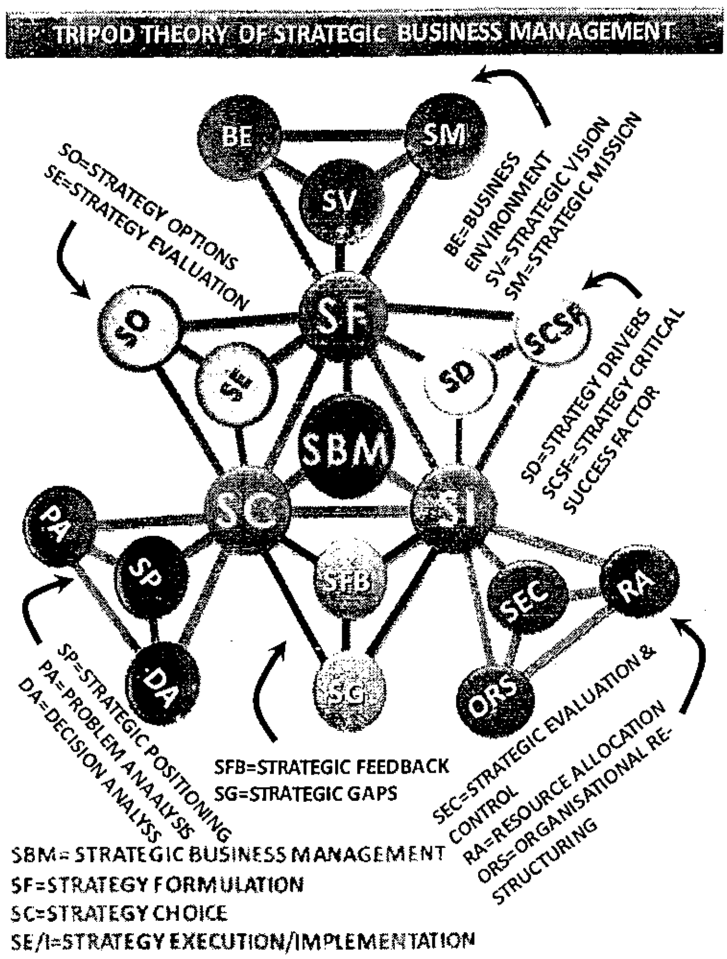
It is very interesting to notice that all the three important elements which can be denoted as the founding elements of SBM, further give rise to a set of three essential steps or focus points at each one of these three nodal elements. This observation leads to a very interesting revelation and logical and rational methodology to understand the intricacies of the process of SBM.

The author has been able to develop such a Three Point (TRIPOD) model for Strategic Business Management which puts the process of SBM in a proper and rational perspective. This developmental model SBM is based on the author's involvement in the teaching of the subject and the difficult to understand illustrations on the subject of SBM in the Text books available.

An illustration of the Final diagram of SBM based on the TRIPOD THOERY is attached herewith. The details of the TRIPOD are explained in the complete(Final) paper including analysis and relevance of each of the correlating aspects as the subject of SBM gets developed *through the model. The model will be very useful for alignment and priority evaluations of the process of Strategic Business Management in organizations, which need to constantly evaluate and correct their Strategic plans.*

Keywords: Tripod, strategic business model.

The Tripod Model For Strategic Business Management Process



The Tripod Theory For Strategic Business Management

Since the time Globalization of Business has picked up phenomenal speed and the world has become a single market place for all Business units across the Globe, the traditional methods of business Management have given way to Strategic approach as essential tool for the very survival of businesses in the markets.

Now what is the appropriate strategy for individual business depends on the specific and relevant business environment and the relevant market forces. While there cannot be a single prescription of business strategy to all businesses attempts have been made by the Business management gurus over the previous one or two decades to provide broader and essential guidelines on the strategic approach to global Business Management

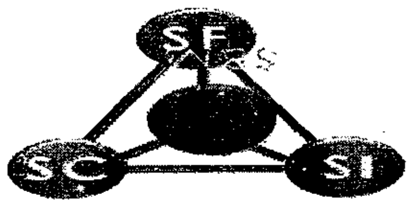
Many experts in the field of Business Management such as Dr. Michael Porter, Dr Thomson& DR Strickland, including Dr Peter Drucker have offered their models for Strategic Business Management in the form of Concepts and Business Models. All most all Business Management schools have incorporated Strategic Business Management as a very Important topic Of Studies for the students in B-Schools. In order to facilitate better understanding of the concepts in Strategic Business Management, Harward Business school has developed many case Studies in every aspect of Strategic Management, World around there are various forums in which the intricacies of understanding the concepts in Strategic Business Management are discussed and deliberated to resolve issues of Global Businesses. However there is fortunately overall alignment and agreement between all the stalwarts on SBM on the essential way forward to the process of Strategic Business Management across all businesses from MSMEs to Global Giants in Business.

A deeper study of this commonality of understanding and agreement on the process of SBM has been the main criteria for the author's attempts to develop the TRIPOD Theory on SBM. Perhaps this is a maiden attempt in SBM, which has its basic objective as to simplifying the process of understanding SBM. An unique observation made by the author is the triangular correlation between the approaches and the expectations of the efforts in developing a Base Model for SBM.

1. The CORE-TRIPOD Enunciates the fact that all the stages in Strategic Business Management could be correlated through a series of TRIPODS originating from the CORE- TRIPOD of 1. Strategy Formulation 2. Strategy Choice & 3. Strategy Implementation. And further build

around this base Tripod several logical and relevant tripods in a sequence that leads to a very comprehensive TRIPOD MODEL encompassing every aspect of a rationally explainable method for the SM process.

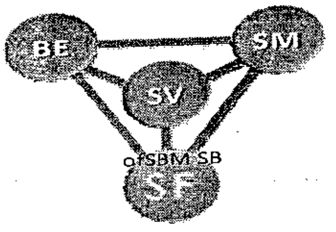
TRIPOD THEORY OF STRATEGIC BUSINESS MANAGEMENT



CORE TRIPOD

SBM= STRATEGIC BUSINESS MANAGEMENT
SF=STRATEGY FORMULATION
SC=STRATEGY CHOICE
SE/I=STRATEGY EXECUTION/IMPLEMENTATION

2.The STRATEGY FORMULATION TRIPOD



STRATEGY FORMULATION TRIPOD

BE=BUSINESS ENVIRONMENT
SV=STRATEGIC VISION
SM=STRATEGIC MISSION
SF=STRATEGY FORMULATION

The above diagram (TRIPOD) Correlates the aspects of strategic analysis such as the

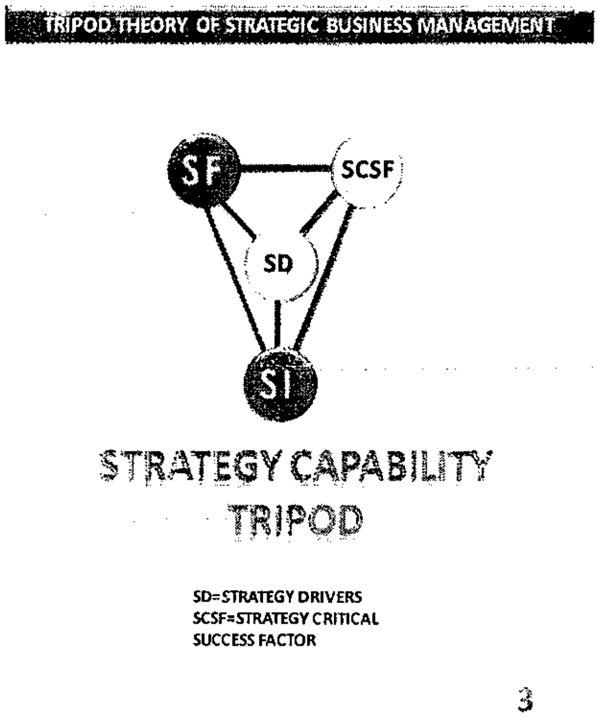
1. BE = Business Environmental Analysis which includes detailed survey and analysis of both the External & Internal environment relevant to the Business.

2. SV= The Strategic Vision of the Organization and the alignment of business strategy with the strategic vision.

3. SM= The Strategic Mission of the organization which needs to align with the Organizational vision and ensures the mission correlation with the business strategy of the organization as well.

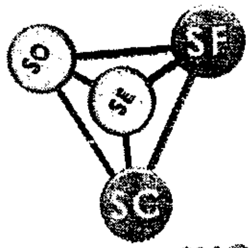
3. The STRATEGY CAPABILTY TRIPOD as shown below establishes correlation between the Capability Analysis Factors of the organization with the STRATEGIC ANALYSIS. The Tripod members are denoted as,

1 SCSF= Strategically CRITICAL SUCCESS FACTORS which enable Strategy formulation.



2. SD= Strategic BUSINESS DRIVERS which are the real motivators for Strategy formulation exercise This also helps in the appropriate orientation for Strategy Implementation(SI)This TRIPOD therefore connects the strategy formulation exercise directly with the likely factors which will enable effective strategy implementation

4. The STRATEGY CHOICE TRIPOD .: As explained by the diagram below the Tripod correlates the aspects of Strategy Options And Strategic Choice.



STRATEGY CHOICE
TRIPOD

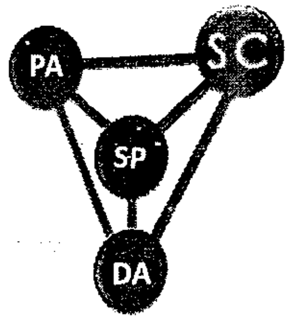
SO=STRATEGY OPTIONS
SE=STRATEGY EVALUATION
SF=STRATEGY FORMULATION
SC=STRATEGY CHOICE

4

1.SO= Strategic Options which are available to the organization for consideration to adopt the best suited option. This calls for objective analysis and evaluation of the available strategic options before finalizing 'The strategy'.

2. SE= Denotes the strategic evaluation of the almost 'chosen' Strategy conducting systematic problem, situation and decision analysis techniques & the Best and worst case scenario planning methods.

5. The STRATEGY POSTURING TRIPOD: It is logical expectation that after the Strategic choice is Completed or even during the process of evaluation of Strategy Choice the organization has to be very clear and candid about the Strategic Posture or Position it has targeted to achieve through the chosen strategy for the organization in relation to its relevant market forces.



STRATEGY POSTURING TRIPOD

SP=STRATEGIC POSTURING
PA=PROBLEM ANAALYSIS
DA=DECISION ANALYSIS
SC=STRATEGY CHOICE

5

1.PA = Problem Analysis, adopting the most realistic, scientific and rational approach to root out or rule out all obvious and potential problems which may adversely influence the Strategic Posturing the organization intends to achieve.

2. DA =Decision Analysis based on scenario planning and simulation techniques to take care of the worst case scenario which may jeopardize the Strategy Posturing. This is an important step before a particular Strategy is Chosen.

6. The STRATEGY IMPLEMENTATION, EVALUATION& CONTROL TRIPOD

The Strategy Implementation, Evaluation& Control Tripod is the most Important element of the Process Of Strategic Business Management, Without the absolute emphasis on effective strategy Implementation the organization is bound to fail and collapse, in some cases not even being able to get back to pre strategy status.

SI , ORS& RA=Strategy Implementation includes important aspects of Organizational Restructuring (ORS)& Appropriate allocation of its Resources (RA) .This is a major and critical exercise to enable the organization to achieve its strategic objectives.

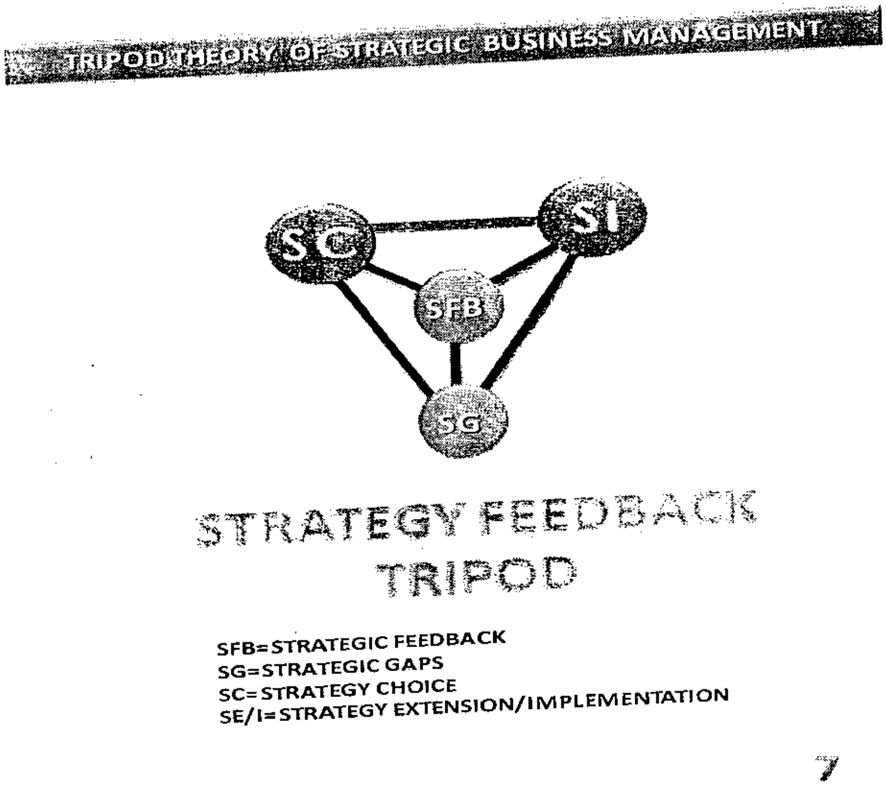
SE&C- Strategic evaluation &Control- Basically involves systematic and scientific analysis of the status at all critical stages and phases of strategy implementation. This includes accurate measurement of all the critical results and compare the same with the set objectives of the strategy at these stages to assess comprehensively all the strategic Gaps and initiate all the corrective & control actions to minimize the effect of these Gaps.

The Controls could be either or in respect of the Strategy itself or the Implementation Process not following the desired plan.(STRATEGIC CONTROL OR OPERATIONAL CONTROL). Again while evaluating and controlling the strategic aspects of implementation we will have to be careful to differentiate between the speed of implementation and the defects in strategic clarity and understanding.

There have been many experts in business management who have time and again emphasized on the aspect of Strategy Execution. Many businesses have met with catastrophic end results due to defective/ineffective strategy implementation. Besides timely and correct understanding of Shifts & Drifts while executing a strategy have led to failed enterprises. The lack of alignment with the vision, Mission of the organization in the absence of crucial and periodical checks and balances causing undue anxiety and greed are the major causes of failure And Scandals resulting even in economic upheavals in at the national levels(Lehman Bros, Enron, Satyam Computers Etc) are few glaring examples of failures in Strategy Executions.

This has resulted in yet another control mechanism in the form of "Corporate Governance" which is nothing other than deciding on appropriate strategic norms for business in general and having yet another team or teams to ensure controls of Strategic Drifts in Business which affect its stake holder interests.

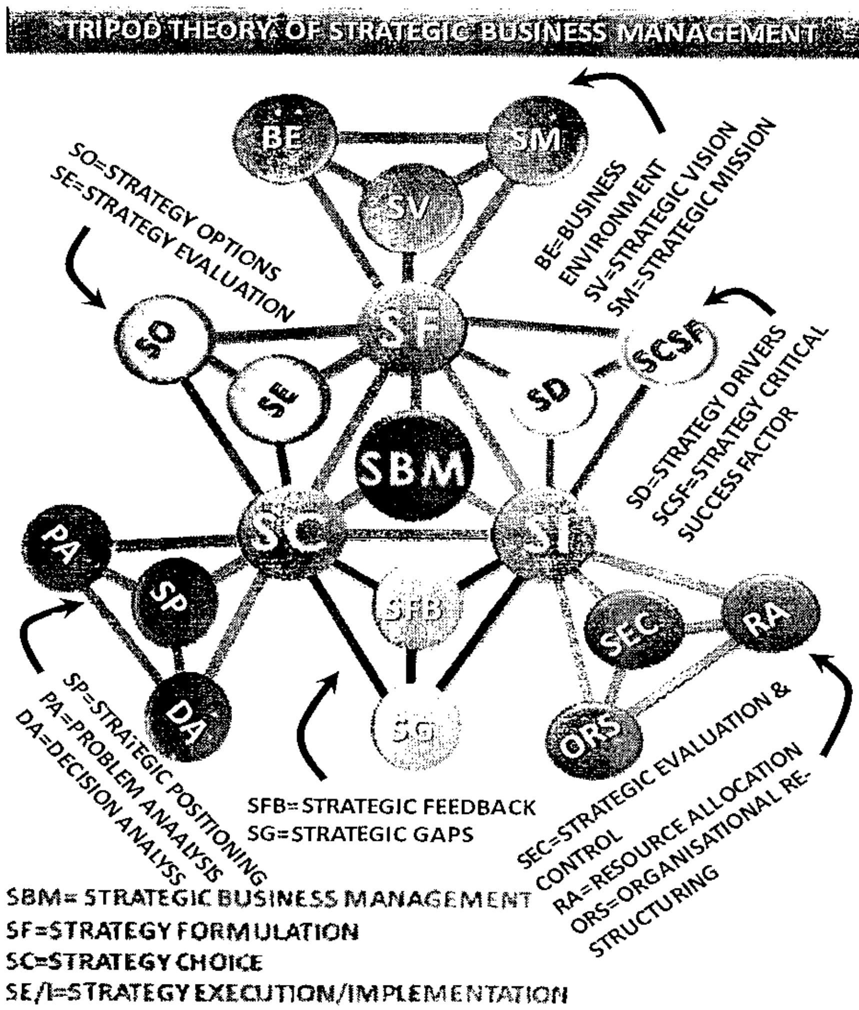
7. THE STRATEGIC FEED BACK TRIPOD:



1.SFB= STRATEGIC FEED BACK : This is an important aspect for businesses engaged in products and services in a highly competitive markets and businesses which need to maintain their market shares through survival and growth. As we discussed earlier the necessity and importance of locating and minimizing the strategic gaps, it is also necessary to have a highly systematic feed back mechanism to avoid repetitions of similar gaps in future projects as also to analyze the salient steps needed to be taken to alleviate the damage on account of undesirable gaps. strategic evaluation looses its significance if timely feed back of evaluations is not made to nodal agencies responsible for strategy development and execution. An effective feed back mechanisms will help in improved strategy choice system and ensure effective strategy implementation.

8.THE 'TRIPOD OF TRIPODS': In the final analysis and summation of the tripod theory we could easily build the final tripod of tripods which effectively correlates and connects all essential elements of Strategic Business Management.

One can continue to add further tripods for finer aspects of strategic business management, since the main theory tends to explain the peculiar nature of each of the SBM elements being driven by the tripod approach.



CONCLUDING REMARKS:

While the Tripod Theory as described in this paper draws its contents from established theories and practices in Strategic Business Management, it does not contest or contradict time tested literature on the subject. The theory however enables a comprehensive, clearer correlation of major elements of Strategic Management as taught in world class Business schools as also adopted by major advisors in the field of SBM.

The author sincerely hopes that the tripod theory will generate adequate insight and conceptual clarity of understanding the Strategic Business Management Process. Of course due criticisms and comments are also welcome which would help in further improvements in the thought process on the subject.

Strategic Prism: a New Model in Strategic Decision Support Systems

Prof. Satyan Marathe

Research Scholar, Associate Professor ASM's IBMR

Abstract :

Strategic decision making is most discussed and improved area in management. Strategic decisions have a long term impact on the growth and sustenance of the firm. The strategic decision normally is irreversible and if reversed, is always associated with huge cost.

Selection of strategic decision support system and the various tools used to support the decision play crucial role. It is always not possible to select the best tool for effective decisions. Today in global competition, there is a need to have a different approach for strategic decisions. An old tool needs to be re-sharpened with additional cutting edge to provide business advantage.

Globe has become a small trading village. Customer expectations are very dynamic. The product and company lifecycles are shortened. There are demanding work pressures to outperform the competition.

This short paper is an effort to develop a new thought to improve the strategic decision process. It is a three dimensional analysis of the situation through Enterprise Risk Management (ERM), Enterprise Stress Management (ESM), Enterprise Knowledge Management (EKM). The analogy of prism can be used to scan the situation for effective strategic decisions.

Introduction :

Strategic decisions are the decisions that are concerned with whole environment in which the firm operates the entire resources and the people who form the company and the interface between the two.

Characteristics/Features of Strategic Decisions

Strategic decisions have major resource propositions for an organization. These decisions may be concerned with possessing new resources, organizing others or reallocating others.

Strategic decisions deal with optimizing organizational resource capabilities with the threats and opportunities.

Strategic decisions deal with the range of organizational activities. It is all about what they want the organization to be like and to be about.

Strategic decisions involve a change of major kind since an organization operates in ever-changing environment.

Strategic decisions are complex in nature.

Strategic decisions are at the top most level, are uncertain as they deal with the future, and involve a lot of risk.

Strategic decisions are different in nature from administrative and operational decisions. Administrative decisions are routine decisions which help or rather facilitate strategic decisions or operational decisions. Operational decisions are technical decisions which help execution of strategic decisions. To reduce cost is a strategic decision which is achieved through operational decision of reducing the number of employees and how we carry out these reductions will be administrative decision

Various strategic management tools are used for arriving at the best decision in the given situation. Some of the famous and most practiced tools are GE matrix, GE 9 Cell model, Balanced Scorecard, Value Chain Analysis etc. If we study these models minutely we observe some practical limitations for these models. Some of the limitations can be noted as

These models are unidirectional models

These have a limitation of simulation of the situation

The reference point of the given situation cannot be changed

These provide environment scanning but don't provide to and fro approach.

Reversal of approach is not possible

These are more useful and efficient in operational decisions rather than strategic decisions.

These models provide guidelines but fail to give road map and associated risk analysis.

Need for new Strategic Decision Support System.:

Today in the global word the decisions are to be dynamic in nature and flexible enough to modify to suit the situations. The customer requirements can change at any moment and the product life is uncertain. Business operations need to offer customer centric products and services rather than on the shelf products. There is a need to not only to be proactive but pro thinking also.

The competition and the dynamic business environment demands a simple but effective decision support system which will be easy to understand, flexible to operate, capable of being used in stimulated environment and should provide a road map and detailed document for the decision to be taken in dynamic situation.

New approach to Strategic Decision Support System.(SDSS)

Application of New tools in SDSS will make the decision process easy and it will have the effective scanning of the situation or business environment.

SDSS

The Strategic Prism: The environment scanner.

Henry ford the Guru of scientific management is admired personality in the process of development of scientific business management. Major thrust was on utilization of machines rather than operators and employees. In last three decades there is complete paradigm shift and organizations are resource centric rather than application centric.

Capturing and retaining right human resources is always a major challenge rather than recruiting an employee for set processes. Today organizations are matured enough to create a value for valuable human resource and sometimes organization do go beyond the set boundaries to acquire the same.

Today in global business, there are global and unlimited opportunities. Loyalty of a person and long-term bonding with the companies have new meaning and definitions.

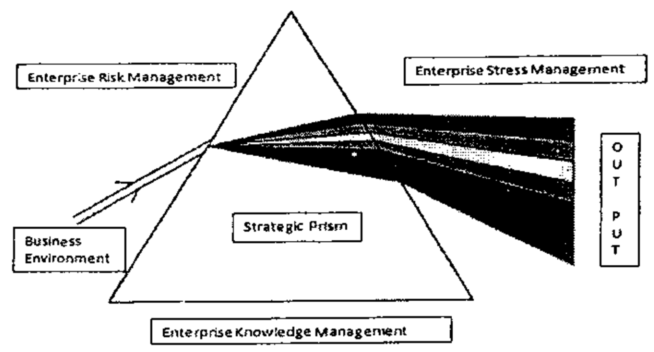
With the change in the mind set of employers and employees, Risk management, Knowledge management and stress management are the real challenges rather than the actual business and operations management. Today business risk is very high and creates multiple tide effects on long term sustainability of the business. Now a days it is common observation than nobody can give guarantee of future down the line 5 years about fortune 500 companies.

We in this paper we propose a new original model: "Strategic Prism a dynamic model to provide a strong decision support under dynamic business situations."

Strategic prism is a model developed by using analogy of the prism where we observe the spectrum of light passing through the faces of prism. The appearance of the spectrum depends upon the angle of entry of light and the colour of light.

Same analogy is used in the Strategic Prism where Prism has a standard construction of three faces namely the ERM, EKM and ESM.

Fig 1 : The Strategic Prism



Use of Strategic Prism:

This prism provides a 9 cell matrix with a stimulation of situation.

First Face	Second Face	Third Face
ERM	EKM	ESM
ERM	ESM	EKM
EKM	ESM	ERM
EKM	ERM	ESM
ESM	ERM	EKM
ESM	EKM	ERM

The process for use of Strategic Prism.

Strategic Prism is a dynamic model and provides the flexible choice of reference for business environment scanning. It is the choice of decision maker from what perspective he wants to scan the situation.

For Example :

Company has taken a strategic decision to launch a new product in new market.

Scanning Matrix Can be

First Face	Second Face	Third Face
ERM Risk in New Market	EKM Knowledge resource required in new market	ESM Operational and personal stress developed on team developing the new market.
ERM	ESM	EKM
EKM Knowledge resource required in new market	ESM	ERM
EKM	ERM	ESM
ESM Operational and personal stress developed on team developing the new market	ERM	EKM
ESM	EKM	ERM

The sequence of the faces selected will provide the different spectrum about the situation.

The actual decision can be changed with the change in the reference face. This provides a real input for decision and better decision can be derived.

In the above case management can have in depth analysis about the situation and probable outcomes of the scanning can be:

Choice 1: Manage the market with limited risk bearing capacity, with available knowledge resource and stress management skills.

Choice 2: Acquire additional knowledge resources to manage risk and stresses.

Choice 3: Manage stress with a compromise on risk and return ratio with available knowledge.

There will be nine scanners and nine possible outcomes. This provide entire spectrum of probable outputs with variation in inputs. This truly becomes a simulation and gives a document in hand for the actions to be taken if there is change in intensity of some factor.

Skills required to Use Strategic Prism:

Understanding of business environment and interdependency of various factors.

Capability to decide priority for selection of prism face for initial scanning. The selection of face will depend upon the priority for stress management, knowledge management or risk management.

Capacity to identify stress and factors causing the stress.

Expertise on group dynamics and human reactions.

Analytical skill to decide weights for different factors in the scanning process.

Application of Strategic Prism: The prism can be used to evaluate the effect of any strategic decision by extrapolating the pros and cons of the decision on three business aspects i.e. ERM, ESM, EKM. This will provide the insight to identify the long term effect on the organization and the people who might be affected by the decision.

Prism helps to be proactive in handling the outcome of the strategic decision. It creates a sound foundation for long-term decision support system.

Conclusion:

Strategic decision support system should not be restricted only to data analysis in terms of numbers. The numbers will give a feeling about the business. A new approach for SDSS needs to be developed which will have data about the factors associated with the Human nature and their reactions which will have direct impact on strategic decisions.

The simple tools like Strategic Prism will certainly help the management to take more accurate decisions with improved skills to predict the probable outcome of the decision while ensuring minimum deviations from the expected results.

Use of new strategic tool will add value to stake holders with more expertise in risk management and reducing the internal stresses in the organization. This will lead to long term cost advantage and help the organization to project as market leader.

Practical Illustration to use Strategic Prism.

Strategic Prisam A new Approach In Strategic Mangement Decisions

Situation Under Study : New Product Launch in New Market

Scanning Process
Step 1: Use ERM face for initial Scanning
Step 2: Use ESM face for furthet scanning
Step 3 Use EKM for final scanning

Step 1: External Environment Scanning

External Environment for New Product Launch

	Risk Ranking
1. Product is not sold in market (new entry in existing market)	1
2. Product competition is high	4
3. Price war is very high	3
4. Channel Distribution needs to be established	5
5. Potential market is high	6
6. Customers are knowledged customers	2

Step 2:

Scanning of Selected Factors for ESM	ESM effect
1. Product is not sold in market (new entry in existing market)	1. Demands aggressive sales pramotion 2. Additional Features than exisiting products 3. Competitive price 4.Innovative markting strategy 5. Unrealistic demands from successful employees 6. Creating sales pockets

Step 3:

Scanning of selected Factors for EKM	EKM requirements
1. Demands aggressive sales pramotion	1. Product Specialist 2. Advtertising specialist 3. Communicatin specialist 4. Media management 5. Customer Relation management

Local Self Government

Dr S R Dastane, Director-Research, IBMR, Chinchwad, Pune 411019 &

Prof. Mrs. Saili P. Belsare (Deepavali Kulkarni)

Asst. Prof., Sinhgad College of Arts and Commerce, Narhe-Ambegaon, Pune 411041

Abstract

Local self governments can play an important role in the process of socio-economic development. This concept has a long history in India during the last half a century. Local self government institutions need financial and administrative empowerment as well as adequate autonomy in decision making and also its implementation. In India and especially in the state of Maharashtra, there is an urgent need to mobilize efforts in this direction in the changing national and global economic environment. In the days of sustainable, rapid and inclusive development, the decentralized development efforts deserve intensive attention on the part of administrators, social scientists and policy makers .They deserve revamping and reengineering if they are to meet the challenges of post-reform society.

Key words :- local governments, deficit, finance commission, taxes and grants.

Introduction

Rapid human development and strong local democracy go hand in hand due to closeness of local governments with the people. This closeness leads to response to local needs resulting into better utilization of available resources. The philosophy of Panchayat Raj - a decentralized government -- is deeply rooted in Indian culture. India has a long tradition of local government. In this paper an attempt has been made to study local governments in Maharashtra. The paper tries to cover the areas like progress of panchayats after independence, local bodies in relation with Finance Commissions and Centrally Sponsored Schemes, progress of local self government in Maharashtra, experts' opinion etc. It also includes study of Property Tax Collection by the

Thirteenth Finance Commission and finally tries to make some suggestions for more effective implementation of these schemes.

Progress of Local Self Government in Maharashtra

Structure

In conformity with the provisions of the 73rd Constitutional Amendment, the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 and Bombay Village Panchayats Act, 1958 were amended in 1994. A three tier system of Panchayati Raj Institutions comprising of Zilla Parishads at the district level, Panchyat Samitis at the block level and Gram Panchayats at the village level were established in the state. Zilla parishads have departments for education, health and sanitation, public works, social welfare, irrigation, animal husbandry, agriculture, public lighting and forests. These prepare budgets for the development of district and implement GOI and State Government schemes. Their taxation power includes water tax, pilgrim tax and special tax on land and buildings.

At the Taluka level there are 351 Panchayat Samities in Maharashtra. These do not have own source of revenue and are totally dependent on the block grants received from ZPs. PSs undertake developmental works at the block level. The Village Panchayat Act provides for the constitution of Gram Sabha. GSs are empowered to levy tax on buildings, betterment charges, pilgrim tax, taxes on fairs/festivals/entertainments, taxes on bicycles, vehicles, shops, hotels etc. Gram Sabhas are required to meet periodically. They select beneficiaries for the State/Central Government schemes, prepare and approve development plans and projects to be implemented by GPs etc.

Municipal Corporations are created for urban agglomerations having a population of more than three lakh. 226 Municipal Councils have been created for smaller urban areas. There are five Nagar Panchayats in the state for towns with population between 15000 and 25000. In accordance with Article 243 ZA of the Constitution, the State Election Commission was set up in April 1994 and elections are being held as and when due under its aegis. The State Government and Central government release grants to the Municipal Corporations for implementation of schemes of the State sector and for centrally sponsored schemes respectively. In addition, grants under the SFC and CFC recommendations are released for developmental works. The accounts of each scheme are required to be kept separately. Utilization Certificates are required to be sent to Central Government for centrally sponsored schemes and to State Government for state schemes. After formation of Maharashtra State in 1960, Government has adopted a policy of balanced development on the basis of a district as a unit for formation of five year plans and annual plans. There are 35 District Planning Committees in the state.

Devolution of functions

The 73rd Constitutional Amendment envisaged that all 29 functions along with funds and functionaries mentioned in the XI Schedule of the Constitution of India would be eventually transferred to the PRIs through suitable legislation of the State Governments. As on 31st March 2011, State Government has transferred 11 functions and 15,480 functionaries to PRIs. Out of the 18 functions in the Twelfth Schedule of the Constitution, 12 functions were assigned to the Urban Local Bodies under Section 61 and 63 of the MMC Act and Section 63 of the BPMC Act, prior to the 74th amendment. The remaining six functions were also transferred to the ULBs after 1994.

Devolution of Funds from state government

The Table No. 1 gives details of fiscal transfers from the state to urban and rural local bodies. The table indicates that: -

- Allocation to rural bodies has remained higher than urban bodies.
- Allocation to rural bodies has been fluctuating but to urban bodies has declined in both absolute as well as percentage terms.
- Total allocation to local bodies out of state revenue has declined in percentage terms.

Table No. 1. Devolution of Funds from the State Government to Local Bodies in Maharashtra (Rs. Crore)

Sr. No.	Head	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1.	State total revenue (Tax and non-tax)[i]	28711.10	34724.59	39475.29	47617.49	64476.42	61819.88	67458.95
2.	Amount required to be allocated as per SSFC to LBs (40%)	11484.44	13889.84	15790.12	19047.00	25790.57	24727.95	26983.58
3.	Allocation to PRIs	5784.58	6300.48	7472.84	7321.27	8007.34	10501.98	11726.62
4.	Percentage of allocation to State revenue	20.15	18.14	18.93	15.38	12.42	16.99	17.38
5.	Allocation to Urban Local Bodies (ULBs)		1852.32	1031.02	2652.27	1351.25	1651.47	1708.89
6.	Percentage of allocation to State revenue		5.33	2.61	5.57	2.1	2.67	2.53
7.	**Total**		8152.8	8503.86	9973.54	9358.59	12153.45	13435.51
8.	Percentage of actual allocation to recommended by SFC		59%	54%	52%	36%	49%	50%
9.	Percentage of allocation to State revenue (tax and non-tax)		23.48	21.54	20.95	14.51	19.66	19.92

Source: CAG Audit Reports on Local Bodies, Ch. 1, various issues, original source 'Rural Development Department.

Note: - The figures mentioned for State total revenue differ from those published in RBI Reports on State Finances.

Finance Commission (FC) Grants to local bodies in Maharashtra

1. **PRIs:** - The Government of Maharashtra received Rs. 1983 crore in 10 installments as Twelfth FC grants during 2005-06 and 2009-10. Out of this, an expenditure of Rs. 1981.7 crore was incurred leaving a balance of Rs. 1.3 crore by nine ZPs. From Thirteenth FC grants, the state government received two installments amounting to Rs. 513.68 crore up to 31 March 2011 of which Rs. 131.12 crore[ii] had been spent as on 1st Nov. 2011.

ULBs: - The Twelfth FC recommended grant of Rs. 791 crore to the ULBs in Maharashtra state for the years 2005-06 to 2009-10 to be utilized for development of civic services and basic amenities in the urban areas of which Rs. 237.22 crore was unutilized (as on Dec. 2011). The thirteenth FC released Rs. 447.65 crore to various Municipal Corporations, Municipal Councils and Nagar Panchayats of which Rs. 89.85 crore was utilized (as on Nov. 2011)[iii].

State Finance Commission

The Second Maharashtra SFC recommended (March 2002) allocation of 40 percent of State revenues to Local Bodies. The State Government while placing the action taken note on the Second SFCs recommendations (March 2006) in the State legislature showed its inability to accept the above recommendation on the ground that they were already giving various grants towards natural calamity, rehabilitation of farmers and assistance for increased electricity bills to farmers[iv]. Actual transfers by state government as a percentage of those recommended by SFC have also declined from 59% in 2004-05 to 50% in 2009-10. The third SFC was constituted in January 2005 and submitted its report in June 2006 for the period 2006-07 to 2010-11. Although the tenure of the third SFC is completed, the Report has not been presented to the Legislature (May 2012).

Expenditure Pattern of local bodies

The analysis of expenditure pattern for 1990-91 to 2008-09 brings to notice following facts: -

- State government transfers paid for 1/3rd expenditure of the local bodies.

- Majority of the expenditure of gram panchayats is on public works, health and sanitation, administration and social welfare.
- Capital expenditure of Gram Panchayats was nearly nil as compared to Zilla Parishads and Panchayat Samities.
- ZPs are spending maximum amounts on education and health.
- Majority of expenditure of ZPs is on transferred schemes and then on own and agency schemes.
- ZPs of Pune, Solapur, Nagpur, Jalgaon, Chandrapur, Buldhana are spending more (for 2010-11) as compared to others. Expenditure of ZP in Washim is comparatively lower.
- Nearly 30% of expenditure of Municipal Corporations is on administration and that on construction works, drainage and sewerage and water supply is 10% each.
- According to the Ministry of Urban Development, expenditure of local bodies has significantly increased due to impact of Sixth Pay Commission, additional operation and maintenance costs due to larger investments in civic infrastructure and due to additional investments necessary for improving the accounting system, computerization of operations, tax administration, and project monitoring.

Accountability of Local Bodies

In Maharashtra, CAG conducts audit of Municipal Corporations under Section 14 of the CAG's (DPC) Act. CAG also conducts audit of PRIs under Technical Guidance and Support (TG & S) module entrusted by the state government. TG and S of Municipal Council have not been entrusted to CAG[v].

Income and Expenditure pattern of Local bodies

Table 2 gives trend in income and expenditure of local bodies in Maharashtra.

Table No. 2. Status of Local Bodies in Maharashtra

	Number		Income (Rs. crore)		Expenditure (Rs. crore)	
	1990-91	2007-08	1990-91	2008-09	1990-91	2008-09
Rural Local Self Government						
Gram Panchayats	25858	27920	110	1307 (11.8 times)	80	1252 (15.6 times)
Zilla Parishads		33	1129	12810 (11.3 times)	1180	14779 (12.5 times)
Urban Local Self Government						
Municipal Corporations	11	22	1604	23973 (14.9 times)	1524	24278 (15.9 times)
Municipal Councils	228	222	419	2905* (6.9 times)	416	2153* (5.16 times)
Cantonment Boards	7`	7	31`	228* (7.3 times)	29`	171* (5.89 times)

Note: - * indicates figures for 2007-08

` indicates figures for 1993-94

Figures in the bracket indicates increase over 1990-91

Source: - CAG (Local Bodies), 2009-10 and Basic Statistics on Economy of Maharashtra.

Table No. 2 shows that number of Gram Panchayats and Municipal Corporations have increased over the period. During 1990-91 to 2008-09, income and expenditure of Municipal Corporations as well as their growth remained high.

Gram Panchayats (GP)

The number of Gram Panchayats increased from 25,858 in 1990 to 27,920 in 2008. Income of Gram Panchayats consists of own income and income from other sources. Taxes on houses and other properties, octroi, other taxes and fees are own sources of raising funds of gram panchayats. Government grants, donations and contributions are the other sources of income of gram panchayats. During 1990-91 to 2008-09, income of GPs increased from Rs. 109.68 crore to Rs. 1307 crore and expenditure from Rs. 80.46 crore to Rs. 1252 crore. Average annual growth rate of income was 15 percent and of expenditure 17 percent during this period. Trend in aggregate income and aggregate expenditure shows that income of Gram Panchayats has always exceeded expenditure indicating surplus at aggregate level except for 2007-08. During 1998-99 and 2000-01 and 2003-04 Gram Panchayats have earned maximum amount of surplus.

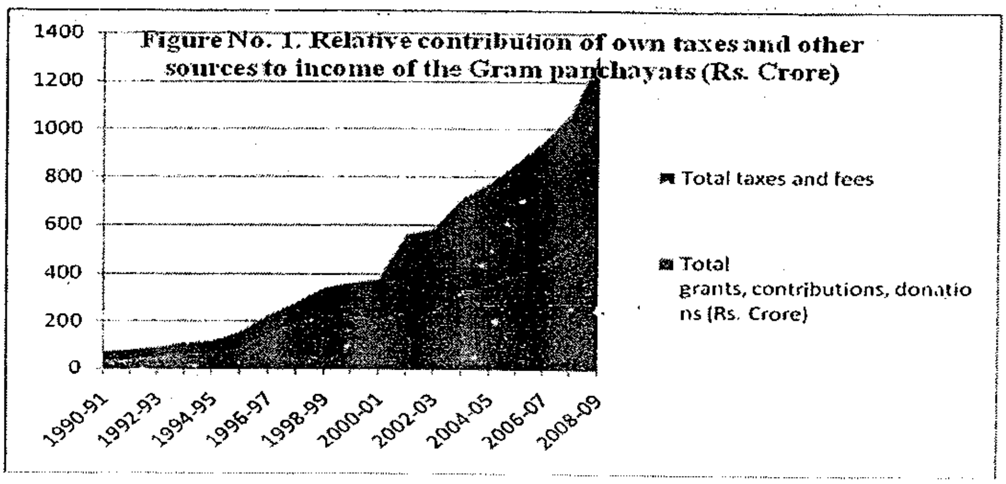


Figure 1 shows trend in the share of own taxes and other income of gram panchayats in Maharashtra. It can be seen that from 1990-91 to 2000-01, contribution of own source was less as compared to that from other sources. From 2001-02 onwards more than fifty percent of the income of the gram panchayats is from its own source and remaining (45-48%) is from grants, contributions and donations. This trend is positive and shows a step towards self dependency of GPs. Taxes on buildings and lands is the major source of own income of Gram panchayats.

Expenditure of the Gram Panchayats consists of expenditure on sanitation and health, public works, welfare of people and other expenditure. Gram panchayats in Pune, Kolhapur, Thane, Raigad, Satara and Jalgaon are earning high incomes as compared to other gram panchayats in the state.

Zilla Parishads

Income of the Zilla Parishads consists of self raised resources, government grants and other receipts. Self raised resources consist of local cess on land revenue, education, buildings and communications. Expenditure of Zilla Parishads is classified into revenue and capital, where revenue expenditure is further divided into heads like general administration, education, public health, agriculture, social welfare and so on. Income of the Zilla Parishads (without opening balance) has increased from Rs. 1,129 crore in 1990-91 to Rs. 12,810 crore in 2008-09. During 1990s, share of self raised resources in revenue receipts was 3-4% but during 2000s declined to 2-3%. It indicates that more than 95% of the income of the Zilla Parishads comes from grants of the government. It underlines the fact that Zilla Parishads are heavily dependent on transferred funds. Majority of the expenditure of Zilla Parishads is on education. Like Gram Panchayats, income (after including opening balance) of Zilla Parishads has exceeded its expenditure except during 1990-91 and 1993-94, indicating surplus.

Income and expenditure of Zilla Parishads is also classified into revenue and capital account. Like state government, Zilla Parishads also showed deficit on the revenue account for 1990-91, 1993-94, 1999-00 and 2006-07. Capital expenditure of these exceeded capital receipts in 1995-96, 1996-97 and 1998-99 which was met from revenue account surplus and opening cash balances.

Urban Local Self Government

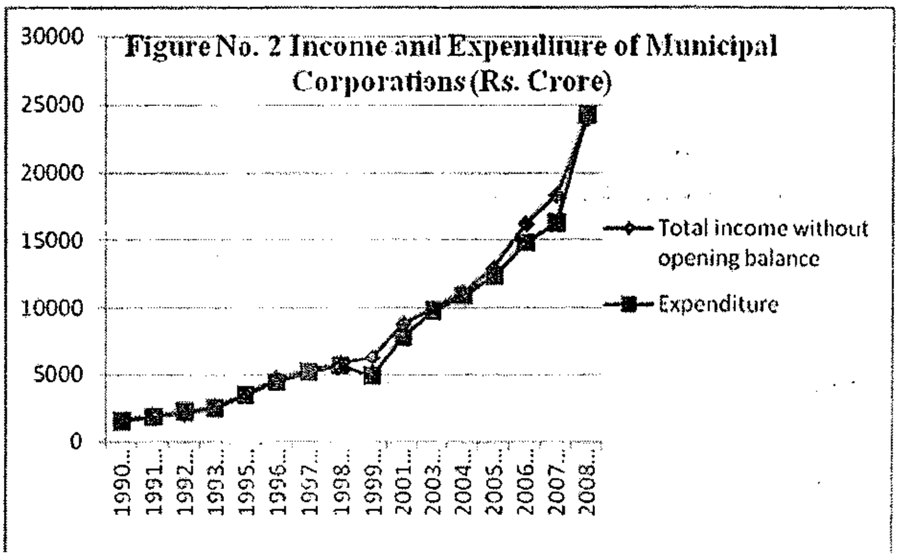
There were 22 Municipal Corporations, 222 Municipal Councils and 7 Cantonment Boards in Maharashtra as on 2008. Income of these mainly consists of rates and taxes (which include octroi, taxes on houses and lands, other taxes and fees), grants from the government, other grants and income from other sources like fees from educational institutions, market and slaughter houses, revenue derived from property and misc. income. Urban local bodies also receive income from debt and commercial enterprises. Octroi receipts continued to be the major source of revenue for Municipal Corporations.

Municipal Councils

For the period 1990-91 to 2007-08, income of municipal councils (without opening balance) increased from Rs. 419.31 crore to Rs. 2905.46 crore. During 1990s, 45-52% of income of Municipal Councils was from own sources i.e. municipal rates and taxes. But in 2000s, this contribution declined to 20-30%. The remaining 70-80% of income was from other sources which consisted of government grants and others. Government grants constituted 20-30% income of municipal councils during 1990s which increased to 45-61% during 2000s. It means municipal council's dependency on transferred income has increased. For all years except 1996-97, municipal councils showed surplus at aggregate level.

Municipal Corporations

Income of municipal corporations (without opening balance) increased from Rs. 1604 crore in 1990-91 to Rs. 9350 crore in 2007-08. As compared to municipal councils, municipal corporations are able to raise good amount of own resources which were 50% to 57% of their income during 1990s. But in 2000s this contribution increased to nearly 70% due to high growth rate of its own income. Contribution of government grants was less than 10%.



Except 1992-93, municipal corporations at aggregate level showed surplus.

Trend in income of cantonment boards shows that 40-50% of income in 1990s and around 60% in 2000s was own income and grants contributed 7-13% of income. Expenditure of the cantonment board exceeded their income for 1996-97, 1999-00 and 2006-07.

The analysis of all these urban and rural local bodies shows that at aggregate level all are having surplus for majority of years in their budgets and deficit is a rare phenomena. Rural local bodies are more in number as compared to urban but income and expenditure of urban local bodies is more than rural. In urban local bodies even though municipal corporations show high income and expenditure as compared to others, 50% of its income and expenditure is contributed just by one municipal corporation of Greater Mumbai.

Regarding dependence on the higher level government, 45-65% of expenditure of Gram Panchayats is met from external sources, but there are signs of decline in transfer dependency. Zilla Parishads are almost dependent on external resources than internally generated and over the period it is observed that this dependency has increased. In case of urban local bodies, dependency on external resources has increased of Municipal Councils as 40-50% of their expenditure was initially met by own resources, but later on it became just 25-30%. Municipal Corporations showed improved revenue performance as they were financing 50% of expenditure out of own resources initially, but 80% later on. Cantonment Boards have also shown a similar improvement by financing majority of the expenditure by own resources.

Problems in the working of LSGs: -

The Comptroller and Auditor General of India (CAG) has pointed out some problems in the working of local bodies in Maharashtra. These are: -

1. In Maharashtra one Gram Sevak on an average is working for more than one GP. This by itself poses challenges in discharge of duties particularly in respect of maintenance of accounts[vi].
2. Huge arrears were noticed in the collection of property tax (Rs. 4222.4 crore for 2007-08 and Rs.4965.1 crore for 2009-10)[vii].
3. Due to non-revision of water charges, corporations were forced to divert funds meant from developmental schemes towards meeting losses incurred on account of water supplied. So it is recommended that water charges should be revised upwards to run water supply schemes efficiently[viii]. In view of the mounting arrears in collection of water charges (Rs. 1229.39 crores for 2007-08 and Rs. 3354.4 crores for 2009-10)[ix], comprehensive system of their timely recovery including liquidation of arrears with effective arrangements for regular cycle of billing, needs to be introduced on a priority basis.
3. Increase in capital expenditure is not commensurate with increase in revenue expenditure.
4. Despite SFC recommendations, allocations out of the State budget to PRIs were meager. Schemes had been transferred to PRIs without corresponding transfer of functionaries.
5. The twelfth Finance Commission grants were disbursed to the PRIs after delays ranging from one to several months.

6. Instances of non-reconciliation of cash books, unencashed cheques, large number of misappropriation cases and outstanding audit work indicate weak internal controls[x].

Experts' Opinion on the working of Local bodies in India

The Expert committee (2013) appointed by Ministry of Panchayati Raj has pointed out various deficiencies in the working of local bodies in India. These are: - 1. Outcomes have not matched outlays, 2. PRIs are given subsidiary role, 3. Accountable service delivery is lacking, 4. Roles of each tier are not clearly specified and demarcated and 5. Training bears little resemblance to tasks[xi]. It recommended appointment of Ombudsmen for grievance redressal. It expects PRIs to function as collegiate bodies and actively involve the whole community in the planning and implementation of developmental projects.

Practical problems in this context include problem of poor attendance at Gram Sabha meetings. Ministry of Panchayati Raj has circulated office memorandum[xii] to provide guidelines for effective functioning of the Gram Sabha. It suggested advance annual calendar of Gram Sabha meetings and video graphing of Gram Sabha discussions in regard to sensitive, controversial and contentious issues.

According to Viswanathan- Datta Ghosh Committee[xiii] PRIs can play an important role in implementation of CSS as, "any direct and upfront involvement of PRIs in the planning, implementation and oversight of CSS does impact output and outcomes in a positive manner ....each CSS needs to include detailed model Activity Mapping of Functions, Finances and Functionaries..."

According to the Twelfth Finance Commission, conditionalities imposed for release of funds to local bodies have handicapped local bodies. Appendix Table 1 indicates amounts sanctioned by the Finance Commissions but not drawn by the local bodies in India. To supplement the resources of panchayats and municipalities, the Eleventh Finance Commission recommended imposition of taxes on land/farm income, surcharge/cess on state taxes and levy of profession tax. In addition, it also recommended levy and periodic revision of user charges.

The second generation reforms recommended by Ministry of Panchayati Raj include[xiv] implementing activity mapping, devolution of funds to match devolution of functions and capacity building of the PRIs. In this context fourteen state governments together have demanded that local bodies be given a share of the divisible tax pool over and above the state's share in the range of 4-10%. According to the eleventh Five Year Plan, panchayats themselves have failed to effectively utilize their inherent taxation powers. The Report of the Second Administrative Reforms Commission[xv] recommended amendment to articles 243G and 243W, to make it mandatory for state governments to vest power and authority in local bodies, consistent with the XI and XII Schedules of the Constitution.

According to the National Commission, "the Eleventh and the Twelfth Schedules should be restructured in a manner that will create a separate fiscal domain for Panchayats and Municipalities"[xvi]. The Commission underlined the importance of prompt audit of accounts of local bodies and recommended the CAG to be empowered to conduct the audit or lay down accounting standards for the panchayats[xvii].

In the Conference on 'Empowering Panchayati Raj Institutions[xviii]', it was suggested that all funds relating to local governments be routed through the local bodies. ULBs should be supported in implementing reforms to enable them to improve their credit rating and obtain market based financing. Finance commission should discard the *ad hoc* approach adopted by previous Commissions and provide for transfer of 5 percent and 3 percent of the divisible pool to the rural and urban local bodies respectively. Funding to ULBs should be consistent with the norms for core service provision.

The thirteenth Finance Commission proposed to award 1.93% of the divisible pool of 2010-15 as grant in aid to local bodies. It attached conditionality of electronic transfer of local body grants within five days of their receipt from the Central Government to be eligible for general performance grant. The State Governments must prescribe through an Act the qualifications of persons eligible for appointment as members of the SFC consistent with Article 243 I (2) of the Constitution. All local bodies should be fully enabled to levy property tax and any hindrances in this regard must be removed. State Governments must put in place a state level Property Tax Board to assist in increasing coverage and compliance of property tax. Article 285(1) of the Constitution exempts all the properties of the Central Government from tax imposed by local bodies in the states. The thirteenth Finance Commission has recommended payment of service charges by Central and State Governments on their properties by suitable legislation. State government should share royalty payment with the local bodies in whose jurisdiction such income arises.

Study of Property tax collection by Thirteenth F. C.

In order to emphasize the importance of property tax as a buoyant source of revenue for local bodies, the thirteenth Finance Commission conducted one study. The study pointed out that, property tax revenues in the 36 largest cities in India constituted 23% of the total municipal revenues. The percentage of assessed properties actually paying taxes was found to be 63% and for the assessed properties the collection efficiency was at 37%. There is tremendous scope for improvement in revenue from property tax even without increasing rates and even without any structural alteration of the basis of levy. The present estimate of property tax collection in India at 0.25% of GDP is well below the developing counties' average.

Table No. 3. International Experience of Property tax collection as a percent of GDP

	1970-1980	1980-1990	1990-2000	2000-2009
OECD Countries	1.24 (16)	1.31 (18)	1.44 (16)	2.12 (18)
Developing Countries	0.42 (20)	0.36 (27)	0.42 (23)	0.6 (29)
Transition Countries	0.34 (1)	0.59 (4)	0.54 (20)	0.67 (18)
All Countries	0.77 (37)	0.73 (49)	0.75 (59)	1.04 (65)

Note: Figures in the bracket indicate number of countries

Source: - Report of the Thirteenth Finance Commission

Suggestions

Role of State Government

PRI is the State responsibility according to the Seventh Schedule of the Constitution. Planning Commission and various Ministries of the Union Government have shown little appreciation of the methodology for involving PRIs in the planning and implementation of their schemes. Its logical result was optional involvement of PRIs instead of an obligatory one. The burden is passed substantially to the State governments even though the massive transfer of funds is largely from the centre[xix].

All the above analysis can be summarized to conclude that there is a greater scope for the State government to actively help local governments to perform their functions in a better manner by: -

- Clear activity mapping
- Fixation of standards of service delivery to be achieved
- Timely transfer of funds
- Assigning powers to set tax rates to Local Bodies
- Strengthening tax administration of PRIs by providing adequate training to functionaries.
- Encouraging best revenue mobilizing efforts
- Preparation and circulation of a compendium of legal provisions and executive orders issued by state related to tax and non-tax revenue of Panchayats
- Preparing data base on tax demand, collection and outstanding dues for each level of panchayat
- Ensuring stability and predictability of state government fiscal transfers
- There should not be an across the board cut in funds devolved to Panchayats.[xx]
- Evolving a clear cut mechanism to define autonomy and accountability in this context.

Local bodies should take note of-

- When public infrastructure is almost exclusively financed by devolution, with minor contribution from local people, the magnitude and quality of service get severely affected due to lack of local accountability[xxi].
- Efforts should be taken to exploit local tax base consistent with taxes assigned to local bodies to the maximum extent
- Provision of adequate and quality services by local bodies can create credibility of local governments which can improve tax collection. "Creating culture of payment for services among citizens is essential if we want to have sustainable and meaningful local self government[xxii]."

Ministry at the central level can contribute by[xxiii]

- Publishing an annual ranking of panchayats on the basis of public services provided, which results in creating a sense of competition among local bodies and may provide incentive to give better service.
- Pooled financing for rural development- where local bodies can plan systematic projects funded by market debts.

Notes and References

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1. The figures indicate own revenue of the government.
[ii]. CAG (2010-11), Ch. 1, p. 9
[iii]. CAG (2010-11), Ch. 4, p. 36
[iv]. CAG (2010-11), Ch.1, p. 3
[v]. THFC(2009) Report, Annexure 10.4 p.427
[vi]. CAG (2010-11 local bodies, 1 chapter), p. 2
[vii]. CAG AR on local bodies for the respective years.
[viii]. CAG (2010-11, Ch.4) , p.53
[ix]. CAG AR on local bodies for the respective years.
[x]. CAG (2006), Audit Report on Local Bodies, Ch. 1, p. 12
[xi]. GoI (2013),P 546
[xii]. December 8, 2011
[xiii]. constituted for giving effect to the Cabinet Secretariat's circular of 8th November 2004
[xiv]. First generation:- setting up of the Election Commission, conducting regular elections, constituting the State Finance Commissions, devolving functions through legislations.
[xv]. 'Local Governance – An Inspiring Journey into the Future'
[xvi]. GoI (2002), p.10
[xvii]. THFC (2009) 160
[xviii]. sponsored by Thirteenth Finance Commission
[xix]. GoI (2013), P 44
[xx]. GoI (2013), P 564
[xxi]. Sahasranaman A. (2012), pp. 78
[xxii]. Ibid.
[xxiii]. Ibid.

Appendix Table No. 1. Amounts not drawn (Rs. crore)		
Commission	PRIs	ULBs
Tenth Finance Commission (1995-2000)	804.58 (33.54%)	166.12 (16.61%)
Eleventh Finance Commission (2000-05)	1398.15 (17.48%)	248.11 (12.41%)
Twelfth Finance Commission (2005-09)	1335.23 (7.42%)	475.46 (10.57%)
Source: Thirteenth Finance Commission Report		

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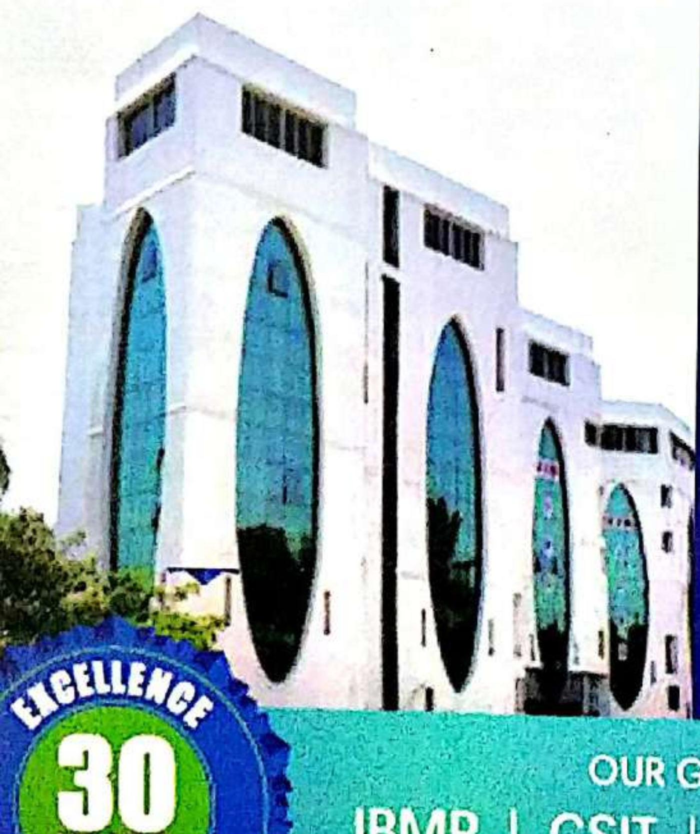

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