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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments

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PRESIDENT
CMA Amit Anand Apte
president@icmai.in

VICE PRESIDENT
CMA Balwinder Singh
vicepresident@icmai.in

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Secretary (Acting) & Senior Director
CMA L. Gurumurthy
secy@icmai.in, legal.hod@icmai.in

Senior Director (CAT, PD & CPD, Admin-Delhi, Intl. Affairs) & Director (Discipline)
CMA S. C. Gupta
cat.director@icmai.in, pd.director@icmai.in, admin.hod@icmai.in, discipline.director@icmai.in, intlaffairs@icmai.in

Senior Director (Studies, Training & Education Facilities and Placement & Career Counselling, Advanced Studies)
CMA Dr. Debaprasanna Nandy
studies.director@icmai.in, placement.director@icmai.in, advstudies.director@icmai.in

Director (Finance, Membership & Infrastructure)
CMA Arup Sankar Bagchi
finance.director@icmai.in, membership.director@icmai.in

Additional Director (Information Technology & HR)
Ms. Anita Singh
it.hod@icmai.in

Additional Director (Public Relation, Delhi Office)
Dr. Giri Ketharaj
pr.hod@icmai.in

Additional Director (Incharge of Directorate of Examination)
CMA Arunava Ganguly
exam.jd1@icmai.in

Additional Director (Internal Control and Tax Research)
CMA Rajat Kumar Basu
intcontrol.hod@icmai.in, trd.hod@icmai.in

Additional Director (Research & Studies, Training & Education Facilities and Placement & Career Counselling)
CMA Dr. Sumita Chakraborty
research.hod@icmai.in

Joint Director (Technical, PD & CPD, Corporate laws)
CMA Tarun Kumar
technical.jd1@icmai.in

Joint Director (Journal & Publications, Studies, Training & Education Facilities and Placement & Career Counselling)
CMA Sucharita Chakraborty
journal.hod@icmai.in

Joint Director (Administration-Kolkata, Examination & Research)
Dr. Pradipta Ganguly
admin.jd1@icmai.in

Editorial Office
CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata - 700 025
Tel: +91 33 2454-0086/0087/0184
Fax: +91 33 2454-0063

Headquarters
CMA Bhawan, 12, Sudder Street, Kolkata 700016
Tel: +91 33 2252-1031/34/35
Fax: +91 33 2252-7993/1026

Delhi Office
CMA Bhawan, 3 Institutional Area
Lodhi Road, New Delhi -110003
Tel: +91 11 24622156, 24618645
Fax: +91 11 4358-3642

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SKILL DEVELOPMENT AND EMPLOYABILITY
The Management Accountant, official organ of The Institute of Cost Accountants of India, established in 1944 (founder member of IFAC, SAFA and CAPA)

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Contacts for Advertisement Inquiries:

- Mumbai
  - Rohit Bandekar
  - rohit@spentamultimedia.com
  - +91 98872 79990
- Delhi
  - Bhavna Oberoi
  - bhavna@spentamultimedia.com
  - +91 98118 66238
- Chennai
  - Shoba Rebecca
  - shoba@spentamultimedia.com
  - +91 98840 55523
- Bengaluru
  - Sandeep Kumar
  - sandeep@spentamultimedia.com
  - +91 98868 70671
- Kolkata
  - Pulak Ghosh
  - pulak@spentamultimedia.com
  - +91 98313 42496

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November 2018 ● The Management Accountant 5
Greetings!!!

Skill and knowledge are the driving forces of economic growth and social development for any country. Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of world of work. Skill development is the key to stimulating a sustainable development process and aid in contributing to facilitate the transition from the informal to the formal economy.

Skill development improves employability of workers, productivity of enterprises and inclusiveness of economic growth. Skill development is also essential to address the opportunities and challenges to meet new demands of changing economies and new technologies in the context of globalization. To contribute effectively to the innovation in economy and capitalize on the growing opportunities of globalization, India’s young workforce are developing skills that are more market-driven. Innovation in skill development provides new ways of talent development for small and medium-sized enterprises (SMEs). Creating more and better quality jobs is the key to boost up growth, reduce poverty and increase social cohesion.

At the national level, job creation requires a stable macroeconomic framework coupled with structural policies that encourage innovation, skills and business development. For new jobs to be created, businesses need access to skilled people, business networks for financing and the required space to start up and expand. With the rising economic importance of human resources and skills, employment and training agencies are now often expected to play a significant role in local strategies to support new job creation, facilitate restructuring and increase productivity. The OECD Local Economic and Employment Development (LEED) Programme has developed a series of reviews on local job creation to examine the contribution of local labour market policy to boost quality employment and enhance productivity.

India is the world’s fastest growing economy, expected to grow at 7.7 percent by 2019-20. The government of India has ambitious plans to transform India into a competitive, high-growth, high productivity middle-income country. The economy is now diversifying from being largely agro-based to a manufacturing and service-based economy. These ambitious plans to transform the Indian economy are highly dependent on the availability of jobs and the quality of the labor force. This has resulted in an increased demand for skilled labor over the past few years. The government’s recent skill gap analysis concludes that by 2022, another 109 million or so skilled workers will be needed in the 24 keys sectors of the economy. To address the issue, skill development has emerged as a priority sector, and the recently-launched National Skill Development Mission aims to train approximately 400 million people across the country by 2022.

Skill development also plays a major role in empowering women for their socio economic development. The aim of skill development, in case of women, is not just simply preparing them for jobs but also to boost their performance by improving the quality of work in which they are involved.

The skill ecosystem in India is undergoing major reforms and policy interventions as India embarks on its journey to become a Knowledge Economy. The ‘Make in India’ initiative launched by Government of India facilitates investment, fosters innovation, aids in building proper manufacturing infrastructure thus enhancing skill development. In addition, as part of its National Skill Development Mission, the Government has established the National Skill Development Corporation in the Public Private Partnership mode to facilitate setting up of large, high quality, for-profit vocational institutions.

Skill development strategies may involve competitive edging with the support of detailed SWOT analysis and the Management Accountants focus on the strategic and implementation models of Skill Development effectively.

This issue presents a good number of articles on the cover story theme ‘Skill Development and Employability’ by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.
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Cover stories on the topics given below are invited for ‘The Management Accountant’ for the four forthcoming months.

**December 2018**

**Theme:** Corporate Social Responsibility & Beyond

- CSR & Social Entrepreneurship
- Companies Amendment Act & CSR
- CSR initiatives in SMEs
- Comparative analysis of CSR initiatives in public vs private sector
- Corporate - NGO partnership for successful CSR programs
- CSR Accounting & Audit
- Impact Analysis of CSR activities
- Business Ethics and CSR

**January 2019**

**Theme:** Indian Banking Scenario: Dynamism and Optimism

- India Post Payments Bank (IPPB): A revolutionary step towards financial inclusion
- Digital banking: The Road Ahead
- Financial Reforms & Innovation in Indian Banking Sector
- Demonetization effect
- Indian banks' NPA woes
- Scams: recurring scar on Indian banking sector
- RBI’s new measures towards restructuring of the domestic banking industry
- Insolvency code: the biggest reform in banking

**February 2019**

**Theme:** Contemporary Issues in Corporate Governance

- Corporate Governance Global Framework
- Corporate Governance in India & SEBI Regulations
- E-governance
- Governance and Sustainability
- Corporate Governance and its Impact on Audit Practice
- Corporate Law and Corporate Governance
- Mergers and Takeovers
- The Role of Institutional Investors in Corporate Governance

**March 2019**

**Theme:** Artificial Intelligence – An Emerging Trend of Technology

- Artificial Intelligence AI: New Horizons for Cost Estimation and Modeling
- The Digital Transformation of Accounting and Finance - AI, Robotic Process Automation and Chatbots
- AI in Project Management
- AI in Powered Banking Sector
- AI and Robotics: Redrawing the Healthcare Landscape
- AI - a catalyst for reducing cost in Digital Marketing
- AI - reshaping the contour of Supply-Chain and Logistics Industry
- Role of CMAs

The above subtopics are only suggestive and hence the articles may not be limited to them only.

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport-size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for publication anywhere else. Please send your articles by e-mail to editor@icmai.in latest by the 1st of the previous month.
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PRESIDENT’S COMMUNIQUÉ

“To succeed in your mission, you must have single-minded devotion to your goal.”
- Dr. A. P. J. Abdul Kalam

CMA AMIT ANAND APTE
President
The Institute of Cost Accountants of India

My Dear Professional Colleagues,

Namaskaar!!!

I am pleased to inform we conducted the distribution ceremony of Awards for Excellence in Cost Management during the month. The Chief Guest Shri Piyush Goyal, Hon’ble Union Minister for Railways and Coal presented the 15th National Awards for Excellence in Cost Management-2017. The Hon’ble Minister, while praising the contribution of CMAs urged them to work to their greater potential so that India’s economy continues with its remarkable growth. Congratulating the awardees Hon’ble Minister said that the winners inspire others to get recognized in similar fashion in years to come. He further hoped that when more and more companies reach the top grade, the dream of “Make in India” will be also gain momentum. He presented the National Awards for Excellence in Cost Management to 24 awardees. The Prominent amongst the receipts were CMA Anil Kumar Chaudhary, Chairman, SAIL; Mr. Atul Sobti, CMD, BHEL; Mr. S Sivashanmugara, IAS, MD, TNPL; CMA Manoj Mishra, CMD, NFL; Dr. Nalin Shinghal, CMD, CEL; Mr. M.R. Ravi Kumar, IAS, MD, KSD Ltd.; Mr. Arun Kumar Shrivastava, MD, CWC; Mr. Amal Sinha, CEO, BSES and Mr. Atul Bhatt, CMD, MECON.

Campus Placement Initiatives
I am happy to share that CMA Campus Placement Drive for June 2018 term qualified CMAs has been conducted by the Placement Directorate of the Institute successfully across India. More than 60 companies visited campus placement drive throughout India and more than 250 qualified CMAs have already been placed in various reputed organizations during first round of the drive. This is the first time we are also organizing “Extended Campus Placement” drive at Chapter level also to place those students who have not been placed through the first round of campus placements. More than 25 companies have participated in these extended campus placement initiatives. Once the details of these extended campus are received, I am confident that we would have crossed 300 placements. I would like to thank the industry partners for collaborating with the Institute over the years.

I am confident that the CMAs successfully placed through these campus placement drives, would positively contribute towards the growth and prosperity of the respective organizations and raise the stature of our profession throughout their professional career.

Banking
As part of Banking Industry initiatives, we have taken up on a continuous basis with appropriate authorities including RBI, IBA, IIBF representatives, PSBs and Private Banks for recognizing our Professional Services.

Observance of November 2018 as Banking Month
I am pleased to inform that the Institute is observing the month of November 2018 as “Banking Month” across the country for our Members and Students. As part of our focus in the vital Banking and Insurance field the Council of the Institute has specifically formed Banking and Insurance Committee to execute the specific road map already planned. We are confident that we will be recognized and acknowledged for our services and contributions to the Banking and Insurance Sectors, through the programs by the B & I Committee. The Regions and Chapters are requested to give suggestions and guidance on specific matters to be taken with the feedback from members from banking insurance sectors in their area.

I urge the members to give constructive suggestions, ideas to bi@ icmai.in to make this endeavour a grand success.

Students Services
I am happy to inform that the Central Council Members of the Institute have been part of Students Convocation organized by the
Regions, Chapters, CMA Support Centers, Extension Centers of Chapters at various places across the Country. CMA Manas Kumar Thakur, Past President & CCM, CMA H. Padmanabhan, CCM and CMA P. Raju Iyer, CCM attended the program organized in Chennai. I along with CMA Balwinder Singh, Vice President, and CMA P. Raju Iyer, CCM attended the program organized in Delhi. CMA Manas Kumar Thakur, Past President & CCM and CMA H. Padmanabhan, CCM attended the program organized at Thrissur. The program organized in Malapuram was attended by my council colleague CMA H. Padmanabhan. I along with CMA Manas Kumar Thakur, Past President & CCM, CMA Avijit Goswami, CCM attended program organized in Kolkata.

The functions were blessed by the presence of eminent personalities including Hon’ble Member of Parliament Shri. E T Mohammed, MD, Kalyan Groups, PSU Top Officials etc.

Felicitation Function by Aurangabad Chapter

I am happy to share that I attended the Felicitation Ceremony organized by the Aurangabad Chapter of the Institute for the successful students of CMA Examination held in Dec 2017 and June 2018 on 1st October, 2018 at Aurangabad. We had a press meet and members meet as well during the day and both the meets received excellent response from the Press and members alike.

International Affairs Department

SAFA meeting and events at Waskaduwa, Sri Lanka

CMA Sri Lanka hosted SAFA Strategy Meeting on 17th October 2018 and also organized a workshop on “Sustainable Development Goals (SDGs)” and IFAC PAO Development Workshop on 18th October 2018. It was attended by my council colleague CMA Dr. P.V.S. Jagan Mohan Rao, Vice President of SAFA.

The South Asian Federation of Accountants (SAFA) held its 55th Board Meeting and Committee meetings on 19th October 2018 hosted by CMA Sri Lanka at Waskaduwa, Sri Lanka. I along with CMA Dr. P.V.S. Jagan Mohan Rao, Vice President of SAFA represented the Institute.

London Global Convention 2018 by IOD

Institute of Directors (IOD) has organized its 18th edition of the Annual London Global Convention on the theme “Board’s Transformational Strategy for Building a Sustainability Paradigm” during 24 - 27 October 2018, at London (UK). The Institute was the Associate Partner for this Convention.

CMA Sanjay Gupta, Immediate Past President and Chairman, International Affairs & Sustainability Committee of the Institute attended this Convention and delivered his Special Address during Plenary Session – XI with the topic “The Business Case for Good Corporate Governance”.

Insolvency Professional Agency (IPA) of Institute of Cost Accountants of India

The Insolvency Professional Agency of the Institute organized various Round table Interactions and workshops during the month on:
- Resolution Strategies for Distressed Assets, Information management system (IP Module) for Insolvency Professionals, Compilation of Practitioners Handbook etc.
- Also, to spread awareness about Insolvency and Bankruptcy Code amongst Members webinars were organized on: Bankers Perspective on IBC, 2016, Practical aspects of CIRP under IBC, 2016 etc.
- IPA has initiated a monthly E-Journal which was launched by Dr. Mamta Suri Executive Director IBBI
- IPA is in the process of compiling an Insolvency Professionals Handbook so as to provide practical guidance to the members in undertaking IP assignments.

Membership Department

- The month of September 2018 witnessed addition of 724 Associate Members and up-gradation of 92 Members to Fellowship.
- I congratulate and extend a warm welcome to one and all. I also request all members to continue being our brand ambassadors and to reach out to encourage all final passed candidates known to them to apply for Associate Membership at the earliest.
- I call upon all our esteemed members to kindly check their membership fees status in the “Members Online System” available on the Institute’s website to ensure clearance of dues, if any.

Professional Development and CPD Committee

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The Institute is associated with ASSOCHAM for conducting Capital Alternatives for SMEs & Start-ups “Emerging Opportunities and Challenges in India” on 12 October 2018. I hope our members will be immensely benefited with these programs.

Technical Department

Cost Accounting Standards Board

I am pleased to inform you that the Cost Accounting Standards Board (CASB) of the Institute organised its 93rd meeting at Chandigarh on 6th October 2018. The Board in this meeting considered the revision of CAS-4 in view of implementation of GST in the Country, incorporating the cost of supply as required under GST. It was decided in the meeting that in light of the forthcoming amendments in Companies (Cost Records and Audit) Rules, 2014 the Board will undertake the revision of Cost Accounting Standards already issued by the Institute. Further, it was also decided to develop a Guidance Note on Compilation Engagements undertaken by the Cost Accountants. The Board also formed sub-groups to explore the possibility of developing a Cost accounting standard and/or Guidance Note for SMEs & Start-ups.

National Seminar on Cost Governance

I was invited to give inaugural address during the one day interactive National Seminar on Cost Governance on 7th October 2018 at Chandigarh which was jointly hosted by the Cost Accounting Standards Board (CASB) and Professional Development & CPD Committee (PD&CPD) of the Institute. The Seminar deliberated on the role and contribution of Cost and Management Accountants in the growth of the industrial and economic climate of the country. Apart from this there were discussions on Enterprise Governance: Role of Cost Audit, impact of Ind-AS on Cost Audit, Implications of Cost Accounting Standards on Cost Statements, Role of Standards on Cost Auditing (SCAs) and Companies (Cost Records and Audit) Rules and Competition Law.

Seminar on Redefining the Trends towards Business Sustainability through Cost Management Strategies

I am happy to inform that the CASB and PD&CPD Committee of the Institute in association with the Bengaluru Chapter of the Institute organized the second joint seminar at Bengaluru on the theme ‘Redefining the Trends towards Business Sustainability through Cost Management Strategies’ on 23rd October 2018. The seminar had very intense discussions on Agriculture Pricing, Healthcare Costing and Advance Ruling in GST by the domain experts.

I appreciate the efforts of the CASB and PD&CPD Committee of the Institute for taking these initiatives for the capacity building of the members and stakeholders. I hope that the initiatives will be continued for the benefit of the members of the profession.

Technical Cell Meeting

I am pleased to inform that a two days meeting of the Technical Cell (Cost Audit, Compliance and others) of the Institute was organized on 24th and 25th October 2018 at Bengaluru. The Technical Cell, while taking up many agenda items, held discussions on the draft of Guidance Note on the recently inserted clause on disclosure of compliance by the company vide Companies (Accounts) Amendment Rules, 2018. The Technical Cell has also planned to develop the sector specific Guidance Notes on cost audit in service sector. It was heartening to see that prominent practicing Cost Accountants of Bengaluru were invited to share professional experience and issues in order to incorporate the same in the strategy to be adopted by the Technical Cell to forward its professional agenda. The participating practicing members shared their concerns and offered valuable suggestions for the development of the profession during the meeting. Members widely appreciated the system of giving opinion on the queries by the Technical Cell in a time bound manner. I compliment the initiatives of the Technical Cell and hope that such consultations with the practicing cost accountants will be held in other parts of the Country in the time to come.

Taxation Committee

I congratulate the Tax Research Department for successfully publishing the Summary of GST Notification from July 2017-June 2018. The department has also published the Anniversary Edition and the 26th Edition of the Tax Bulletin. Guidance Note on GST Annual Return has also been published. Two Seminars have been conducted – One in Bharuch with the theme “GST - Place of Supply & Valuation, Annual Return & GST Audit” on the 6th of October, and the other in Bangalore with the theme “GST Return and GST Audit” on the 12th of October. 3 Webinars have also been conducted for the members and stakeholders on the topics - GST Amendment Bill, 2018, GST - Annual Return & Reconciliation of ITC, Audit under GST.

I wish prosperity and happiness to members, students and their family on the occasion of Diwali, Govardhan Puja, Bhai Duj, Chhat Puja, Birthday of Prophet Mohammad & Guru Nanak’s Birthday and wish them success in all of their endeavours.

Thanking you and Namaskaar!!!

Warm Regards,

CMA Amit Anand Apte
1st November, 2018
My dear and respected CMA,

Trust this finds you and your beloved ones in good health and cheer.

You may be well aware that the Institute is racing ahead with the change that is taking place at a fast pace in tune with the Government policies and resultant procedures.

We could organize many programs throughout the country, with the active involvement of Regions and Chapters. We thank the membership and student fraternity for active participation, involvement and keen interest shown encouraging the organizers to contribute further as part of improved services.

We had been organizing specific programs that provide vital practical inputs for Practicing Members of our profession, need based programs for members in services viz., professional development programs, seminars, workshop, convention, webinars, global level events. We are also reaching the appropriate authority to ensure statutory recognition (more to be achieved though is the fact), at Central level or State level.

As part of our focus in the vital Banking and Insurance field the Council has specifically formed Banking and Insurance Committee, ICAI to execute the specific road map already planned. We are confident that we will be recognized and acknowledged for our services and contributions to the Banking and Insurance Sectors, through the programs by the B & I Committee. To achieve our desired results and as part of capacity building measures, we have decided to declare November 2018 as BANKING MONTH. The Regions and Chapters can give suggestions and guidance on specific matters to be taken with the feedback from members from banking insurance sectors in their area.

We urge all CMAs to be part of this endeavor and support us by guiding us with suggestions, ideas and points to take the initiative forward. Hope you will definitely be part of our march and together let us achieve more in this sector too. The suggestions can be sent to us to bi@icmai.in and/or pappaniob@gmail.com Thanks in advance.

HAPPY DIWALI 2018 to You and Your Beloved Ones! Have a safe, sweet and memorable Deepavali to cherish with happiness, prosperity and healthy life ahead. The Almighty Bless You and Your Beloved Ones Abundantly.

With affection and respect always, we remain,

CMA H Padmanabhan

31st October 2018
We believe that your brand and services are best served by reaching out regularly to your stakeholders. Hence, custom publications to us are Relationship Publishing, that effectively strengthen your brand with your customers.

With a portfolio of over 35 custom magazines, 7 consumer titles, 3 event properties, a state-of-the-art printing press, more than 80 clients for web-based publishing solutions and a growing list of clients for content services and book publishing, Spenta Multimedia Pvt Ltd has an average monthly readership of over 5.5 million across the genres of travel, retail, lifestyle, beauty, pharma, finance and management. Contact us to see how you and your brand can grow with India’s leading media house.

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Spenta Multimedia is the printer for “The Management Accountant” Journal published by The Institute of Cost Accountants of India.
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ICAI-CMA SNAPSHOTS


Glimpses of Seminar on Redefining the Trends towards Business Sustainability through Cost Management Strategies jointly hosted by the CASB and PD&CPD Committee in association with Bengaluru Chapter of the Institute at Bengaluru on 23rd October 2018
CMA Amit A Apte, President of the Institute lighting the lamp in the presence of Technical Committee Members and Invitees to start the two days meeting of the Technical Cell of the Institute Chaired by CMA (Dr.) Dhananjay V Joshi, Former President of the Institute on 24th October 2018 at Bengaluru Chapter

CMA Amit A Apte, President of the Institute inaugurating the Seminar on Redefining the Trends towards Business Sustainability through Cost Management Strategies on 23rd October 2018 at Bengaluru in the presence of CMA Balwinder Singh, VP and Chairman, CASB, CMA P Raju Iyer, Chairman, PD&CPD, CMA Suresh Gunjali, Chairman, SIRC, CMA RN Kaushik, Chairman, Bengaluru Chapter and CMA (Ms.) BS Manjula, Secretary, Bengaluru Chapter

CMA S D Srinivasan addressing on Pricing / Cost Details for the Healthcare Industry and CMA Bhaskarachar, Former CMD of Ennore Port renamed as Kamarajar Port Limited Chairing the Session on 23rd October at Bengaluru

Dr. T.N. Prakash Kammardi, Chairman, Agriculture Price Commission GOK addressing on Costing and Price Administration in Agriculture on 23rd October at Bengaluru
The Institute organized a one day interactive National Seminar on Cost Governance on 7th October 2018 at Chandigarh in order to build capacity of the members of the profession, the industry and other stakeholders. The seminar was jointly hosted by the Cost Accounting Standards Board (CASB) and Professional Development & CPD Committee (PD&CPD) of the Institute.

The National Seminar was inaugurated by Shri M. P. Singh, IAS, Additional Chief Secretary cum Financial Commissioner, Taxation and Additional Chief Secretary Revenue (FCR) and Rehabilitation, Govt. of Punjab and CMA Amit A Apte, President of the Institute.

The National Seminar was presided over by CMA Balwinder Singh, Vice President and Chairman, Cost Accounting Standards Board and CMA P Raju Iyer, Chairman, PD & CPD Committee of the Institute.

The National Seminar on Cost Governance deliberated on the following topics:

1. Enterprise Governance: Role of Cost Audit
2. Recent Developments in Ind-AS and its impact on Cost Audit
3. Implications of Cost Accounting Standards on Cost Statements
4. Cost Governance: Role of Standards on Cost Auditing (SCAs) and Companies (Cost Records and Audit) Rules
5. Cost Governance & Competition Law

Glimpses of National Seminar on Cost Governance jointly hosted by the CASB and PD&CPD Committee of the Institute at Chandigarh on 7th October 2018
CMA Amit A Apte, President of the Institute addressing the press on 6th October 2018 at Chandigarh. CMA Balwinder Singh, VP and Chairman, CASB, and CMA P Raju Iyer, Chairman, PD&CPD Committee also addressed along with CMA Mrityunjay Acharjee and CMA Shivani Inder, Members CASB.

CMA Amit A Apte, President of the Institute addressing the participants at National Seminar.

Shri M.P. Singh, IAS, Addl Chief Secy (Revenue and Rehabilitation) cum Financial Commissioner, Taxation Govt. of Punjab inaugurating the National Seminar on Cost Governance at Chandigarh on 7th October 2018 in presence of CMA Amit A Apte, President, CMA Balwinder Singh, Vice-President, CMA Sanjay Gupta, Immediate Past President and CMA P Raju Iyer, Chairman, PD&CPD Committee.

CMA Balwinder Singh, Vice-President of the Institute addressing the participants at National Seminar.

South Asian Federation of Accountants (SAFA) held its 55th Board Meeting and events during 17-19 October 2018 hosted by CMA Sri Lanka at Waskaduwa, Sri Lanka. The Institute was represented by CMA Amit A. Apte, President and CMA Dr. P.V.S. Jagan Mohan Rao, Vice President of SAFA.
CMA Manas Kumar Thakur, Former President and Council Member of the Institute inaugurating CMA SIRC Convocation along with CMA Suresh R Gunjalli, Chairman, SIRC, CMA Jyothi Satish, Vice Chairperson, SIRC and CMA H Padmanabhan, Council Member and Chairman, Banking and Insurance Committee of the Institute.

CMA H Padmanabhan, Council Member and Chairman, Banking & Insurance Committee addressing in three days GST Conclave organized by SIRC at Chennai.

CMA K Srinivasan, Asst Commissioner, GST, CMA Dr I Ashok, Council Member, CMA Suresh R Gunjalli, Chairman, SIRC and CMA K Suryamarayanan Treasurer, SIRC are seen on the dais.

Shri. E T Mohammed, Honble MP receiving a cheque for Kerala CM Distress Relief Fund Contributions by CMA Students in the presence of CMA H Padmanabhan Council Member and Chairman, Banking & Insurance Committee, CMA Sankar Panicker, Secretary SIRC, and CMA Anas K, Director of CMA Support Center, ICMS at Malapuram.

CMA S Muraliprasad honoring the Resource Person, CMA Harshad Deshpande, Treasurer, WIRC of PD program on Valuation and way forward at SIRC along with Chairman, Vice Chairperson, Treasurer SIRC and CMA H Padmanabhan, Council Member and Chairman, Banking and Insurance Committee of the Institute.

CMA H Padmanabhan, Council Member & Chairman, Banking & Insurance Committee of the Institute distributed certificates to successful candidates on completion of Educational Course on Valuation by Institute.

Shri. Kalayanaraman, MD Kalyan Groups, recipient of Business Excellence Award 2018 with CMA Manas Kumar Thakur, Former President and Council Member of the Institute, CMA H Padmanabhan Council Member and Chairman, Banking & Insurance Committee, CMA Praveen Kumar and CMA Anoop N G at Thrissur.

CMA Manas Kumar Thakur, Former President and Council Member, Chairman T and EF of the Institute, CMA H Padmanabhan, Council Member and Chairman, Banking and Insurance Committee along with Members and Students of Extension Centre of Thrissur Chapter of the Institute on the occasion of felicitation function of passed out students.
Call for Research Papers/Articles

We invite you to contribute research paper/article for “Research Bulletin”, a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publish high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

Guidelines to submit full Paper

- Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- Each paper should be preferably within 5000 words including all.
- An abstract of not more than 150 words should be attached.
- The cover page should contain the title of the paper, author’s name, designation, official address, contact phone numbers, e-mail address.

Papers are invited on the following sub-topics, but not limited to:

- Corporate Social Responsibility (CSR)
- Portfolio Management
- Stock Market Reforms
- Integrated Reporting
- New India 2022
- Ease of doing Business
- Insolvency & Bankruptcy Code (IBC)-2016
- Doubling Farmer’s Income
- Liberalizing Forex Regulation on improving Exports
- Digitalization
- Skill and Entrepreneurship Development
- Valuation Act
- Anti-profiteering
- Sustainable Rural Development
- Financial Viability of Small and Medium Enterprises (SMEs)

Papers must be received within 03rd December, 2018 in the following email id: research.bulletin@icmai.in
SKILL DEVELOPMENT:
A CHALLENGE FOR A BILLION PLUS NATION

CMA Dheeraj Kumar Pradhan
Sr. Finance & Accounts Officer
Oil & Natural Gas Corporation Ltd
Mumbai
The Hammer Story

Once upon a time, there was a Manufacturing plant. A newly acquired machine was creating a lot of trouble for the plant. The huge mechanical monster simply refused to run. Almost everyone in the plant from foreman to Engineer tried everything possible in the books. Nothing worked. It hiccuped, it moaned, it struggled. It did everything other than running. It was costing a fortune each day it was down.

Finally the CEO called in a consultant, a renowned expert for these kinds of situations. The man arrived at 10 AM. He had a briefcase. He opened the briefcase and took out a pair of overalls and put them on. He then took out a ball peen hammer.

The consultant first roamed around the machine to have a look of it from every possible angle. Then he climbed into the barely running machine, and after a momentary pause, took his hammer and hit the machine. It immediately settled down and started running perfectly. He took off his overalls, and put them and the hammer in his briefcase.

He then left at 10:15, telling the CEO he would submit his invoice later.

After a week, the CEO received an invoice for $100,000. Incensed, he called the consultant and demanded an itemized statement. He received the following:

Wear and tear on Ball Peen Hammer............$2.00
Dry cleaning of Overalls .......................... $8.00
Knowing where to hit............................$99,990.00

The invoice was paid the next day.

Moral: One must not only have the skill to hit the hammer but also have the knowledge of where it is to be hit. And most importantly, one must know the worth of his skill and knowledge.

Introduction

In economics, we often talk about the ends-means relationship. The most commonly accepted definition of Economics, which we often come across, is given by Lionel Robbins:

“Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.”

Skill development is not an end in itself. It is rather a means to achieve another end. Individuals channelize their efforts to acquire specific set of skills to achieve some gainful employment with an objective to earn a decent livelihood. While what employment opportunities are available, is again a function of so many factors; perhaps the most important among those is the existing economic structure.

The development phase in which the economy is functioning as well as the current economic cycle, to a great extent affect the availability of employment opportunities, which in turn shapes the skill development strategy at the macro level (Central Government, State Government, Industry, etc.) and also at micro level (individual).

Objective

India is a developing nation with a population of around 1.3 billion, and a workforce of around 500 million. Devising a strategy for such a huge number of people and its actual implementation is a huge challenge in itself. Although, India is a late starter in formulating a comprehensive skilling strategy as reflected in our developmental planning, it has done quite well and made a fair progress on this front. The present paper makes an attempt to elaborate the steps taken at various levels for the development of skill ecosystem in India in the past and the recent developments and also to underline the roadblocks that are slowing down the pace of these efforts.

Skill Development - Background

As discussed earlier, economic structure of a nation and the current economic cycle that is in operation, significantly mould the major policy decisions at the central level. The appropriate strategy for skill development has to consider all these background factors. Hence, it is imperative that we must begin with a brief note on the current state of the Indian economy.

Recently, India has become 6th largest economy in the world with GDP of $2.6 trillion eclipsing that of France with GDP of $2.58 trillion. But if we put the population figures into the equation, the picture suddenly looks quite different. India is having a population of over 1.3 billion as compared to mere 67 million of France. That means per capita GDP of India is roughly $2000, which puts it into the category of low-middle income countries. Experts are of the view that to attain the status of middle-income economy, i.e., per capita GDP of $4500 or above, Indian economy should be able to
sustain an annual growth rate of around 6.5% for the next decade or so. Now the question is whether the economy is capable of doing so?

The good news is that the GDP has clocked an increase of 8.2% in the 1st Quarter of FY 2018-19. The growth rate is also the fastest in the previous eight quarters. This means that now India has become the fastest growing major economy in the world. It has beaten China also, which recorded a growth rate of 6.7% during the same period. The major question here is whether the economy will actually be able to sustain this growth rate. Well, the past trends and present situation indicate a positive answer to the question. The resilience of the economy is evident from the manner in which it recovered strongly from the two major hiccups, namely demonetization in November 2016 and implementation of GST in June 2017.

Steps towards Skilling the Nation

World over, all major economies, especially the developed ones are powered by the skills and knowledge of the workforce that they are possessing. The world, therefore is heading towards becoming a knowledge based global economy. Or has it already become one?

Developing economies, on the other hand are mostly dependent on the natural resources that they possess, to further the process of their economic development. But to achieve the next level of development, the most important of the resources, i.e., Human resources cannot be ignored for long. In such a scenario, it is very crucial that the developing nations must prioritise their strategies for the development of skills and knowledge of its workforce to achieve that extra mile of distance and leapfrog into the elite league of developed economies.

India, being the second most populous nation and the one of the fastest growing major economies, cannot afford to stay far behind. But unfortunately, India has been a late entrant in this front. Since independence, the formal education was accorded greater status thereby putting little emphasis on vocational education and training. Vocational education was hardly part of the curriculum in the formal educational setup, unlike some western countries like Germany. The policymakers of the independent India failed to realize this aspect in the initial phase of our developmental planning. There was no sense of urgency from the industrial sector as well as they too failed to recognize the necessary standardization required to keep up with the skill requirements of the growing market. The situation can very well be assessed from the fact that around 90 percent of the workforce in the developed countries is vocationally qualified, while in India, the figure is just 5-7 percent.

As there was hardly any formal setup to acquire the required skills, the workers mostly acquired their skills through informal training system. Government took several steps in creating a skill eco-system leading to the establishment of Industrial Training Institutes (ITIs) based courses providing industry relevant certification. But this did not receive its due recognition.

Another step in this direction was the launch of the National Apprenticeship Scheme in 1959. The Apprentice Act, 1961 came into force in 1962. Apprenticeship is a very old system of learning, whereby a new worker learns a craft or trade under a Master Craftsman. It has the double benefit of earning while learning. The organizations provide training to the apprentices at the place of work itself. Trained managers impart training with the aid of well developed training modules thereby ensuring that apprentices learn the job quickly and competently.

To boost the availability of skilled workforce, the Government launched the Modular Employable Scheme (MES) in 2007 under the erstwhile Ministry of Labour and Employment. It was a 100 percent centrally sponsored scheme with the objective to focus on early school dropouts and existing workers especially in the unorganized sectors and train them for employable skills.

Skill development emerged as a major area of focus for the first time in the Eleventh Five Year Plan (2007-12) with the initiation of Coordinated Action Plan on Skill Development and formulation of a National Policy on Skill development in 2009. It came out with a vision of achieving a target of 500 million skilled persons by 2022.

To achieve the objectives of the Skill Development Mission, a three-tier institutional structure was set up, which consisted of:

A. Prime Minister’s National Council on Skill Development (NCSD) – it was set up as an apex institution for policy advice direction, and review.
B. National Skill Development Coordination Board (NSDCB) – Building strategies for the implementation of the decisions of NCSD and formulation of appropriate guidelines.
C. National Skill Development Corporation (NSDC) – set up as a non-profit company under the Companies Act
with the main task to make periodic as well as annual reports of its plans and activities and publish them. A Skill Development Fund was created with an initial corpus of Rs. 995.10 crores.

States, in turn also established their own State Skill Development Missions (SSDMs) to formulate appropriate strategies in view of the specific issues and problems specific to each state. These missions were setup with the objective of converging various initiatives to achieve better outcome and optimisation of resources.

The efforts in the sphere of skill development received boost during the Eleventh Plan, which in the following years slowed down a little until the mid of the year 2015.

**Skill India Mission and Recent Developments**

There was a new chapter added to the story of skill development in India, with the launch of the SKILL INDIA Campaign by the newly established Ministry of Skill Development and Entrepreneurship (MSDE). The Skill India campaign was launched on 15th July 2015, and there was no better occasion for its launch as the day happens to be World Youth Skills Day.

Initially, a Department of Skill Development and Entrepreneurship was created under the Ministry of Youth Affairs and Sports in July 2014, which was subsequently upgraded to full-fledged ministry in November 2014. This step has guaranteed that as far as development of skill ecosystem in India is concerned, the Government is keeping its heart in the right place. The Ministry has been assigned with the role of coordinating and evolving skill development frameworks, mapping of existing skills and certification, establishing and strengthening industry-institute linkages among others. The Ministry works primarily through the National Skill Development Corporation (NSDC), National Skill Development Agency (NSDA), and the Directorate General of Training (DGT), which were assigned with varied roles and functions. Further, the entire network of Industrial Training Institutes (ITIs) and Apprenticeship Training schemes, were transferred from the Ministry of Labour and Employment to Ministry of Skill Development and Entrepreneurship (MSDE). These changes have paved the way for the development of a new skilling ecosystem, with closer coordination across the public and private sectors. The Ministry is entrusted with coordination of all skill development efforts across the country; aligning demand and supply of skilled manpower; building a robust framework for vocational and technical education to facilitate skill up-gradation, building of new skills, and innovative thinking for existing as well as new jobs to be created. The Ministry envisages skilling on a large scale with speed and high standards in order to achieve the vision of a ‘Skilled India’. The present skill delivery framework in the country is highlighted in the following figure.

![Skill Delivery Framework](image)

**Source:** Report of the Sub-Group of Chief Ministers on Skill Development, Sep 2015

Under the Skill India campaign, four Landmark initiatives have been launched by the Ministry, namely, National Skill Development Mission (NSDM), National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and the Skill Loan Scheme. The common aim of all these initiatives is to train over 400 million people in India in various skills by 2022.

**National Skill Development Mission (NSDM)**

The mission is having a three-tiered, high-powered decision making structure as shown in the figure below:

![National Skill Development Mission Structure](image)

**Source:** Report of the Sub-Group of Chief Ministers on Skill Development, Sep 2015

The role of Governing Council, under the chairmanship of the Prime Minister, is to provide overall guidance and policy direction. The mission’s activities will be reviewed by the Steering Committee. The role of Mission Directorate is to ensure implementation, coordination and convergence skilling activities across Central Ministries/ Departments and State Governments.
Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). This scheme is launched with objective to enable a large number of Indian youth to take up skill training that is industry-relevant, which will help them to secure a good employment. Under Recognition of Prior Learning (RPL), individuals having prior learning experience or skills will be issued certificates after assessment.

National Policy on Skill Development and Entrepreneurship 2015

The National Policy on Skill Development and Entrepreneurship, 2015 aims to provide an umbrella framework to the skilling activities being carried out at various levels within the country, to align them to common standards and link the skilling with requirements of the job. The national policy also aims to provide clarity and coherence in the proper alignment of skill development efforts across the country within the existing institutional setup with ultimate goal to achieve improved employability and productivity.

Skill Loan scheme

A © Skill Loan© initiative has been launched, where loans from Rs 5,000-1.5 lakhs will be available to more than 34 lakh youth of India, who seek to attend skill development programmes, over the next five years. Financial constraints will no longer be a hindrance to accessing skill training programmes. The loan is provided on simple interest during study and no processing fee is charged. The tenure of loan varies from 3 Years (Rs 50000) to 7 years (Rs 1,50,000)

National Skills Qualification Framework (NSQF)

National Skills Qualification Framework (NSQF), is a national framework that aims to integrate general and vocational streams of education and training. It is a competency based framework that organizes qualifications into ten levels, with the entry level being 1, and the highest level being 10. Each of the NSQF levels is characterized by the following categories of competencies:

- Professional knowledge -what the person must know at that level
- Professional skills-what the person should be able to do at that level
- Core skills-which include soft and interpersonal skills
- Responsibility-the degree of supervision that needs to be exercised over the person while doing the job, or the degree of supervision that person is capable of exercising over others.

NSQF ensures a proper integration between vocational education, skill training, general education, technical education and job markets. There is an increased potential for Recognition of Prior Learning (RPL) of individuals who have acquired skills through non-formal channels.

Challenges – a Doorway of Opportunities

“We are kept from our goal not by obstacles, but by a clear path to a lesser goal.” Shri Bhagwad Gita

Challenges are inevitable in every sphere of life. In the absence of any serious challenge in our path, we may be able to attain our goals, but this will definitely prevent us to achieve our true potential, or reach as close as possible to that level. As a situation throws a number of challenges, those can be viewed as opportunities to excel, whatever may be the field of endeavour we are in.

India, as an emerging economy with a billion plus people has its own set of issues like poverty, unemployment, low literacy level, unplanned rural-urban migration, inadequacy of medical infrastructure etc. Despite these problems, India has achieved an impressive and steady economic growth in recent years. India has been able to sustain an average growth rate of 7 percent over the last decade. But often, India’s growth is termed as jobless growth, indicating that though the economic growth has come at a decent pace, it has failed to generate sufficient employment opportunities.

The total workforce in India is estimated at around 500 million. But at present, only 10 percent of the workforce has received some form of training. In fact, for a major proportion of the workforce, there are virtually no training facilities available. In such a scenario Government has to perform twin functions of ensuring availability of decent employment opportunities on the one hand, and adequately skilling the workforce on the other. And over and above that, the competitiveness has to improved and maintained to meet the demands of highly globalised economy.
The above table shows the percentage of formally trained workforce of some of the major economies of the world. The table clearly shows that India is at the bottom with only 10 percent of the workforce with formal training. South Korea is having 96 percent of its workforce formally trained. In terms of size of the population, India’s comparison with China is more apt. But even here, India lags far behind with China having 53 percent of trained workforce.

More than half of India’s population of 1.3 billion is below the age of 25. By 2020, it is estimated that the average age of India’s population will be 29 years, as compared to 40 years in the United States, 46 years in Europe and 47 years in Japan. And 20 years from now, the workforce in the industrialised nations is expected to decrease by 4 percent, while in India it will increase by 32 percent. So, India is having a firm advantage over the developed nations and other emerging economies due to this ‘Demographic Dividend’. This scenario puts forward a formidable challenge on the one hand and also a huge opportunity to reap rich rewards on the other.

Arranging financial resources to fund the skilling of manpower in India is a huge task in itself. Besides Government at centre and state level, all other stakeholders like industry - both public and private, and the direct beneficiary - the individual are required to mobilise financial resources for skill development.

National Skill Development Fund (NSDF) has been set up by Government of India with the objective of encouraging skill development in the country. The contributions received from various sources like Government, multilateral organizations, industry etc are utilised for the achievement of fund objectives. Women constitute almost half of the demographic dividend. Government should devise plans to increase their...
participation in the country’s labour force, which is directly linked to the nation’s economic growth. Gender roles should be mainstreamed by skilling women in nontraditional roles and there should be efforts to increase gender sensitivity in the workplace, which will help in increasing the productivity.

Around 93% of the workforce in India is engaged in unorganised sector and this is one of the biggest challenges of skill development in our country. Moreover, it is difficult to map existing skills in the unorganised sector and gauge the skilling requirement in the sector. On the other hand, the rate of job growth in informal sector is estimated to be twice that in formal sector.

For the development of a strong skill ecosystem, the presence of a robust education system is very much crucial. India can boast of, without any doubt, a well diversified system of education. Currently, India’s higher education system is third largest in the world, behind only China and the United states. However, when it comes to internationally recognized standards and quality, India falls behind not only China and the United States, but many other smaller nations. The course content of the curriculum is often found to be outdated, which has failed to keep pace with the most recent developments in each field.

Availability of decent employment opportunities must be ensured for the skilled youth, and currently that is a major challenge which our nation is facing. Entrepreneurship based on innovation has potential for enormous growth. However, the number of local entrepreneurs emerging in India is not very encouraging. As per the Global Innovation Index 2014, India is ranked 76 out of 143 countries. Accelerating entrepreneurship especially that is based on innovation is crucial for large-scale employment generation in India.

It is quite evident that challenges are plenty, but so are the opportunities. With coordinated and well devised strategies, all the challenges can be overcome.

Conclusion
Skill is the bridge between job and workforce. Acquisition of adequate and appropriate skills not only helps the individual well being by securing the desired job, but it also raises productivity in the job, which ultimately leads to overall economic growth and prosperity of the nation. Some concrete actions for skill development were taken during the Eleventh Plan and then Skill India Mission was launched in 2015. The journey so far has been a very fascinating one, even though it has not even reached the half-way mark.

For the success of any mission, it is very much essential that all the stakeholders must come together and contribute their efforts for the achievement of overall objectives. With the launch of Skill India Mission, the government has shown its positive intent and industry participation is also gradually growing. And most importantly, the youth is more than determined to acquire new skills to meet the job requirements of ever changing environment.

Once the hammer is given to the youth, they will learn where it is to be hit and eventually realizing their true potential and worth.

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dheerazz99@gmail.com
EMPOWERING WOMEN THROUGH SKILL DEVELOPMENT: CHALLENGES AND OPPORTUNITIES

Women play a vital role in economic development of the country. Government has initiated certain schemes for skill development of women. But due to some structured barriers, women contribution to GDP is less. Hence the thing needed for women empowerment is to remove structured barriers and gender difference and to develop confidence of women and motivate them for their skill development.

Since ancient times, women are worshipped in India. They are considered as synonym of power. Women’s economic empowerment is highly connected with poverty reduction as women are drivers of the social and economic well-being of their families. In the definition of “women empowerment” the United Nations Development Fund for Women (UNDFW) includes factors such as (1) Acquiring knowledge and understand gender relation and the way in which these relations may be changed and (2) Developing a sense of self worth, a belief in one's ability to secure desired changes and the right to control one's life.

There was a time when role of women was limited to build and maintain homely affairs only. But since the inception of this century, role of women has been changed from homemaker to job-making entrepreneur. With the spread of education and awareness, women have shifted from kitchen to professional workplace. Women have also entered in male-dominated fields. But still the result is not satisfactory. As per Census 2011, population of women in India is 586.47 million, which is 48.5% of total population of India. But
Indian women contribute just 17% of national GDP. India’s women contribution to GDP is less than half the global average of 37%. India ranks 120 among 131 countries in women labour participation rates. As per National Sample Survey 68th round (2011-12), workforce participation rate for urban female is 14.7 and for rural female is 24.8%. As per this report, 59.3% of female workers in rural India are self-employed while in urban India, corresponding figure is 42.8%.

However, due to spread of awareness among women for skill development by the Government and other social groups working in this field, the picture has become better. As per Annual Report of the year 2016-17 issued by the Ministry of Statistics and Programme implementation, total number of establishment owned by women entrepreneurs was 8.05 million and out of such establishments, about 34.3% belonged to agriculture activities. Among non-agriculture activities, manufacturing and retail trade were the dominant one with the corresponding percentage of 29.8% and 17.8% respectively. Women entrepreneurship can be molded properly by developing their skill and promoting their entrepreneurial qualities.

Government of India has initiated certain skill development programmes for women through the National Skill Development Mission headed by Prime Minister launched in year 2008. It has three tier structures, which includes:

1. The Prime Minister’s National Council for Skill Development as per the apex body for advice on policy and interventions,
2. The Skill Development co-ordination Board to device detailed strategies, guidelines and instructions based on the advice of the council, and
3. The National Skill Development Corporation (NCDC), a non-profit company registered under the Companies Act.

The National Skill Development Mission has been introduced to provide skill training, vocational education and entrepreneurship development to the emerging workforce of women. The skill development programmes initiated by the Government are as follows:

**Self help groups and specific target groups**

To empower poor women, National Mission for Empowerment of Women has developed specific target groups. Also many self-help groups for women are developed. As per Annual Report of the year 2016-17 issued by the Ministry of Statistics and Programme implementation, total number of self-help groups were 0.19 million, out of which 89% were women owned account establishments. These groups are functioning on co-operative principles and also perceived as micro finance unit. These groups help women in developing their skill and help them in understanding market and business development strategies. Such self help groups provides training pertaining to farm, forestry, papad and pickles making, sewing, cooking, art work, handicraft, mud work etc. and encourages women to start small business from home. Successful women from such self-help groups can be inspiration for others and motivates other women to become entrepreneur. World Bank has also undertaken such project to foster greater economic participation by women. Government has also planned to link self help groups with micro-credit facilities to reduce poverty and empower women. It has also planned to make available finance to SHGs at lower interest rates.

**Skill India Mission**

Skill India Mission was launched in July, 2015 by the Ministry of Skill Development and Entrepreneurship (MSDE). Under this mission, skill training programmes for women are undertaken. Training programmes undertaken for skill India mission helps to provide safe transport, flexible schedules and childcare support. MSDE has adopted multi-pronged approach through various schemes and initiatives to reinforce equality of women via skill development by improving employability and income earning opportunities, enhancing financial security and promoting sustainable development and livelihood. Skill training of women in IT and ITES Banking and Financial services, Building construction and Real Estate services, Education and skill development services, Textile and clothing, Electronics and IT hardware, Beauty and wellness, Heath care and retail. Vocational training programmes aim to provide skills and confidence to women from economically backward families and help them to achieve economic and social independence. The ministry intends to build new skills, innovative thinking and talents not only for existing jobs but also the jobs that are to be created for women.

**Support to Training and Employment Programme for Women (STEP)**

Ministry of Women and Child Development has a Central Sector Scheme called as “Support to Training and Employment Programme for Women (STEP)” since year 1986-87. This scheme aims to provide skills that give employability to women and to provide competencies and skill that enable women to become self employed/entrepreneurs. The scheme is intended to benefit women
who are in the age group of 16 years and above across the country. The assistance under this scheme is available in any sector for imparting skills related to employability and entrepreneurship including but not limited to the agriculture, horticulture, Food processing, handlooms, tailoring, stitching, embroidery, handicrafts, computer and IT enable services along with soft skills and skills for the work place such as spoken English, gems and jewellery, travel and tourism, hospitality etc.

**Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the skill training scheme of Ministry of Skill Development and Entrepreneurship (MSDE). The objective of this skill certification and reward scheme is to enable and mobilize a large number of Indian youth including women to take up outcome based skill training and become employable and earn their livelihood. Under this scheme, monetary rewards are provided to trainees who are successfully trained, assessed and certified in skill courses undertaken by affiliated training providers. The quality of training provided to trainee position them as employment ready for industry-recognized roles. The assessment by independent third party assessment agency provides for standardization of skills and makes them industry ready.

**Other schemes for women empowerment**

Government has developed certain other schemes also for skill development of women, some of which are as under:

- **Prime Minister Rojgar Yojana**
- **Trade Related Entrepreneurship Assistance and Development scheme (TREAD)** to develop women entrepreneur in rural, semi-urban and urban areas by developing entrepreneurial qualities.
- **Women Component Plant**, a special strategy adopted by Government to provide assistance to women entrepreneurs.

**Challenges for skill development of women**

Women are considered as nucleus of the nation and they are builders of the nation prosperity. The status of women in society is the real index of civilization. In most of urban societies, gender difference for girl child education is reduced. Hence the literacy ratio of women is increased during last decade. But this gender difference is reduced only for literacy of women, and not for joining them in economic activities. If the women having entrepreneurial skill want to start some small business, they receive very less economic and mental support from the family. They are not getting much respect for their work. It is the tradition that family gives proper training to a girl to become good wife, but no training or motivation is given to her to become successful entrepreneur and grow her business. This is the main and foremost reason for the question that why women contribution to GDP is low.

In some rural and semi-urban areas, still the gender difference is found. In such areas, women are still treated as homemaker only and they are not permitted to undertake activities other than household chores. In some area, women are allowed to devote time for skill training and undertake economic activities, but time allotted for such activities is conditional and very limited. Rural women have overburdened personal obligations, so they have less time, concentration and interest in attending skill development training. Hence skill development programmes and other initiatives undertaken by the Government not becomes much successful. Also, due to some structured barriers like family responsibilities, child care responsibilities and other social norms, job drop out ratio of women is higher.

The local customs and traditions also play a main role in encouraging women to enroll for skill development training. Rural women not feel comfortable to work from areas other than their houses or local areas. Also due to lesser support from family, level of confidence needed to start and grow small business or even to join skill development training is very low in women. Due to economic dependence and male headed society, the decision power of women related to business activities is very less. Women are considered as secondary income earners. Hence lower importance is given to encourage them to develop their skill and grow their business.

Present age women are participating in various social activities. Hence leadership quality, technical skill and competency of women have developed and such qualities are found similar to that of men. Even in some sector they are more competent than men. However, in some sectors, women are not getting same wages and remuneration as men. This factor de-motivates women for joining such sectors.

Sometimes workplace is unfriendly to women. Hence they resist in accepting job or attending training programmes where most of colleagues are male. Moreover, they are restrained by their family from seeking challenging job roles, even if they are competent enough. Lack of social protection, poor working conditions and low earning
prevents women from entering into vocational activities. Due to some family customs, women are not allowed to develop network with other male entrepreneurs working in the same field. This restricts growth of business of women.

Also there are some administrative barriers for skill development of women such as inadequate infrastructure, high opportunity cost for imparting training, low level education of potential women trainees etc. Some training institutions and self-help groups are facing financial problems, which restricts their activities. Also there are not adequate networking among such groups and agencies.

**Efforts needed for skill development of women**

Women entrepreneurship is recognized as untapped source of economic growth. Women entrepreneurs are confident, innovative and creative. They are capable of achieving economic independence by accepting challenging role. What they need is only motivation and support with proper training to develop their inner skill. Hence first and foremost need is to reduce gender gap to achieve active participation of women in Indian economy and develop their confidence to work independently.

Women having common area of interest can work together in small groups and can develop their small scale business. Hence proper networking should be developed among such groups to develop the business. Also, due guidance should be provided to them to develop their business and help them in capacity building for marketing and administration. Women entrepreneurs should take the lead and organize the business or industry and provide employment to other women. Skill development improves output, quality, diversity and occupational safety and improves heath thereby increase wealth and livelihood of the family. It also helps to develop social capital in terms of relations and strengthens knowledge about informal sector associations, rural organizations and governance. Also some groups having financial stability and some other groups having marketing skills can join hands with skilled women to grow the business.

Skill development of women mainly in rural sector is the only solution to the problem of unemployment and proper utilization of resources and improving living conditions of poor people. Skill development is the key to improve household productivity, employability and income-earning opportunities for women and also for enhancing food security and promoting environmentally sustainable rural development and livelihoods.

Family support is most important for women to become economically independent. Hence it is needed to educate family of the women to encourage them and provide economic and mental support to develop their skill and thereby start small business. Also women should be encouraged to develop their leadership skill, decision making power and confidence needed to grow their business.

Moreover, change is needed in social norms around marriage, work and household duties. Women empowerment will be successful only when structured barriers for women will be removed. Household duties should be equally divided between men and women. Indian women should be aware of their basic rights and boosts their self confidence and spread awareness about social issues. It is need to motivate and convince women for training considering local traditions specifically in rural areas.

To join them in economic activities, difference in the wages and remuneration payable to women and men should be removed. Also, to promote their business, there is need to provide subsidized loans to women entrepreneurs and to self-help groups. Moreover, Women friendly policies like flexible work timings and work from home options will encourage women to join workplace. Also, there is need to provide support for child and adult care, ensuring mobility to and from work place.

**Conclusion**

Women are willing to become self independent, but the thing lacking is to make them aware about the government schemes and make optimal use of such schemes for skill development of women. The combined efforts should be made by local NGOs, panchayats and Government to grow women-driven businesses, because women empowerment through skill development will lead to higher level of growth and development of India.

**Source:**

(1) NSSO report 68th round (2011-12)
EMPOWERING WOMEN THROUGH SKILL DEVELOPMENT – 
A STUDY WITH REFERENCE TO WEST BENGAL

“Women perform 66% of the world’s work, and produce 50% of the food, yet earn only 10% of the income and own 1% of the property. Whether the issue is improving education in the developing world, or fighting global climate change, or addressing nearly any other challenge we face, empowering women is a critical part of the equation.”

Former President Bill Clinton addressing the annual meeting of the Clinton Global Initiative (September 2009)

Women are an integral part of today’s society. The responsibility of women not only rests on managing their families but also on development of entire society. There is a famous saying by Brigham Young (1801-1877) that, “You educate a man; you educate a man. You educate a woman; you educate a generation.” Therefore it has become a central issue to empowering women or developing confidence in them. Empowerment of women means giving them freedom to be self-reliant, economically independent, have positive self-esteem, building confidence in them to face any difficult situation and motivating them to participate in various socio-political development endeavours. According to a McKinsey Global Institute study (2015), India could boost its Gross Domestic Product (GDP) by $2.9 trillion by 2025, if female workforce participation rate is improved by 10 percentage points, from 31 percent at present to 41 percent in 2025. This would be equivalent to bringing 68 million more women into the non-farm labour force in India.

Improving participation of women in the workforce would require improvements in access and quality of education, skill development and employment opportunities available to women.
Currently majority of women are still unskilled in India. So, skill development is needed to increase their ability and quality and be self-dependent to contribute at par with men towards economic development. For ensuring development of women government has started numbers of policies and schemes so that they can stand and support for themselves and gain status within the society.

**Review of Literature**

Few literatures on women empowerment and skill development have been summarised below:

**Unni, Jimol & Uma (2004)** have observed that there is a need not only to bring change in status and image of women but also in the attitude of society towards them. There is a demand to create awareness among the rural women who are unemployed to gain self-esteem and confidence.

**Blanchard & Thacker (2004)** says that true meaning of women exchange training programme is training, sharing, earning, and improving experience of the women by both locally and internationally. The women who gain much practical experience will come back with initiative and contribution to improve their self help process and performance.

**Bhuiyan and Abdullah (2007)** studied the women empowerment through entrepreneurship development in Bangladesh and concluded that to improve the skills of women entrepreneurs about one fifth of the investment of all banks and financial institution should be provided.

**Duflo (2011)** observed that women empowerment and economic development are correlated. Economic development alone is insufficient to ensure significant progress in important dimensions of women’s empowerment, empowering women through skill improvement will lead to economic development.

**Praveen (2014)** found that the rate of unemployment among educated and qualified women is increasing. It is necessary to encourage women entrepreneurship and provide opportunity of self-employment through the development of rural entrepreneurship and to start special training course for unemployed women to improve their skills.

**Mokta (2014)** suggested that women need to find their own way in this male dominated society. They should be motivated for growth and empowerment by Self Help Groups, NGOs and Micro Finance institutions and various government policies.

**Kumar (2014)** observed that in our society women have been treating as a second class citizen because of religious culture and physical structure, women are forced to remain as dominated group. It is needed to find out the area where women are still far from using their rights and unable to access various resources and institutional knowledge.

**Gupta (2016)** observed that skill development will be key factor for empowering the women. Independence brought an equal opportunity to the Indian women for participation in political process and rights in education, employment. But, the government sponsored development activities have benefited only a small section of women but the large majority of them are still unaffected.

**Objectives of the Study**

The specific objectives of the study are to

- Understand the concept of women empowerment and skill development and their relationship.
- To evaluate different government’s schemes related to skill development and women empowerment in West Bengal.
- To highlight the challenges in developing skill among women.

**Methodology**

The study is mainly exploratory in nature and is based on the secondary data sources. The necessary information and data has been collected from various books, journals, internet based resources and the reports and publications of Government of India and Government of West Bengal.

**Concept of Women Empowerment**

Women empowerment means to provide the equal access to women in the social movement and political change, economic development and technological innovation, in the developed countries. But in developing world, empowerment of women indicate that, self-decision making in household level, equal access in economic opportunity, equally participation in community-based activities, and guarantee of individual decision for live. Simply it refers to the ability of women to enjoys their right to benefits and controls their incomes, assets, their own times and ability to solve of any problem at any cost. This also includes their right to improve their job, economic status, well-being and happiness. The

Women empowerment has mainly two wings i.e. economic empowerment and social empowerment. Economic empowerment ensures provision of training, employment and income generation activities with both forward and backward linkages with the ultimate objective of making all women economically independent and self-reliant. It enables women to enjoy freedom at par with men in all spheres, viz, political, economic, social, civil, cultural etc. Economically empowered women contributed to the wealth and well-being, not only of their families, but also of their nations.

Social empowerment is understood as the process of developing a sense of autonomy and self-confidence, and acting individually and collectively to change social relationships. It means a more equitable social status for women in society because the primary responsibility of any human society is to ensure human dignity to all members. It is often argued that facilitating women’s access to money is not an effective means for achieving women’s empowerment unless it is linked to other kinds of activities like training on awareness of the impact of women’s subordination, concept of self-esteem and on the meaning and benefits of empowering women.

**Skill Development for Women Empowerment**

Skill means knowledge and ability that enable peoples to execute their plan systematically, properly and easily and skill development is the process of identifying skill gap and developing this skill. So skill development is important to increase productivity, improve employability of both organised and unorganised sector and to create livelihood opportunities or earning opportunity, to reduce poverty, and to bring environmentally sustainable development.

Traditionally women have used their capacity only for community development, but now a day they are also participating in various sector like education, art, culture, sports, etc. However, a majority of the female workforce in India is unskilled and they are largely concentrated in the informal sector, engaged in vocations characterized by low earning, low productivity, poor working conditions and lack of social protection. The major reason behind this is that the women face various barriers in accessing or developing their skill. So, proper skill development programme and training will develop their ability and quality to make them self-dependent and more productive to enhance their earning capacity. Some skill that training institute must impart to women empowerment are communication skill, leadership skill, language development, personality development, entrepreneurship skill, etc.

India lags far behind in imparting skill training as compared to other countries. Only 10% of the total workforces in the country receive some kind of skill training (2% with formal training and 8% with informal training). Further, 80% of the entrants into the workforce do not have the opportunity for skill training (International Labour Organisation, 2011). In response, the Ministry of Skill Development and Entrepreneurship has been created by the Government of India (GoI) to fulfil the vision of a ‘Skilled India’ where human resource development is in primary focus. The government of India developed an ambitious scheme ‘of increasing the proportion of formal and informal skilled workers in its total workforce from a mere 2% now to 50% by 2022, thus creating a 500 million strong resource pool.’ There is also a target to ensure 33% coverage of women. Of the 1100 modular skills, 231 skills for women have been identified. The target is proposed to be achieved through dovetailing of all the skill development initiatives of the Government. Gender disaggregated data should be maintained by the National Skills Development Corporation on the number of women that receive training to assess whether the minimum reservation for 33% of seats for women is being utilised, women are getting employment and spaces in the market economy after they are trained etc (Working Group, Women’s Agency and Empowerment., page 54, 2011).

To impart skills to women, the government has already taken steps like the Skill Development Initiative Schemes under Directorate General of Employment and Training and developing over 10,000 training providers under which 12.6 lakhs woman have availed benefits. There are 402 women Industrial Training Institute (ITIs) and 1134 women wings in ITIs, which provide training to 1,41,907 women annually (Lok Sabha Starred Question 226).

**Women Empowerment and Skill Development Programme in West Bengal**

As per the latest Census 2011, 48.72% of the population in West Bengal are female and the literacy rate among these female is 70.54% comparing to 81.69% for male. Out of the total women only 15.35% of urban women and 19.35% of rural women in the state used to participate in any types of work, whereas this rate is 57.19% for rural men and 56.84%
for urban men. But if we consider the participation in main work, then it will be found that only 8.14% of rural women and 10.89% of urban women have participated in main work, whereas this rate is 44.03% for rural men and 51.18% for urban men. Out of the total women workers 34.03% are engaged in agricultural activities (male 27.9%). The table below is showing the incremental manpower requirement in West Bengal in different categories of labour i.e. unskilled, semi skilled and skilled category for the period of 2012-17 and 2017-22.

Table-1
Incremental Manpower Requirement in West Bengal for 2017-2022 periods

<table>
<thead>
<tr>
<th>Sector</th>
<th>2012-17</th>
<th>2017-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sericulture</td>
<td>81000</td>
<td>72000</td>
</tr>
<tr>
<td>Animal Husbandry</td>
<td>360000</td>
<td>300000</td>
</tr>
<tr>
<td>Pisciculture</td>
<td>113789</td>
<td>65022</td>
</tr>
<tr>
<td>Agro based &amp; Food Processing</td>
<td>28743</td>
<td>24122</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>25536</td>
<td>19534</td>
</tr>
<tr>
<td>Jute &amp; Textiles</td>
<td>9651</td>
<td>7931</td>
</tr>
<tr>
<td>Auto/Engineering</td>
<td>21267</td>
<td>17410</td>
</tr>
<tr>
<td>Electrical &amp; Electronics</td>
<td>5713</td>
<td>4677</td>
</tr>
<tr>
<td>Drugs, Chemical &amp; Petrochemicals</td>
<td>10904</td>
<td>9763</td>
</tr>
<tr>
<td>Rubber &amp; Plastic Products</td>
<td>11127</td>
<td>9109</td>
</tr>
<tr>
<td>Region Specific Industries(Tea, Gems &amp; Jewellery, Port Based Industries)</td>
<td>4027</td>
<td>3297</td>
</tr>
<tr>
<td>Manufacturing/Assembling/Processing-MSME</td>
<td>206688</td>
<td>171900</td>
</tr>
<tr>
<td>Repairing &amp; Maintenance</td>
<td>57672</td>
<td>48060</td>
</tr>
<tr>
<td>Construction</td>
<td>911922</td>
<td>699476</td>
</tr>
<tr>
<td>IT&amp;ITES</td>
<td>38700</td>
<td>25600</td>
</tr>
<tr>
<td>Healthcare</td>
<td>211269</td>
<td>359367</td>
</tr>
<tr>
<td>Transportations and Logistics</td>
<td>421927</td>
<td>349660</td>
</tr>
<tr>
<td>Trade, Retail</td>
<td>952956</td>
<td>686128</td>
</tr>
<tr>
<td>Hospitality</td>
<td>174917</td>
<td>169776</td>
</tr>
<tr>
<td>Communication</td>
<td>93251</td>
<td>77279</td>
</tr>
<tr>
<td>Banking and Financial Services</td>
<td>103982</td>
<td>95639</td>
</tr>
<tr>
<td>Education and Training</td>
<td>26442</td>
<td>17628</td>
</tr>
</tbody>
</table>

(Source: West Bengal Planning Commission and KPMG Analysis)

The above table shows that there is a huge requirement of manpower in both semi-skilled and skilled categories. Hence, there is a dire need of skill development training and programme in the state to fulfil the requirement. As we have seen that a very few women participates in main work (8.14% of rural and 10.89% of urban women) in the state, so skill development training and programme is very much necessary for women to include more of them in the main work and for the holistic development and growth of the state.

Now a day, the Government and Non Government agencies are providing various training programmes for upliftment of women skills. Government of India and the Government of West Bengal run a number of schemes for the development of women. These schemes relate to education, skill development and to the economic rehabilitation of women, and also to women with physical disabilities. There are altogether nearly 250 women centric schemes are there in the state under 23 Departments. In this section the author has summarised various government run skill development program that are operational in West Bengal.

Swabalamban Scheme
Department of Women and Child Development, Government of West Bengal has launched Swabalamban scheme which aims to improve the lives of poor women by training them to ensure their employment. Such training are arranged for activities like zari craft, handloom weaving, beautician courses, community health, readymade garment-making, wood carving, etc. It mainly targeted for upliftment of poor and needy women of urban slums and rural areas from weaker sections like S.C., S.T. etc by giving them acting
lessons and making them employable in the entertainment industry. The achievement of the scheme for the last three years are summarised below:

**Table-2**

Performance of Swabalamban Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of project</th>
<th>Number of beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 - 2014</td>
<td>78</td>
<td>3423</td>
</tr>
<tr>
<td>2014 – 2015</td>
<td>72</td>
<td>2730</td>
</tr>
<tr>
<td>2015 - 2016</td>
<td>96</td>
<td>3800</td>
</tr>
</tbody>
</table>

(Source: West Bengal Women and Child Development Department, Govt. of West Bengal)

**Kanyashree Scheme**

Kanyashree Prakalpa is an initiative of the West Bengal government to improve the lives and the status of the adolescent girls by enhancing their skill through education. The scheme provides financial help to the girls from disadvantaged families to pursue higher studies. It is also launched to prevent early marriage of girl children of socio-economically backward families whose annual income is less than Rs 120,000. Around 3.4 million beneficiaries are enrolled under this scheme so far.

**National Handicapped Finance and Development Corporation (NHFDC)**

National Handicapped Finance and Development Corporation (NHFDC) have been set up by Government of India to promote economic and development activities undertaken by persons with disability. The West Bengal Women Development Undertaking is playing an important role to channelize NHDFC loan scheme in the state of West Bengal by the Department of Women and Child Development and Social Welfare. Around 89 beneficiaries have taken loan under this self employment scheme.

**Table-3**

Status Report of NHFDC

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Disbursed (in Rs.)</th>
<th>No. of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>99,000</td>
<td>1</td>
</tr>
<tr>
<td>2014-15</td>
<td>2,17,4617</td>
<td>17</td>
</tr>
<tr>
<td>2015-16</td>
<td>1,24,6874</td>
<td>7</td>
</tr>
</tbody>
</table>

(Source: Department of Women and Child Development and Social Welfare, Government of West Bengal)

**Swayamsiddha**

Swayamsiddha is another remarkable scheme which empowers the Indian women both socially and economically to enable them live with dignity and self-reliance by forming self help group. The scheme lays stress on access to micro-credit and envisages block and panchayat-level participation among women, cutting across all regional, economic and social groups. The long term objective of the scheme is to achieve an all round empowerment of women, both social and economic empowerment. Direct access to and control over resources through income generating activities would be the main purpose of women SHGs under Swayamsiddha. Around 39 blocks of 4 districts of Bankura, Purulia, Dakshin Dinajpur and Darjeeling have implemented Swayamsiddha scheme.

**Muktir Alo**

This Scheme has been launched by Government of West Bengal under the Department of Women & Child Development and Social Welfare for rehabilitation of sex workers and victims of sex trafficking. This scheme gives opportunities of life with dignity to the girls and women who have drawn into the profession of sex work by force or otherwise. It provide alternative career opportunities through appropriate job training and vocational training for skill upgradation to make them capable, and motivating them to start small & cottage entrepreneurship to create viable markets in the domestic as well as overseas.

**Table-4**

Status of Muktir Alo scheme for F.Y 2015-2016 and 2016-2017

<table>
<thead>
<tr>
<th>Name of NGO/ F.Y</th>
<th>Trade name</th>
<th>Number of Beneficiaries</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women’s Interlink Foundation (2015-2016)</td>
<td>Block Printing</td>
<td>28</td>
<td>9 months</td>
</tr>
<tr>
<td></td>
<td>Spice Grinding</td>
<td>22</td>
<td>9 months</td>
</tr>
<tr>
<td>Divine Script</td>
<td>Manufacture accessories from Recycle tyre</td>
<td>12</td>
<td>9 months</td>
</tr>
<tr>
<td></td>
<td>Training on Bakery, Beverage making and Management of Cafeteria</td>
<td>12</td>
<td>9 months</td>
</tr>
</tbody>
</table>

(Source: Department of Women and Child Development and Social Welfare, Government of West Bengal)

**Support to Training and Employment Programme for Women (STEP)**

The Support to Training and Employment Programme
The Management Accountant

The Management Accountant (STEP) Scheme was started from 1986-87 as a 'Central Sector Scheme'. The main aim for behind starting this scheme is to extend training for up-gradation of skills and employment for women in remote areas who are not in a position to move out of their immediate surroundings through a variety of action-oriented projects. The objectives of this scheme are as below:

- To provide skills that give employability to women.
- To provide competencies and skills that enable women to become self-employed/entrepreneurs.
- To upgrade the skills of poor and marginalized women.
- To provide employment to them on a sustainable basis.

Assistance under the STEP Scheme is available in any sector for acquiring skills related to employability and entrepreneurship as identified by the Ministry of Skill Development & Entrepreneurship (MSDE) including but not limited to the following:

- Agriculture, Horticulture, Food Processing, Handlooms, Traditional crafts like Embroidery, Zari etc., Handicrafts, Gems & Jewellery, Travel & Tourism, Hospitality sector, etc.

The Rashtriya Mahila Kosh (RMK)

The Rashtriya Mahila Kosh (RMK) was established in 1993 to provide microcredit in a quasi-formal manner to the poor women for income generating, production, skill development and housing activities in order to make them economically independent. RMK mainly channelizes its support through NGOs, Voluntary agencies, State Women Development Corporations, Cooperative Societies, State Government agencies, Urban Women Co-operative Banks etc. to the women SHGs. This will enable it to reach out to a larger number of poor, asset less and marginalized women for income generating, production, skill development and housing activities. Upto 31st March 2017, Rashtriya Mahila Kosh has sanctioned an amount of Rs. 2477.29 lakh in West Bengal out of which Rs. 2023.79 lakh has been disbursed for the development of the women. In this process RMK has involved 149 NGOs and 5407 SHGs and the total number of women beneficiaries of its programme are 54,072.

Other Women Empowerment Programme of Government of West Bengal

The other women empowerment programme/Schemes that are conducted by the Government of West Bengal are:

- Distribution of Chicks/ Ducklings among Women SHG members
- Women (BPL) empowerment through backyard poultry development
- Microfinance to Members of LAMPS
- Diversified production of fish by-products by women
- Construction of backyard ornamental fish hatchery and rearing of ornamental fish
- Formation of FPS for the engagement of Self Help Groups, etc.

Challenges in Skill Development and Women Empowerment

The main challenges faced by women achieve skills are at administrable level, socio-economic background, political etc. Some of the challenges faced by women are as follows:

- Inadequate Infrastructure
  
  As per predictions made by various researchers millions of new comers will join the workforce per year in the coming decades but the training capacity is not that big to train everyone. Thus it is a major challenge to create such a huge infrastructure to fill this gap.

- Dual responsibility
  
  With the dual roles as, wife and mother women unable to manage the enterprise effectively because of lack of time, concentration and overburdened personal obligations.

- Illiteracy
  
  A major part of rural women are found to be illiterate as compared to men. This make them unable to adapt new changes, pursue training effectively. They also do not have knowledge of basic accounting to run an enterprise.

- Irrelevant skill training
  
  Some training activities which are included in the curriculum of skill development do not matches with current business scenario due to which they have poor placement records. Regularly up gradation is required in training infrastructure but that will consume huge expenses.

- Need of training and development
  
  Indian families do not provide a girl to enter into business network with other men rather than she is trained to be a good wife.
Political interference

Majority of contracts and contract locations do not favour the rural populations. As majority of them awarded to known peoples of political leaders and locations they select always out of the reach of poor people.

Finance Problem / Popularity

Many of the schemes which started by government are not known to the common people as they are not adequately listed nor popularised due to lack of funds. There is no adequate fund to provide training programmes to every rural woman who is in need of it.

Support service beyond training programme

Providing employment after completion of training programme is major issue. Majority of trainees find it difficult to start an entrepreneurship due to complex legal framework, Therefore it is needed to place them after training programme.

Conclusion and Recommendations

Skill development plays a pivotal role in increasing participation women in income generating activities and empowering women. So, skill development among women is the need of the hour so as to make them confident, self reliant and to develop in them the ability to be a part of decision making at home and outside. Since girls and women represent 50% of the world population, enabling them to participate in their local economics help broaden the employment pool. The study found that Government of India is planning to increase the skilled workers to 500 million by 2022 and 33% of them will be reserved for women. Government of West Bengal also has taken a number of initiatives for skill development and women empowerment in the state. But there are some challenges like lack of awareness, inadequate infrastructure, support service, etc. in achieving the skill development for women.

So, to cater the huge demand of skilled personnel, India’s vocational training infrastructure needs to be expanded through infrastructural development and increase in trainers. To increase enrolments, the combined efforts with local NGOs and Panchayats on informing women and their families on the advantages of skill development and vocational education, which may lead to employability, is very important. Along with the awareness generation program the policy maker should diversity the skill development programme as per need and capacity of the women so that it can be fit for all types of women.

References


Report

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Footnotes

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maji_sangita@yahoo.com
REGIONAL CMA CONVENTION – 2018
23rd & 24th November 2018

Theme
BUSINESS GROWTH through
PROACTIVE THINKING & STRATEGIC LEADERSHIP

VENUE:
J N TATA AUDITORIUM
Indian Institute of Science,
Malleshwaram, Bengaluru - 560 012

Organised by
The Institute of Cost Accountants of India
Bengaluru Chapter

“Behind every successful business decision, there is always a CMA”
SCHEMES TOWARDS EMPOWERMENT OF WOMEN

“Yatra naryastu pujyante ramante tatra devatah. Yatraitastu na pujyante sarvastatraphalah kriyah” - This verse of the Manusmriti declares that “women must be honored and adorned” and means that Gods make their abode in the household in which women are treated with respect and where they are not shown respect, no sacred rite bears any fruit.

The Right to Equality is one of the chief guarantees of the Constitution of India. Article 14 guarantees equality before law and equal protection of law to all persons within the territory of India. Article 15 prohibits discrimination on the grounds of religion, race, caste, sex, place of birth, or any of them. However, this Article does not preclude the State from making special provisions for women, children or any socially and educationally backward classes of citizens, including the scheduled castes and scheduled tribes. Article 16 guarantees equality of opportunity in the matters of public employment and prevents the State from discriminating against anyone in matters of employment on the grounds only of religion, race, caste, sex, descent, place of birth, place of residence or any of them.

The Ministry of Women and Child Development of the Government of India (“Ministry”) has been set up with effect from 30th January 2006, with a broad mandate to have holistic development of women and children. The Ministry formulates plans, policies and programmes; enacts and amends legislations; guides and co-ordinates the efforts of both governmental and non-governmental organizations working in the field of the women and child development. Besides, the Ministry also plays a vital role in implementing innovative programmes for women and children. These programmes cover training for employment and income generation, gender sensitization, awareness generation and welfare and support services. The Ministry has been striving to ensure that women are empowered both economically and socially and thus become equal partners in national development along with men.

The initiatives like #Time’sUp and #Metoo have helped the silent victims around the world to raise their voice against...
violence, discrimination and harassment. The countries around the world including India have been emphasizing on and striving for empowerment of women. Women empowerment helps women to take their own decisions by breaking all personal limitations of the society and family. It is to bring equality in the society for both male and female in all areas and facets of life.

The Ministry has several women empowerment schemes and they are:

**Beti Bachao Beti Padhao Scheme:**

The Child Sex Ratio ("CSR") i.e. number of girls per 1000 boys between 0-6 years of age has been on a decline over the decades. The decline in the CSR is a major indicator of women disempowerment. Since co-ordinated and convergent efforts are needed to ensure survival, protection and empowerment of the girl child, the Government of India has announced the Beti Bachao Beti Padho initiative. This is a joint initiative of the Ministry with the Ministry of Health and Family Welfare and Ministry of Human Resource Development.

The objectives of this initiative are:

- Prevention of gender biased sex selective elimination
- Ensuring survival & protection of the girl child
- Ensuring education and participation of the girl child

The scheme aims in creating awareness about importance of protecting the girl child and also focuses on their education so that they can meet their aspirations. The scheme also helps women to move beyond their homes and communities to assume larger responsibilities and claim their rights.

**One Stop Centre Scheme:**

The One Stop Centre Scheme is implemented with effect from 1st April 2015. The scheme aims to facilitate access to an integrated range of services including police assistance, legal aid, case management, medical aid, psychological counseling and temporary support services to women affected by violence. The scheme is implemented with 100% Central assistance.

The objectives of the scheme are:

- To provide integrated support and assistance to women affected by violence, both in private and public spaces under one roof.
- To facilitate immediate, emergency and non-emergency access to a range of services including medical, legal, psychological and counseling support under one roof to fight against any forms of violence against women.

Under the scheme, One Stop Centres would be set up across the country in a phased manner. The One Stop Centres will provide support to all women including girls below 18 years of age affected by violence, irrespective of caste, class, religion, region, sexual orientation or marital status. Women facing physical, sexual, emotional, psychological and economic abuse, irrespective of age, class, caste, education status, marital status, race and culture will be facilitated with support and redressal. For girls below 18 years of age, institutions and authorities established under Juvenile Justice (Care and Protection of Children) Act, 2000 and the Protection of Children from Sexual Offences Act, 2012 will be linked with the One Stop Centres.

Aggrieved women facing any kind of violence due to attempted sexual harassment, sexual assault, domestic violence, trafficking, honour related crimes, acid attacks or witch-hunting who have reached out or been referred to the One Stop Centres will be provided with specialized services. The One Stop Centres shall facilitate access to the following services:

- **Emergency response and rescue services** – The One Stop Centres will provide rescue and referral services to women affected by violence.
- **Medical assistance** – Women affected by violence would be referred to the nearest hospital for medical aid and examination which would be undertaken as per the guidelines and protocols developed by the Ministry of Health and Family Welfare.
- **Assistance to women in lodging FIR / NCR / DIR** – The One Stop Centres will facilitate the lodging of FIR / NCR / DIR.
- **Psycho-social support / counseling** – A skilled counselor providing psycho-social counseling services will be available on call. The counseling process will give women confidence and support to address violence or to seek justice for the violence perpetuated.
- **Legal aid and counseling** – The One Stop Centres shall facilitate access to justice for women affected by violence, legal aid and counseling through empanelled lawyers or National / State / District Legal Service Authority.
- **Shelter** – The One Stop Centres shall provide temporary shelter facility to aggrieved women. Women affected by violence along with their children (girls of all age and boys upto 8 years of age) can avail temporary
shelter at the One Stop Centres for a maximum period of 5 days. For long term shelter requirements, arrangements will be made with Swadhar Greh / Short Stay Homes.

Video conferencing facility - In-order to facilitate speedy and hassle free police and court proceedings, the One Stop Centres will provide video conferencing facility through skype, google conferencing etc. Through this facility the aggrieved woman can record her statement for police / courts from One Stop Centres using audio-video electronic means as prescribed under Code of Civil Procedure and Code of Criminal Procedure.

Support to Training and Employment Programme for Women (Step):

The STEP scheme aims to provide skills that give employability to women and provide competencies and skill that enable women to become self-employed / entrepreneurs. The scheme is intended to benefit women who are in the age group of 16 years and above across the country. The grant under the scheme is given to an institution / organisation including NGOs directly and not the States / Union Territories. The assistance under the scheme will be available in any sector for imparting skills related to employability and entrepreneurship, including but not limited to the agriculture, horticulture, food processing, handlooms, tailoring, stitching, embroidery, zari etc, handicrafts, computer & IT enable services along with soft skills and skills for the work place such as spoken English, gems & jewellery, travel & tourism, hospitality.

The objective of the STEP scheme is as under:

- To provide skills that give employability to women.
- To provide competencies and skills that enable women to become self-employed/entrepreneurs.

The primary objective of the scheme is to assist those organizations which have deeper involvement and commitment for women based on harnessing local talents of women for their economic empowerment. Under the scheme, a maximum of 90% of the project cost will be funded by the Government of India and the remaining 10% will have to be borne by the implementing agency for its own resources.

MAHILA E-HAAT:

Mahila E-Haat [http://mahilaehaat-rmk.gov.in] is a bi-lingual portal launched by the Ministry on 7th March 2016. It is an initiative for meeting aspirations and needs of women. This was done keeping in mind that technology is a critical component for business efficiency and to make it available to the majority of Indian women entrepreneurs / SHGs / NGOs. This is an unique direct online marketing platform leveraging technology for supporting women entrepreneurs / SHGs / NGOs for showcasing the products / services which are made / manufactured / undertaken by them. Sensitization, advocacy, training, packing and soft intervention workshops on Mahila E-haat are organized periodically with the support of State Governments & Women Development Corporations.

This unique e-platform will strengthen the socio-economic empowerment of women. The platform facilitates direct contact between the vendors and buyers, by displaying their contact number, address as also the basic cost of products and services. The platform showcases over 2000 products and services across 18 categories viz. clothing (men, women & children), bags, fashion accessories, jewellery, decorative and gift items, home decor, carpets, rugs, foot mats, baskets, linen, cushion covers, boxes, pottery, grocery & staples, organic, natural products, file folders, industrial products, educational aids, soft toys and miscellaneous.

Mahila E-haat received the SKOCH GOLD Award on 9th September 2016 and was also awarded ‘SKOCH Order-of-Merit’ Award, as it was adjudged as one of the ‘Top 100 Projects in India’ for the year 2016.

Working Women Hostel:

The Working Women Hostel Scheme has been promoted for providing safe and convenient accommodation for working women who need to live away from their families due to professional commitments. The objective of the scheme is to promote availability of safe and conveniently located accommodation for working women, with day care facility for their children, wherever possible, in urban, semi urban, or even rural areas where employment opportunity for women exist. The scheme is assisting projects for construction of new hostel buildings, expansion of existing hostel buildings and hostel buildings in rented premises.

The following categories of working women and their children are covered under this scheme:

- Working women, who may be single, widowed, divorced, separated, married but whose husband or immediate family does not reside in the same city / area.
- Women who are under training for job, provided that total training period does not exceed 1 year.
- Girls upto the age of 18 years and boys upto the age
of 5 years, accompanying working mothers will be provided accommodation with their mothers.

Working women are entitled to hostel facilities provided their gross income does not exceed Rs. 50,000/- consolidated (gross) per month in metropolitan cities, or Rs 35,000/- consolidated (gross) per month, in any other place. When the income of any working woman already residing in a hostel exceeds the prescribed limits, she will be required to vacate the hostel within a period of six months of crossing the income ceiling. The working women’s hostel projects being assisted under this scheme shall be made available to all working women without any distinction with respect to caste, religion, marital status etc., subject to norms prescribed under the scheme.

Mahila Shakti Kendra Scheme:

The Government of India has approved a new scheme namely, Mahila Shakti Kendra for implementation during 2017-18 upto 2019-20 to empower rural women through community participation and to create an environment in which they realize their full potential. The scheme will provide an interface for rural women to approach the government for availing their entitlements also empowering them through training and capacity building.

The scheme is envisaged to work at various levels. While the National level (domain based knowledge support) and State level (State Resource Centre for Women) structures will provide technical support to the respective governments on issues related to women, the District and Block level centres will provide support to the Mahila Shakti Kendras. The scheme will be implemented through the State Government / Union Territory Administration.

The scheme is meant to provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition. Student volunteers will encourage the spirit of voluntary community service and gender equality. These student volunteers will serve as “agents of change” and have a lasting impact on their communities and the nation. They will provide an interface for rural women to approach the government for availing their entitlements. The student volunteers will play an instrumental role in awareness generation regarding various important government schemes / programmes. The scheme at the block level will provide an opportunity to student volunteers to participate in the development process by bringing change in their own communities and ensuring that women are not left behind and are equal partners in India’s progress.

Nari Shakti Puraskar:

The International Women’s Day is celebrated every year on 8th March. It is a day that provides an opportunity to acknowledge the achievements of women and recognize their contributions to the society. Taking this as an opportune moment to acknowledge women’s achievements, the Ministry in the year 2015 decided to confer Nari Shakti Puraskars to eminent women and institutions in recognition of their service towards the cause of women empowerment.

Nari Shakti Puraskars would be conferred on eminent women and institutions rendering distinguished service to the cause of women especially belonging to the vulnerable and marginalized sections of the society. The recipients would be drawn from institutions and individuals.

Nari Shakti Puraskars shall be conferred every year. The recipients of the award shall be declared every year on 20th February and awards will be conferred on 8th March on the occasion of International Women’s Day. The Award in each category shall carry a certificate and a cash amount. The Award will be presented at New Delhi at a special ceremony / function to be held on the occasion of the International Women’s Day on 8th March every year. The Ministry will reimburse travel expenses by economy class return fare, by shortest route, for the awardee to and from Delhi, by Air India and local travelling allowance on production of bills and air tickets. Apart from this, boarding and lodging arrangements for the awardees for three days (one day prior and one day after the date of Puraskar ceremony) shall be arranged by the Ministry.

To conclude, women empowerment is not only doing charity for education of women who are below the poverty line but also taking care of them as any other individual. It is a necessity for the very development of a society and provides them the freedom to breathe and live and love their lives in their own terms.

Reference:


cs.ranjithashenoy@gmail.com
SKILL DEVELOPMENT FOR A NEW INDIA
TRANSITION FROM MADE IN INDIA TO MAKE IN INDIA
Outlook about skill in India’s Five Year Plans

Conceived in this way, the early planners in India “regard idle or unproductive labour as on the one hand, a curse or a cause of poverty and low living levels and on the other, a potential resource for development” (Myrdal, 1977). Around 1960’s Prof. P. C. Mahalanobis has noted that only about 13 million persons (out of a total labour force of 160 million) who worked under government and public authorities or in private organised large-scale enterprise, have employment of the type usual in the advanced counties. This implies that the standard of remaining 147 million who work in household or small scale enterprise are to be developed. Earlier planners pointed out that to meet the needs of economic development “right kind of workers” suitably educated and trained, had to be produced (Streeten and Lipton, 1968). Planning Commission also, assume that the stock of educated and trained people should increase in direct proportion to the increase in net output. By assuming an employment norm of 15 craftsmen to every graduate engineer and 3 technicians (engineering diploma holders) for one graduate engineer, requirement for skilled and semi-skilled craftsmen were estimated (Streeten, 1968). To meet these objectives Government Industrial Training Institutes (ITIs) were established. Several Apprenticeship Schemes were also sponsored by the government “for training semi-skilled and skilled workers and middle-level technicians for industry. National Education Commission (1964-1966), popularly known as Kothari Commission also stressed the importance of IITs and the Junior Technical Schools and Polytechnics.

Last 25 years India witness some major changes both in demographic front and in production front. In demographic front it is observed that proportion of persons in the age group 15-29 year accounts for as high as 65 per cent of the total population. This ‘demographic dividend’ is to be skilled so that they add not only to their personal growth but to country’s economic growth. Along with ‘demographic dividend’ a decline is observed in the dependency ratio (ratio of dependent to working age population). The decline in the dependency ratio from 0.8 in 1991 to 0.73 in 2001 is expected to further decline sharply to 0.59 by 2011 as per Technical Group on Population Projections. It is expected that these two features ‘demographic dividend’ and declining ‘dependency ratio’ will give India a comparative advantage over other countries. In the production sector growth and employment in organised manufacturing sector has been rapidly declining. Rather they got concentrated in non-farm unorganised manufacturing and service sector (Arjun Sengupta). In the organised sector also majority of the workers are also employed by contractors. Golder (2010) estimates that workers employed through contractor as percentage of the total workers employed in organised manufacturing has increased from 14 per cent in 1995-96 to 29 per cent 2005-06. Similarly, it is also observed that only 4.69% of the total workforce in India has undergone formal skill training as compare to 75% in Germany and 80% in Japan etc. In other wards between 1960 and 2016 the percentage of skilled personnel has been reduced to a great extent. To overcome the situation the initial National Policy on Skill Development (NPSD) was notified in 2009. The NPSD 2009 laid out the broad framework as well as objectives and outcomes for the skilling landscape in the country. As a first step in this direction Eleventh Five Year Plan identified twenty high growth sectors which required skilled human resource(Table 1).

Table 1: List of Twenty High Growth Sectors in India

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Sl. No.</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Automobile and Auto-components</td>
<td>11</td>
<td>Health Care Services</td>
</tr>
<tr>
<td>2</td>
<td>Banking/Insurance and Finance Services</td>
<td>12</td>
<td>ITES or BPO</td>
</tr>
</tbody>
</table>
It should be mentioned that placement of a student to these high growth sectors requires proper training and during the 11th Plan government of India has arranged and integrated the various skill development agencies.

Review of Skill Development Agencies in India
The following government Ministries/departments are involved in skill development in India in direct or in indirect manner:

(i) Ministry of Human Resource Development (MHRD) - National Vocational Education Qualifications Framework (NVEQF) was launched by MHRD in September of 2012. Under the scheme, different skill trainings like Retail, Information Technology, Security and Automobile Technology were started.

(ii) All India Technical Council Education (AICTE) - All India Council for Technical Education (AICTE) was set up in November 1945 as a national-level Apex Advisory Body to conduct a survey on the facilities existing for technical education and to foster development in the country in a coordinated and integrated manner.

(iii) Ministry of Labour and Employment - Directorate General of Employment and Training (DGET) regulates the setting up of Industrial Training Institutes (ITIs) and Private Industrial Training Centres (ITCs) for providing vocational training.

(iv) National Council on Vocational Training (NCVT) - This is an advisory body under the Ministry of Labour and Employment. It is responsible for formulating standards and curriculum for craftsmen’s training, conducting All India Trade Tests and awarding National Trade Certificates.

(v) National Skill Development Corporation (NSDC) - It is Public Private Partnership model that promotes skill development through for-profit vocational institutions and providing funding to enterprises that provide skill training. One of its roles is to ensure that there is a match in skill training vis-à-vis industry requirement.

(vi) Ministry of Skill Development and Entrepreneurship (MSDE) - The Ministry contributes to the framing of skill policy and aims to consolidate all the efforts of several ministries in skill development. NSDC has been brought under the ambit of this Ministry.

(vii) National Skill Development Agency (NSDA) - It coordinates and harmonizes the skill development efforts of the Government and private sector in order to achieve the skilling targets of the Five Year Plans.

Besides these agencies many central ministries and state governments also carry out skill development programs and initiatives in their respective sphere.

Apart from these Skill Development Agencies in order to overcome the situation a National Skill Development Mission has been adopted by the central Government of India.
India on 15th July 2015 on the occasion of World Youth Skills Day. A separate Ministry has been created in this context namely of Ministry of Skill Development & Entrepreneurship on 9 November, 2014. At present the Ministry has identified 34 sectors for training needs.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>Training Need (2017 to 2022) (in Lakhs)</th>
</tr>
</thead>
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<tr>
<td>1</td>
<td>Agriculture</td>
<td>24.5</td>
</tr>
<tr>
<td>2</td>
<td>Animal Husbandry</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>Fertilizer</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Textile Handloom and Handicraft</td>
<td>60</td>
</tr>
<tr>
<td>5</td>
<td>Automotive, Auto Components &amp; Capital Goods</td>
<td>41*</td>
</tr>
<tr>
<td>6</td>
<td>Gems &amp; Jewellery</td>
<td>35</td>
</tr>
<tr>
<td>7</td>
<td>Food Processing</td>
<td>33.7</td>
</tr>
<tr>
<td>8</td>
<td>Leather</td>
<td>25</td>
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<tr>
<td>9</td>
<td>Pharmaceuticals</td>
<td>14</td>
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<tr>
<td>10</td>
<td>Chemicals &amp; Petrochemicals</td>
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<tr>
<td>11</td>
<td>Steel</td>
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<tr>
<td>12</td>
<td>Rubber Manufacturing</td>
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<tr>
<td>13</td>
<td>Road Transport &amp; Highways</td>
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<tr>
<td>14</td>
<td>Ports &amp; Maritime</td>
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<tr>
<td>15</td>
<td>Aviation &amp; Aerospace</td>
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<td>Railways</td>
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<td>18</td>
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<td>19</td>
<td>Renewable Energy</td>
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<tr>
<td>20</td>
<td>Coal &amp; Mining</td>
<td>2.6</td>
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<tr>
<td>21</td>
<td>Construction</td>
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<td>22</td>
<td>Furniture &amp; Fittings</td>
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<td>Telecom</td>
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<td>Retail</td>
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<td>Beauty &amp; Wellness</td>
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<td>Media &amp; Entertainment</td>
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<td>Banking, Financial Services and Insurance (BFSI)</td>
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<td>32</td>
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<td>33</td>
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<td>32</td>
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<td>34</td>
<td>Security</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1268.72</td>
</tr>
</tbody>
</table>

*Capital Goods – 19lakh, Automotive – 22 lakh
**Overlaps with other sectors

Source: Ministry of Skill Development & Entrepreneurship, Government of India.

Prime Minister KaushalVikasYojana (PMKVY) was approved by the Government on 20 March 2015 with an outlay of ₹1500 crore with the aim to impart skills to 24 lakh persons (14 lakh fresh trainees+10 lakh under Recognition of Prior Learning). The Prime Minister of India, Mr Narendra Modi, while launching the “Skill India Mission” on 15th July 2015, said, “If China is like a manufacturing factory of the world, India should become the ‘human resource capital’ of the world. That should be our target and we should lay emphasis on that.”

The mission with its catch word ‘Make in India’ offers courses across sectors in the country which are aligned to the standard recognised by both the industry and government under the National Skill Qualification Framework (NSQF). The courses help a person focus on practical delivery of work and help him to enhance his technical expertise so that he is ready for day one of his job and companies do not have to invest into training him for his job profile. Lastly the Mission selected PPP mode as the major vehicles for implementing these course. To achieve these target several ITI’s are developed year after year (chart 1). For the first time in 68 years of India’s independence, a Ministry for Skill Development & Entrepreneurship (MSDE) has been formed to focus on enhancing employability of the youth through skill development. The skill ecosystem in India, is seeing some great reforms and policy interventions which

Table 2: Estimated Training Need across 34 Sectors (2017 to 2022)
is reinvigorating and re-energising the country’s workforce today; and is preparing the youth for job and growth opportunities in the international market. The flagship scheme, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) alone, has till date seen close to 20 lakh people get skilled and prepared for a new successful India. Udaan, the Special Industry Initiative (SII) for J&K is funded by Ministry of Home Affairs and implemented by NSDC. Udaan programme is a special scheme to tackle the needs of the educated unemployed in J&K. During last two decades the growth of Government and Private ITIs had been steep and during last five years these are growing with average growth rate of 15% every year. Presently (up to December 2016) there are 13,350 Industrial Training Institutes (2,150 in Government and 11,200 in Private ITIs) with an objective to provide skilled work force to the industry in 126 trades (chart 1). The seating capacity also increased from 7.42 lakhs in 2007 to 28.47 lakhs as on 31.12.2016.

In neo-classical economy the factors of production are considered to be four: land, labour, capital and organisation. Initially it was argued that growth in national income could be explained by the growth of these factors of production particularly labour and physical capital. Empirical studies (Denison, 1962 and Schultz, 1961) found that growth in national income could not be explained exclusively by the growth in two factors of production namely labour and capital. “Residual growth” defined as the portion of the growth which could not be attributed to the growth of labour and capital was sought to be explained by technological advancement alone. It was realised that simple production function analysis which considered labour as a homogeneous entity over time was a gross under-estimation of labour’s contribution as labour became more productive with education and training and was differentiated as well in terms of skill or human capital embodied in the labour. In other words, skills and knowledge are indeed the driving force of economic growth, economic diversification and social development of any country.

Source: Ministry of Skill Development & Entrepreneurship, Government of India.

Core Challenges

The skill development for the future demands be programmed clearly for each occupation with the intention of the increased demand for skilled and educated persons should be matched by corresponding increase in the supply of skilled and educated persons over the time. Despite immense efforts being made in skilling youth, there are multiple challenges such as:

(i) Deficiency of national level integration in skill development programmes - At present, over 40 Skill Development Programmes (SDPs) are being carried out by over 20 Ministries/Departments of the Government of India. Although Ministry of Skill
Development and Entrepreneurship aims to converge efforts of several ministries in skill development yet there exists lot of duplication in the efforts towards skill development. There is lack of alignment of various institutions in implementing and monitoring skill development initiatives. There is an imminent need for redefining a vision for skill development through a policy framework and strategic alignment of the skill development agenda with other major programs.

(ii) Need of robust plans and framework for industry needs - The absence of a robust Labour Management Information System (LMIS) has resulted in poor linkage between skill gap, skill development and employment of the skilled workforce.

(iii) Require of standardisation - Lack of standardisation has resulted in diverse curriculum for the same occupation without taking into consideration the needs of industry. There are also no well-defined standards or guidelines for curriculum and pedagogy. There is an imminent need for common skill standards. With the objective of maintaining quality of training in Government and Private ITIs, a number of measures have been prescribed by NCVT including guidelines for starting new institutes / trades and their affiliation to NCVT.

(iv) Lack of vertical mobility of vocational education with higher education - There is a lack of clear mobility of students from vocational education leading to higher education. This limits the students of the choice and flexibility to make a transition to other vocational streams.

(v) Nonexistence of adequate employment opportunities – Mostly, skill training does not always culminate into employment. This proves to be a hindrance in encouraging more people to take up vocational training courses. There is a need to revive the large and small unorganised sectors for sustainable growth in employment.

(vi) Desire of motivation among youth in taking up vocational - Most of the education and skill development in the past have been geared to satisfy the need of the organised sector, which catered higher remuneration and better job quality and security. But in future, because of the limit in the absorbing capacity for additional employment in the organised sector, education and skills need to be orientated primarily towards the needs of the unorganised sector like agriculture, small industry, services and self-employed as also the new areas like Information Technology (IT), tourism and financial sectors. But presence of traditional hierarchical mind-set and social taboos make vocational skills as non-inspirational. Low salaries at entry level, lack of employers' endorsements and illiteracy makes the workforce less responsive towards skilling initiatives.

Recommendations and Conclusions

India is the world’s fastest growing economy, the government of India has ambitious plans to transform India into a competitive, high-growth, high productivity middle-income country to ensure that everyone gets the benefits of economic growth. In view of the enormity of the challenge of skilling 500 million workforce by 2022, a strong leadership is required to achieve these figures. The strategy should focus on speed, scale, capacity, collaboration, knowledge and productivity. This can be manifested by empowering the youth by making them self-reliant and independent of external support for strong growth by investing in people. This can be achieved only by promoting labour intensive and capital saving technologies. Employment creation in small establishments will have to be promoted by incentives linked with jobs created rather than capital invested. The initiatives described above involving both the States and the Centre, often with private partnership will lead to the establishment of a credible, trustworthy and reliable training, testing and certification edifice linked to global standards to make India the “Skill Capital” of the World. The Cost and Management Accountants (CMAs) can provide the required leadership and guidance helping the government and company to mitigate skill development activities.

References:


tarunmandalnss@gmail.com
SKILL DEVELOPMENT
AND
THE PROSPERITY OF MSMEs
(THE GOVERNMENT INITIATIVES)
The sustainable development of our country is largely depending on the widespread and development of micro, small and medium enterprises. The Governments also by recognising the same fact formulated several policies for the overall development of MSMEs. The Credit Guarantee, Credit Linked Capital Subsidy for Technology Upgradation, ISO 9000, ISO 14001 Certification Reimbursement, MSE Cluster Development Programme, Micro Finance Programme, MSME Market Development Assistance (MDA), National Awards (Individual MSEs), National Manufacturing Competitiveness Programme (NMCP) are some of the programmes launched and being implemented by the Government for the development of MSMEs. Not only this MSMEs but also large companies also being attracted by the Governments offer subsidies, tax holidays etc., According to the recent census our country is a young country having more than 45% of youth in the age group of 20-35 years. The government has ambitious plans to transform India into a competitive, high growth and highly productive middle-income country. Our economy is now diversifying from largely agro based to a manufacturing and service-based economy. These efforts are highly dependent on availability of jobs and quality workforce.

The Forbes India survey during 2015, shows the incremental human resources requirement till 2022 (in million) is as follows.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment by 2022 (in Mn)</th>
<th>Current Employment (in Mn) in 2008</th>
<th>Incremental requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles and Clothing</td>
<td>61.60</td>
<td>35.40</td>
<td>26.20</td>
</tr>
<tr>
<td>Building &amp; Construction Industry</td>
<td>58.00</td>
<td>25.00</td>
<td>33.00</td>
</tr>
<tr>
<td>Auto &amp; Auto Components</td>
<td>48.00</td>
<td>13.00</td>
<td>35.00</td>
</tr>
<tr>
<td>Real Estate Services</td>
<td>25.00</td>
<td>11.00</td>
<td>14.00</td>
</tr>
<tr>
<td>Organised Retail</td>
<td>17.60</td>
<td>0.30</td>
<td>17.30</td>
</tr>
<tr>
<td>BFSI</td>
<td>8.50</td>
<td>4.30</td>
<td>4.20</td>
</tr>
<tr>
<td>Gems &amp; Jewellery</td>
<td>8.00</td>
<td>3.30</td>
<td>4.70</td>
</tr>
<tr>
<td>IT &amp; ITES</td>
<td>7.50</td>
<td>2.20</td>
<td>5.30</td>
</tr>
<tr>
<td>Leather &amp; leather Goods</td>
<td>7.00</td>
<td>2.50</td>
<td>4.50</td>
</tr>
<tr>
<td>Furniture &amp; Furnishings</td>
<td>4.80</td>
<td>1.40</td>
<td>3.40</td>
</tr>
<tr>
<td>Electronics &amp; IT Hardware</td>
<td>4.20</td>
<td>0.90</td>
<td>3.30</td>
</tr>
</tbody>
</table>

Source: Forbes India, 2015.
The above data is diagrammatically shown as follows.

**Objectives of the Study:**
The main objective of this paper is to study and analyse the skill development & its utilisation by the MSMEs and the other objectives are:

1. To examine the present skilled work force and future requirement.
2. To study & analyse the skill development programmes for the development of MSMEs.

**Methodology:**
The present study in this paper is based on the Secondary sources of Data. The data has been collected from various libraries and government portals. The data so collected is tabulated and presented through graphs.

**Skill India:**
The present formal education system offers a few opportunities to acquire job specific skills and only 2.3% of India’s workforce have received formal skill training. To overcome this obstacle, now government took skill development at a top priority and launched National Skill Development Mission which aims to train 400 million people across the country by 2022.

**World Bank Support:**
The World Bank support the country’s vision and approved a US$250 million to Skill India Mission Operation (SIMO). It helps young workforce to acquire the market relevant skills for the highly competitive job market. The operation will support the government initiative and attempt to address the challenges of ensuring greater access to training and also provides quality training which leads to employment. It targets the new labour market entrants and work to improve the quality of existing skills programs. The operation wants the active participation through public private partnerships through this it seeks to set up a corporate social responsibility (CSR) Skills Fund that provides skill development activities. It aims at market relevant training & better job opportunities to 8.8 million youth by the end of 2023.

**Government Initiatives:**
The Government of India to stream line all these efforts for the development of skills for micro & SMEs set up a new ministry in the name of Ministry of Skill Development and Entrepreneurship. The main objective of this ministry is to achieve “Skilled India”. Further, it is responsible for coordination of all skill development efforts throughout the country, removal of disconnect between demand and supply of skilled manpower, building the vocational and technical training framework, skill up-gradation, building of new skills, and innovative thinking for existing jobs as well as future requirement.

It is functioning through National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), National Skill Development Fund (NSDF) and Sector Skill Councils (SSCs). The National Skill Development Corporation (NSDC) has 187 training partners and Sector Skill Councils had 33 centres in the country. These all are intending to work with the existing network of skill development centres, universities and other alliances in the concerned field. They would have collaborations with relevant Central Ministries, State Governments, International Organizations, Industry and NGOs.

All these institutions are offering various vocational and entrepreneurship development programmes. The Entrepreneurship Development Programmes (EDPs) are conducted through MSME-DIs, with focus on entrepreneurial skills development coupled with specific skills relating to trades like electronics, electrical, food processing, etc, which enables the trainees to start their own ventures. The programmes are:
(i) Entrepreneurship Development Programmes (EDPs):

These are organised regularly to bring out the entrepreneurial talents and skills of youth to make them industry ready and even to set up MSEs. These programmes are generally conducted in ITIs, Polytechnics and other technical institutions, where skill is available to motivate them towards self-employment. The course contents of such Entrepreneurship Development Programmes are designed to provide useful information on product/process design, manufacturing practices involved, testing and quality control, selection and usage of appropriate machinery and equipments, project profile preparation, marketing avenues/techniques, product/service pricing, export opportunities, infrastructure facilities available, financial institutions, cash flows, etc.

(ii) Entrepreneurial Skill Development Programme (ESDP):

A wide range of comprehensive training programmes are organized to upgrade skills of prospective entrepreneurs, existing workforce and also develop skills of new workers and technicians of MSEs through various technical cum skill development training programmes. The basic objectives of this programmes are providing training for the skill upgradation and to equip with better and improved technological skills. There are some specific programmes for the skill development of socially disadvantaged groups (OBC, ST, ST, Minorities and women) in various regions of the states, including the less developed areas and covers training across 60 disciplines.

(iii) Management Development Programmes (MDPs):

The MDPs are designed to enhance the management decisions and capabilities that in turn improves the productivity and profitability. In this short duration programmes over 60 discipline provides the participants in various aspects of the management practices. 20% of the training programmes are conducted exclusively for the weaker sections of the Society (SC/ST/Women/Physically Handicapped).

(iv) Industrial Motivation Campaigns (IMCs):

One day or two days Industrial Motivation Campaigns are organized throughout the country and the main objective is to identify and motivate the traditional and non-traditional entrepreneurs. Under IMC programmes the articians’ having potentiality to grow and set up of MSEs are identified, trained and funded to become entrepreneurs.

(v) Vocational and Educational Training (VET):

There are various Regional Testing Centres, Field Testing Stations and Autonomous bodies like Tool Rooms and Technology Development Centres (TDCs) of the Ministry that conduct long term, short term, trade and field-specific and industry-specific tailor-made courses as well as vocational training programmes for the prospective entrepreneurs under skill development programmes.

Conclusion

The Government is offering various programmes for the skill development to entrepreneurs and Micro SMES. Skill requirements are changing rapidly due to technological changes, habits of the people, global competition, etc., Today acquired skill may not be a skill tomorrow as it has been obsolete. The change is inevitable, the people who adopt the change dynamically and update their skills will survive in the more competitive world.

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meherji.duvvuri@bschool.aditya.ac.in

Articles invited

We invite quality articles and case studies from members in the industry with relevance to Cost and Management Accountancy, Finance, Management, and Taxation for publication in the journal. Articles accompanied by color photographs of the author can be sent to: editor@icmai.in
1. Background of the Study:
The definition of Small Scale Industries (SSI) has undergone changes several times. The changing pattern of SSI definition was mainly due to changes in investment level, number of employees or annual turnover. Immediately after independence, the Government of India (GOI) emphasized on the Cottage and Small-scale industries and in different Five-Year Plans the GOI implemented different concepts and policies like Local-Self Sufficiency in Production, the concept of setting up District Industries Centers (DICs) for small scale industries (1977). Increase in Investment limits for tiny, small and ancillary units, increase in private participation (1980) and so on. The changing pattern of SSI definition can be witnessed from the table below:
### Table 1: Changing pattern of Investment in SSIs

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Limit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Up to Rs. 0.5 million in Fixed Assets.</td>
</tr>
<tr>
<td>1966</td>
<td>Up to Rs. 0.75 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1975</td>
<td>Up to 1 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1980</td>
<td>Up to 2 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1985</td>
<td>Up to 3.5 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1991</td>
<td>Up to 6 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1997</td>
<td>Up to 10 million in Plant &amp; Machinery</td>
</tr>
<tr>
<td>1999</td>
<td>Up to 30 million in Plant &amp; Machinery</td>
</tr>
</tbody>
</table>

**Source: Ministry of Small Scale Industries**

This sector witnessed a radical change as Small Scale Industries (SSI) has been renamed as Micro, Small and Medium Enterprise (MSMEs) with the introduction of Micro, Small and Medium Enterprise Development Act, (MSMED), 2006. Micro, Small and Medium Enterprise have been comprehensively defined in the MSMED Act, 2006. The word enterprises have been included in this Act for the very first time.

Another significant feature of the MSMED Act, 2006 is the introduction of service sector in Micro, Small and Medium Enterprises. Under this Act, the enterprises are categorized into two groups – (i) Manufacturing and (ii) providing or rendering services. Both these two categories are further classified into Micro, Small and Medium enterprises based on their investment in Plant and Machinery (for manufacturing) and in equipments (in case of enterprise providing / rendering services). The classification of enterprise can be shown in following table:

### Table 2: Classification of Enterprises

<table>
<thead>
<tr>
<th>Nature</th>
<th>Manufacturing Goods</th>
<th>Providing /Rendering Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Investment in Plant &amp; Machinery up to Rs. 25 Lakhs</td>
<td>Investment in equipment up to Rs. 10 Lakhs</td>
</tr>
<tr>
<td>Small</td>
<td>Investment in Plant &amp; machinery above Rs. 25 Lakhs but less than 5 Crores</td>
<td>Investment in equipments above Rs. 10 lakhs but not exceeding Rs. 2 Crores.</td>
</tr>
<tr>
<td>Medium</td>
<td>Investment in plant &amp; machinery above Rs. 5 crores but not exceeding Rs. 10 crores</td>
<td>Investments in equipments above Rs. 2 crores but not exceeding Rs. 5 Crores.</td>
</tr>
</tbody>
</table>

**Source: Ministry of District Industry Centers (DIC) MSME, Govt. of India.**

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to facilitate the promotion, development of and enhancing the competitiveness of Micro, Small and Medium Enterprises (MSME) and for matters connected therewith. MSMEs in the last few decades have shown tremendous growth with its significant contribution to the country’s GDP manufacturing output, export and employment generation. Ministry of Micro, Small & Medium Enterprises envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises. The growth of MSMEs have been on a high note during the last decade where annual compounded growth rate is 6.43% in terms of number of MSMEs and 3.63% in terms of employment generation capacity. It created around 11.10 crore employment opportunities during the period from 2014-18.

This article emphasizes on the present scenario of MSMEs in the country and analysis on certain parameters like contribution of MSMEs in country’s GDP, women entrepreneurship and different skill development and training schemes implemented by Government of India.

The objective of this Act is to facilitate the promotion, development and enhancing the competitiveness of Micro, small and medium enterprises and for matters connected there with or incidental thereto.

MSMEs constitute an important segment of the Indian economy in terms of employment generation, exports and economic equipments of a vast segment of the population. It is therefore that public policy has given high priority to this sector in order to achieve balanced, sustainable, more
equitable and inclusive growth in the country. According to Economic Survey, 2017-18 “MSME is a dynamic and vibrant sector that nurtures entrepreneurial talent besides meeting social objectives including that of providing employment to millions of people across the country. As per the Economic Survey report only 17.4% of the total formal credit is availed by this sector which seems to be the deterring the path of its growth.

With this backdrop, this paper puts emphasis on the present scenario of MSMEs, its contribution on country’s GDP, empowering women entrepreneurs and major initiatives/schemes implemented by the Government of India.

1.1 MSME Sector: Contributing to Country’s Economy-
Ever since the word “enterprise” incorporated, the MSMEs have been producing diverse categories of goods and service to meet the domestic as well as international demand and thus widened their domain across different sectors in the economy. During the last five years this sector has contributed consistently at around 33% in total manufacturing Gross Value of Output (GVO) and around 29% in the Gross Domestic Product (GDP) as per data of Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation.

1.2 MSME Sector: Tool of Gender Equality and Women Empowerment-
As per 2011 census female literacy rate was 65.46% and work force participation for female was 25.51%. As per the Sixth Economic Census published in 2013 around 8.05 million out of 58.5 million establishments are run by women entrepreneurs which accounts for around 13.76% of the total number of establishments. Women participation in MSME sector shows a much higher trend than the national average data of women entrepreneurs with 20.37% as per National Sample Survey (NSS) 73rd Round of NSSO. Still it is far lagging behind the male owned MSMEs. A woman access to economic and financial resources not only helps in gender equality and women empowerment but also ensures sustainable economic growth and development. Several programmes of the government like Ujjwala scheme, Swaccha Bharat Abhiyan coupled with higher participation in MSME sector have led to the overall development of women in present society.

MSME sector seems much dominant with 633.88 establishments across the country comprising of 324.88 lakh establishments (51.25%) and 309 lakh establishments (48.75%) in the rural and urban areas respectively as per the NSS 73rd Round Survey 2015-16.
1.3 MSME Sector: Employment Generation

Over the last half a decade this sector has been a driving force in terms of employment generation in the country. Approximately seven crore MSMEs have created 11.10 crore jobs during 2014-18. This sector has been the second largest after agriculture in terms of providing employment to the youths of the country coupled with lower capital cost than large industries. NSS 73rd Round survey conducted in 2015-16 states that the micro sector provides 97%, small sector provides 2.88% and medium enterprises provides around 0.16% of the total employment respectively.

Fig 1.3.1: Percentage Of Employment In Micro, Small And Medium Enterprises

MSMEs are creating a large number of employments at a time when the country is witnessing a significant demographic growth and massive expansion of working age population. This sector not only provides employment, a tool of gender equality but it also acts as a major driver for removing regional imbalances in a developing country like India where growth and development seems to be more an urban faced one. As per NSS 73rd Round survey it is witnessed that the micro, small and medium enterprises collectively provides around 497.78 lakh employment in the rural areas and 612.10 lakh in the urban sector which accounts for around 45% and 55% in the rural and in the urban areas respectively.

Fig 1.3.2: Percentage of employment in rural and urban areas

1.4 MsSMEme Sector: Government Initiatives

Though this sector has risen to its potential and is continuously contributing to the growth and development of the economy, there exist certain factors like low availability of formal credit, lack of technological transformation, lack of skilled workforce etc. which is hindering the progress of this sector to a certain extent. During the last four years (2014-2018) the Ministry of MSME has focused much on the persistent and inherent problems faced by this sector. The major initiatives taken by the Government are:

(A) Internet Technology (IT) Initiatives

Mobile based application for registrations of MSMEs on self-certification basis is being mandated through Udyog Aadhaar Memorandum (UAM). UAM is a single page mobile friendly online registration process which requires no documents and is free of cost. Since its inception in 2015, almost 44 lakh MSMEs have been registered on UAM portal. MyMSME is a web based portal that helps in submitting, tracking applications and to access information on various schemes of the Ministry of MSME. MSMEs can also lodge complaints/grievances pertaining to the Ministry of MSME through this app. MSME Samadhan and MSME Sambandh are the portals that have been launched for empowering the MSMEs to resolve the issues of delayed payments and disseminating various information on procurements by CPSEs and Central Government departments.
(B) Access to Credit Initiatives-

MSMEs face certain problems like lack of availability of adequate and timely credit, high cost of credit collateral requirements, limited access to equity capital etc as they rely on bank finance. In order to increase the credit facilities the Government recently increased the corpus for Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). During 2014-2018 CGTMSE has approved Rs. 80,221.59 crore credit to 16,32,722 MSMEs. An initiative of the Government for formal access of credit has been made possible through MUDRA popularly known as Pradhan Mantri Mudra Yojana (PMMY). It will contribute enormously to the micro and small entrepreneurs with a credit flow target of Rs. 3 lakh crore.

Another major initiatives of the Government is Prime Minister’s Employment Generation Programme (PMEGP) which provided Rs. 4,735.93 crore margin money assistance to 1,93,818 MSME units. PMEGP has been the key driver of employment generation to around 5 lakh persons during 2018-19 as compared to 3 lakh during 2017-18.

(C) Skill Development and Training Initiatives-

Around 6.5 lakh youths are being provided various trainings through such Technological Centres. Technical Service Centres of National Small Industries Corporation, a PSU under MSME Ministry have come forward in parting training to around 2 lakh youths during the last four years. National Institute for Micro, Small and Medium Enterprises (NIMSME) and Mahatma Gandhi Institute for Rural Industrialization (MGIRI) have also been given the responsibilities for training the rural youths for self employment. The Ministry has introduced “A Scheme for Promoting Innovation; Rural Industry & Entrepreneurship” (ASPIRE) which would set up Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs) across the country.

(D) Other Initiatives-

National Scheduled Caste/Schedule Tribe Hub (NSSH) was set up as an initiative to push forward the socially backward groups as entrepreneurs and provides a supportive eco-system for SC and ST entrepreneurs. Around 13,000 SC and 3,000 ST enterprises have already registered on MSME data bank.

In order to promote adaptation of quality systems, technology and energy efficient manufacturing the Government has introduced the scheme of Zero Defect Zero Effect (ZED).

Conclusion-

MSME sector consists of 633.88 lakh units as per NSS 73rd Round Survey and steadily contributing to the country’s economy. An effective and vibrant All India framework and policies has resulted in upsurge of this sector over the years. Various policies like Make in India, Stand up India, MUDRA have improved the viability of this sector. Union Budget of 2017-18 and 2018-19 gave focus by reducing the corporate tax for MSMEs from 30% to 25% whose annual turnover is less than 50 crore. The performance of the attached organizations like NSIC, Khadi & Village Industries and Coir Board has reached new heights of success during the last half decade. MSME not only provides employment but also nurtures entrepreneurship skills among the different sections of the society.

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joychakra89@gmail.com
**SKILL DEVELOPMENT AND EMPLOYABILITY**

**Skill Definition (Wikipedia)**

A *skill* is the ability to carry out a task with determined results often within a given amount of time, energy, or both.

Skills can often be divided into domain-general and domain-specific skills.

**Skill Development**

Ability acquired through deliberate, systematic, and sustained effort to carry out a task.

In India, **National Skill Development Corporation (NSDC)** has been set up to address the need for providing skilled manpower across various industry sectors.

**Employability (Wikipedia)**

It refers to the attributes of a person that make that person able to gain and maintain employment.

- The ability to gain initial employment
- The ability to maintain employment and make ‘transitions’ between jobs and roles within the same organization to meet new job requirements
- The ability to obtain new employment, if required

**Organisation Context**

Broadly, in the organisations, the above gets translated into Technical and Behavioural Skills. Technical Skills are primarily acquired through formal Education. In the Science segment, it comes through Engineering, Medicine, Technology etc., Again,
within Engineering it could be Mechanical, Automobile, Aeronautics etc., In Medicine, it could be specialisation in Cardio, ENT etc., In the commerce segment, it could be a CA, CMA or CS. Each qualification requires domain-specific skills to carry out various tasks so that target results could be achieved through a structured process with compliance to the rule of law.

Behavioural skills are social in nature. They concern how well you can get along with other people, including your supervisor, your colleagues, customers and clients. Normal skills set in this category include communication (both verbal & non-verbal), Punctuality, Loyalty, Honouring Commitments, Integrity, Ethics etc.,

While employment is a one-time event, the major challenge lies in “employability” on a day to day basis. Because, after a person is recruited, it is not easy to replace. Organisation has to go through the whole recruitment process again and this can have significant impact on the business. Therefore, many organisations actively work towards skill development. These can be formal structured training programs (internal and external). Sometimes, it can be informal training programs also. Individuals also should take initiatives and grab all the opportunities. Leaving entirely to the Organisation is not in the good interest of the individual as it will impact career growth in the long run. Today's organisation provides ample learning opportunities through e-learning mode. Videos, Audios, Books, Project Reports, Case Studies etc., are available in digital form. Online and Offline methodologies should be made use of so that Individuals will be relevant to the Organisation requirements. We still live in a VUCA (Volatility, Uncertainty, Complex and Ambiguous) world. Business environment is continuously changing. We live in a dynamic world and competitiveness is often determined by the Organisation ability to act fast (sense of urgency) and grab the market / business opportunities. Factors affecting Industry Competitiveness are changing fast and continuously. Therefore, it is absolutely essential to maintain organisational dynamism (employee alignment & engagement) so as to stay in the business and be profitable.

Predictability comes over a period of time. Like, Big Billion Days – when it was launched it created a major disturbance in the market. The whole industry took time to understand the business implications in their respective domains – Transport, Packing, Banking, NBFC’s etc., but, now there is a predictability factor. In the sense, it comes once in a year, very close to major Indian festivals. This enables the organisations to formulate their business plans so that there will be perfect alignment within the organisation towards achievement of business goals. Accordingly, Skills set needs to be developed and upgraded on a continuous basis.

**TCS doubles pay for fresh hires with new-age skills**

*Times of India – 3rd Oct 2018.*

Recently, Tata Consultancy Services (TCS) has offered about 1,000 fresher’s with new-age digital skills almost double the salary it normally pays those coming out of campuses.

While the entry-level salary of Indian engineers in the IT industry has been stuck at about Rs 3.5 lakh per annum for the past decade, TCS has offered those with digital skills a starting salary of about Rs 6.5 lakh. There appears to be a paradigm shift in the requirement of skill sets.

In addition, TCS, usually visits its accredited colleges to conduct a test followed by an interview. Now, they plan to change this process and will be largely replaced by NQT (National Qualifier Test). Ajoy Mukherjee, executive VP and head of global human resources, told that “People who have done well in the NQT will get a chance to write another test for the digital talent pool, and if they clear and go through the interview, then they will get into the digital pool and their compensation will be differentiated.” The test involves programming with a higher degree of difficulty compared to the NQT. The test is longer and requires good coding skills. The move by market leader, TCS shows the lengths to which companies are ready to go and hire good talent. TCS will have First Mover Advantage and others will follow. Employees armed with skills in the fields of machine learning, artificial intelligence (AI) and data analysis are getting better appraisals across levels. Such specialists are few and in much demand. It’s the skills which differentiates and influences “employability” factor.

**Manish Kumar, MD and CEO, NSDC – Interview to The Financial Express, 1st Oct 2018**

In the above interview, he mentioned that, “Our whole education/training system was programmed on industrial civilisation. Then came the internet in the 1990s, and data and information became important. It’s not a factory-line era any more. Today, small chunks of knowledge are important. Education itself is changing – there is now a Bachelor of Vocational Education degree. How we perceived a plumber in the industrial era is not how we are going to judge him in the new era. A plumber’s own capacity is going to be different. For example, today, underwater welding is one of the highest paid jobs in the world, because it’s a
复杂技能。它将改变所有其他技能”

在他的书，《The Elephant Catchers “ Scaling Your People”》，Subroto Bagchi 提到有四个属性集群，需要在现
代成功地将 Mindtree 引导到其未来的角色

Ninja – 是一个第一流的实施者。给他一份任务，他会确保在时间表内，预算内，按时完成。他是每个主管的梦想下属。

Coach – 他总是可用，并永不与他的团队竞争。他帮助人们解决他们的问题，以喜悦，同时，永远给予自己的知识和经验。

Thought-Leader – 个人谁质疑现状。他有一个明确的观点，能够表达它，并吸引每个人的注意。他是组织的智囊团。

Rainmaker – 他是第一流的创造者新机会。他是第一个大生意的人，新的客户，到目前为止在未开发的领域作出探索。他可以创造一些原来没有的东西。

个人可以做自我评估（SWOT 分析）并识别那些最适合他们的角色。一旦评估完成，集中于那些将提升可雇用性的技能。Cricket 今天在3种形式 - Test, One-day和T20。虽然有很少的个人能够在这个三种形式中都打棒球，但是有许多专家，他们可以在特定形式中，专注于特定领域的技能。


这份报告列出了将来需要的技能。

- Complex Problem Solving Skills
  - To solve novel, ill-defined problems in complex, real world setting

- Resource Management Skills
- Management of Financial Resources
- Management of Material Resources
- People Management
- Time Management

- Social Skills
- Coordinating with others
- Emotional Intelligence
- Negotiation
- Persuasion
- Service Orientation
- Training and Teaching Others

- Systems Skills
- Judgement and Decision Making
- Systems Analysis

- Technical Skills
- Equipment Maintenance and Repair
- Equipment Operation and Control
- Programming
- Quality Control
- Technology and User Experience Design
- Troubleshooting

Memo to the CFO: Get in front of digital finance—or get left back – McKinsey July 2018

这份文章是给所有财务专业人士的警钟。新的技能集是必要的，以在未来的数字金融世界中生存。

- 公司仍然在早期阶段，应用数字技术到财务流程的方式，将在长期内创造更多效率，洞察力，价值。这正在获得动力，并预期在未来获得更多的步伐。
- 数字财务组织仍然是许多组织中一个新兴的概念。
- 财务功能记录所有的业务交易。它拥有并管理着大部分的业务信息。这被用于各种业务计划。
- 今天的 CEO 和董事会希望 CFOs 和财务功能提供实时，数据驱动的决策支持。

四大技术领域显示在财务中最有希望的用途：
Automation and Robotics– to improve processes

Robotic Process Automation (a category of automation software that performs redundant tasks on a timed basis and ensures that they are completed quickly, efficiently and without error) can be deployed in end to end process which is mainly rule-based and all the data is in digital form. Ex. Procurement to Pay gives many opportunities for automation & digitisation.

Data Visualization – to give end users real time financial information

Data Visualization is about improving broader organizational performance. Today’s business users within the organisation require real time data with options to rearrange the same. Like in Sales – Product wise, Region wise, District wise, Transporter wise, Product Group wise etc., Static reports are of no use. Dynamic and real time is the need of the hour. Many times, ERP systems will not be able to meet this. Hence, the need for Dashboards. To make the investment in Dashboards and make it worth, it should be used in business discussions and decisions. Primarily, it rests with Top Management and employees connected with various business decisions for its usage.

Advanced Analytics for Finance – to accelerate and provide timely decision support so that Organisation can remain competitive in the industry throughout the business cycle.

Advanced Analytics for Business – To uncover hidden shareholder value and growth opportunities. Many times it is the tip of the iceberg which is visible. Finance Professionals should look into “invisible” factors and make it “visible” so that business can work on the same to bring down the costs or generate revenue in a profitable manner.

Mckinsey Global Institute Research concludes that,

- 40% of Finance Activities can be fully automated like General Accounting Operations, Cash disbursement, Revenue Management, Financial controls & external reporting, Financial Planning & Analysis, Tax.
- 17% can be mostly automated like Risk Management, Audit, External Relations, Business Development (more strategic in nature).

Finance Professionals skill sets will undergo a paradigm shift. Governments (Central and State) have also taken number of initiatives in e-Governance. Most of the returns (Direct, Indirect Tax) are now fully automated. Respective Institutes have also taken the lead through appropriate modification in syllabus, but equal importance rests in individual initiative to survive in the future Digital Finance World.

At this moment, it will be appropriate to connect this with Seven habits of highly effective people – Habit 7 – Sharpen the saw.”We must never become too busy sawing to take time to sharpen the saw.”- Dr. STEPHEN R. COVEY

Continuous update and contribution to the business is the way forward. Risk Mitigation, Statutory Compliance should go hand in hand with new business initiatives. These skills should be developed by all commerce professionals so that they stay relevant to the business. Robotics & AI (artificial intelligence) with data analytics is a potential threat in most of the functional areas within Finance. Automation and Digitisation are like twin towers which will have significant impact in the business and in turn, Finance function / professionals.

“Renewal is the principle—and the process—that empowers us to move on an upward spiral of growth and change, of continuous improvement”. - Dr.STEPHEN R. COVEY

Role of CMA’s

Our Institute’s Mission Statement is as follows, “The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the social-economic context through competencies drawn from the integration of strategy, management and accounting.”

Our Hon’ble President of India – Shri Ram Nath Kovind in his address in our Platinum Jubilee Celebrations mentioned, “As global manufacturing evolves and manufacturing in India gets a boost over the coming decade with the maturing of our Make In India Programme, Cost Accountants will have a bigger and bigger role.

It will be their mandate as it always has been to ensure that products and services are delivered at the competitive price but without compromising on
quality.

- It is for Cost Accountants to ensure that wasteful activities and costs in production are removed.
- It is for Cost Accountants to help in innovation and improvement of processes and systems to reduce avoidable costs and make each rupee that is invested go that much further.
- It is for Cost Accountants to help fight the abrasions of gold plating that may sometimes appear on our business landscape.

All these will strengthen the national effort to establishing India as a low cost and competitive manufacturing hub for world class products”.

CMA’s should ensure that the human resource is really employable within the organisation. Achieving business excellence is possible only with optimum utilisation of all available resources. Most important resource is human resource.

- **Employee Productivity Measures** should be tracked continuously and reported. CMA’s should take the lead in Organisation wide communications along with relevant functional MOP's (measure of performances). Appropriate usage of Data Analytics and Dashboards should be made available. CMA’s should ensure that the same is used in business discussions and decisions.

- **Employee Training programmes for skill development** should be part of the annual budget. CMA’s should try to do proper cost benefit analysis as it is very difficult to measure the changes in employee’s behaviour. But, business results can be correlated and with binding from Managers, the same can form part of respective business case approvals. The above areas are very challenging as most managers need real time data with minimum or zero lag and also do not want to disturb the human resource too frequently.

- **Benchmarking Business Process, Performance** – It gives essential information about how to improve business. It helps to reduce costs, improve efficiency, assess the business productivity, identify opportunities for improvement, new ideas and innovative practices, and highlight opportunities for making the business more competitive. CMA’s are well versed in this but they have to ensure that internal & external performance data are normalized & analysed to identify gaps. Then work out action plans to bridge the same. “Cradle to Grave” approach should be adopted by CMA’s so that hiccups do not derail the project deliverables / business results.

- **Enterprise Resource Planning (ERP)** – CMA’s have played an active role in the implementation and success of ERP systems. Excellence in business is more imperative than ever in a global economy where international competition is intensifying and holding on to a competitive advantage is increasingly difficult. Therefore, CMA’s should ensure that ERP systems are continuously upgraded and provides relevant information for business decisions. There is no point in downloading the data into excel and then making a power point presentation. While this was done in the past, the future is Digital Finance. Dashboards with real time data will make the managers to take appropriate timely decisions to meet their strategic / business results. Limitations of ERP systems should be highlighted by CMA’s so that Management is fully aware on what to do so that new business initiatives are successfully implemented without any compromise on Compliance.

CMA’s have always faced challenges in the past but stayed relevant to the changes.

CMA qualification will ensure employment but employability can become an issue if they do not stay relevant to the business. CMA brand alone cannot guarantee life-long successful professional career. Domain-Specific skills should be taken up along with Continuous skill development (online, offline). USP (Unique Selling Proposition) has to be sustained, refreshed continuously. The above will make us and say proudly, “Behind every successful business decision, there is always a CMA”.

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yuvarajhari1970@gmail.com
COVER STORY

SKILL GAP IN ACCOUNTING EDUCATION FOR PROSPECTIVE MANAGERS

CMA (Dr.) Niranjan Mahendranath Shastri
Associate Professor
NMIMS, Indore Campus
Indore

Rachit Wadhwa
Scholar – PGDM
NMIMS, Indore Campus
Indore

Yashna Rampal
Scholar – PGDM
NMIMS, Indore Campus
Indore
What is a Skill Gap?

“Employers expect graduates to be more prepared than they actually are, resulting in an expectation-performance gap. This gap refers to the difference between the competencies desired by employers and the actual competencies demonstrated by graduates.” (Brui, 2010)

“A skill gap is a gap between what employers want or need their employees to be able to do, and what those employees can actually do when they walk into work.” (Ryan, 2016)

“Skill Gap is the difference in the skills required on the job and the actual skills possessed by the employees. Skill gap presents an opportunity for the company and the employee to identify the missing skills and try to gain them.” (Human Resources Terms, n.d.)

For example, if an employee is recruited for the position of management accountant and is expected to do financial modelling using advanced excel functions, however he is just able to use basic excel only, then there exists a skill gap.

Is there Skill Gap in Accounting Education?

“Over the past few decades, there has been an increasing gap between accounting education and accounting practice” (Siegel, 2010). It is vital for people who graduate with accounting specialization to possess vivid technical and non-technical skills so as to achieve success in career (Klibi & Oussii, 2013), (Gabric, 2001), (Albrecht & Sack, 2000). The recent studies discussed here confirm the criticism done by (Hawkes, Fowler, & Tan, 2003) that the various methods and techniques written in textbooks or taught to students have a limited use while practicing in real life. Thus there exists a wide skill gap in accounting education which in turn leading to the presence of skill gap in accounting professional which is likely to pull back their managerial prospects.

(Institute of Management Accountants, 2014) found that around the world, the problem of skill gap is being widely faced by many enterprises, specially in the area of accounting and finance regardless of location, organization workforce size or job role. The gap between competencies possessed by the accounting and finance professionals and those needed by the enterprises is large. According to this study, the gap not only exists in technical but also in non-technical skills. Following two figures clearly indicate the same:

Why there exists a skill gap?

According to (Jha, Chetna, Ponnam, & Ganguli, 2013) “Various factors influence the students’ decisions in exercising their option for the subject area of specialization in the Post Graduate Business Management (PGBM) programs.” Due to such adding factor a void and a gap has been created between the skills acquired by an individual and the skills needed by a recruiter. (Nasrollah & Martin, 2015).

(Hakim, 2016) stated that many recruiters do not find such accounting university programs which can provide graduates with required skill sets and such university graduates are not able to achieve expected standards of practitioners in the technological areas, interpersonal abilities, critical thinking, team building, communication skills, leadership, emotional intelligence and ethics. It appears that university accounting programs are generally framed to give a heavy theoretical accounting input rather than focus on employability.
How Skill Gap Harms & Why Bridging Gap is Needed?

(Vroom, 1964) stated that if an employee thinks that, he does not possess requisite skills to perform a job, it will adversely affect his belief about his ability to perform the job and in turn, he will not be motivated to do that job.

(Holland, 1997) described “the mismatch between the job requirement and the employee abilities lead to discontent, poor performance, low achievement, and job turnover”.

Inferior HR and Ethical practices may even lead to corporate frauds (Mittal & Shastri, 2018).

(Edwards, 1996) found that a deviation in the demands of the job and the competence of the employee leads to strain and tension. On the contrary demands of the job and the competence of the employee leads to job satisfaction.

“From the employer standpoint, job satisfaction is important because it increases employee’s motivation and productivity. If the employee is satisfied he/she will be more motivated to effectively complete a job. When individuals are satisfied with their jobs they will be motivated to work harder and less likely to leave their jobs. Therefore, job satisfaction contributes to motivation as well as the employee’s future at the organization” (Brooks, 2007).

Such positive state of mind of the employee in which he goes the extra mile while discharging his ordinary duties is called employee engagement which play a vital role in enhancing firm value. (Shastri & Rajpurohit, 2017). An engaged employee’s work-related state of mind is characterised by dedication and vigour (Shastri & Rajpurohit, Engaging the Millennials: Need of the Hour for Indian PSBS, 2018).

It is extremely important to bring coordination in HR issues even for better synergy in Mergers & Acquisitions (Shastri & Shastri, 2014).

Thus in brief it can be said that skill gap is not only harmful for career prospects of the employee but also create hindrances for firm performance, value and growth. Hence there exists a clear cut need for bridging the skill gap.

How to Bridge the Skill Gap?

According to (Kalpan, 1984) the accounting education for management students should be based on the basis of interaction with real organizations and not on the basis of models. He contributed to this field by innovating Activity Based Accounting, Balanced Score Card and Economic

A skill gap is a gap between what employers need their employees to be able to do, and what those employees can actually do. In this study an attempt is made to discuss the concept of skill gap and its existence in accounting education with respect to prospective mangers. This paper also discusses whether any such gap actually lies between accounting professionals and employers and if so what are the reasons behind the same. The consequences of skill gap for employers and employee are also discussed in this paper and a few suggestions are offered to bridge this gap.
Value Added which is now being widely studied and used in the world of management accounting.

According to (Lange, Jackling, & Gut, 2006) the contents which are being taught to students in their under-graduate or graduate courses need to be modified. The material cannot be content based or bounded to theoretical techniques or skills. To excel in this changeable environment, they need to develop few extra generic skills and must showcase certain technical skills. Generic skills in this reference is to imbibe transferable characteristics to suit the business in which these freshmen work, however they are not constrained to communication, leadership, critical thinking or interpersonal skills. Therefore it has been recommended that the accounting education needs to mirror a more prominent spotlight on the improvement of generic skills so that accounting profession can have more capable and proficient professionals (Albrecht & Sack, 2000).

With the quick and speedy change in business environments and with steady and slow change in the syllabus and regulation in colleges/ universities, there is a formation of gap between the skills imbided in you by the education system and the skills which are required by the industry recruiters.

In the field of accounting, new professions are coming up like consultancies which not only require the technical skills or the accounting skills gained by a student but also other aspects or interpersonal skills are catered to. Thus to bridge this gap, education system needs to develop corresponding skills in students along with their general technical knowledge imparted by them. The curriculum or methods used to impart these skills doesn’t have to be stagnant and can be counted under the practical aspects which an individual will need in their professional life ahead.

The few styles and methods which can be considered by universities/ college can be:

**Group Projects and Case study Approaches:** According to (Hamilton & Klebba, 2008) case study approach should be incorporated in the study of management education. This gives them a real time experience and a new learning. He calls case analysis to be a perfect mixture of learning in classrooms and real time experience. Case study also develops the skill of critical thinking as an individual will use each and every learning to crack the case. To promote team work, case studies can also be done in groups. To cover various skill deficiencies like team work, good orator, negotiation and other interpersonal skills these activities can be done. In a group people of different nature, work capacities and intellects sit together to attain a common goal of completing the task provided to them, thus introducing them to a skill of team work and patience.

**Software Based Learning:** (Wood & Bailey, 1985) talks about the real time experience which an individual gain through simulation. According to (Foster, Gregor, Heaney, O’Neill, Richardson, & Wood, 2011) to understand the concept of electronic trading system, practical work is required. As it is difficult to do it in real time, thus simulation was used as a technique to achieve the experience and execute it. Thus as he says, with advancing technology, one cannot stick to books and understand the concept. Along with the traditional methods of journals and registers, the same should be taught on various softwares, computation and understanding for the same should take place in college so that the students are familiar with basic working of accounting softwares and will make them more efficient during their work span in industries.

**Exposure to Industries:** (Sen, 2015) stated that more and more involvement of students with the industry makes a proper hit to reduce the gap. During their graduation or post graduation courses, students should be given exposure to industries and companies, various visits and guest lecture with industry professionals should be arranged, so that they know that what is expected out of them and they can develop themselves on those lines and in that direction. Students should be exposed to various corporate projects during their managerial course, which gives them the feel of working as a professional and could figure out their problems and fill the voids by developing their skills accordingly.

### References


MICROCREDIT, EMPLOYABILITY AND ECONOMIC UPLIFTMENT:
A STUDY ON SELECTED FEMALE BORROWERS IN WEST BENGAL

The study analyse the impact of microcredit, provided by the Microfinance Institutions (MFIs), specifically on employability and betterment in economic status along with the credit utilisation pattern of the female borrowers in the backward districts of West Bengal. Using multiple regression analysis and other relevant statistical techniques the study finds a positive impact of microcredit on the employment generation and economic Upliftment of the selected borrowers. As employment generation and economic betterment are the two vital issues for sustainable development of an economy, the continuous initiatives from government along with the active participation of MFIs are absolutely essential in this regards.

Srimoyee Datta
Assistant Professor
Department of Management Science
Bengal Institute of Science & Technology
Purulia

Dr. Tarak Nath Sahu
Assistant Professor
Department of Commerce with Farm Management
Vidyasagar University
Midnapore
The persistence of sustainable growth and development is most commonly reflects by the status of financial inclusion of any economy. As coined by Rangarajan committee (2008), “Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”. India, as a developing economy, has incorporated reform policies in financial sector from the very beginning with special emphasis on inclusive growth from in its 11th five year plan. With some of the structural limitations and formalities, traditional financial institutions are not able to penetrate the bottom of the pyramid reside in the remotest part of the country. So, the need was felt to cover up the gap and enhance the existing scenario.

Microfinance, regarded as one of the most powerful poverty eradicating tool (Johnson and Rogaly, 1997; Gibbons and Meehan, 2002; Aghion and Morduch, 2005; Copestake et al., 2005; Bakhtiari, 2006). They are constantly working towards creating employment opportunity for improving the status of the borrowers economically worldwide. Md. Yunus is the pioneer of the concept of microfinance and it came into limelight after he won the Nobel Prize in the year 2006 for his revolutionary Grameen Bank model practiced in Bangladesh. Since its emergence, the MFIs are gaining much attention due to the fact that the traditional banks have the congenital practice to provide credit to only privileged people with sufficient collaterals to safeguard risk of default, but the MFIs have the provisions of collateral free financial services to financially excluded, economically backward and disadvantaged people, specifically women (RBI bulletin, 2006). The assistance of these kind of financial institutions are much directed to section of people having considerable lack in their capacity to save and the ability to pay the high interest rates charged by traditional banks (Onyuma & Shem, 2005).

So, the most popular offerings of microfinance institutions is the microcredit, the dispersal of small collateral-free credits to jointly liable borrowers in groups in order to enhance income generation and poverty reduction through enhancing self-employment. The approach of microfinance institutions, both towards employment generation and fight against poverty to improve the economic status of women lives is well recognised and much appreciated. In this backdrop, this study is an endeavour to investigate empirically the real impact of microcredit provided by the MFIs on employability and the economic betterment of the female borrowers from the selected backward districts of West Bengal, India.

**Literature Review**

Microfinance acts as a lending support to the borrower to overcome the problems of monetary matters gradually. This section outlines the link between microcredit, employability and economic upliftment. Empirical evidence of the impact of microcredit on poverty has both positive and negative results (Morduch, 1999; Schrieder and Sharma, 1999; Hossain, 1998).

A number of earlier studies show that microfinance institutions play a vital role in financial inclusion (Morduch, 1999; Shetty, 2008; Shankar, 2011; Datta and Sahu, 2017), especially in the rural backdrop where the traditional financial institutions has no or low coverage (Vallabh and Chatrath, 2006). Microfinance is a practice of providing the poor with credit, savings and insurance facilities for employability, income generating activities, poverty reduction, and female empowerment (Khandekar, 2003; Taiwo, 2012; Christabell and Raj, 2012; Park and Mercado, 2015; Pathak and Gyakali, 2010; Loice and Razia, 2013; Lakwo, 2006). Poverty and income inequality remains a stubborn challenge in Asia and financial inclusion significantly reduces poverty and income inequality (Park and Mercado, 2015; Khandker, 2003).

Adhikari and Shrestha (2013) and Datta and Sahu (2018) Microcredit helps to bring a positive impact on the economic status of the borrowers along with their households and it can be more successful if the productivity of the borrowers is sustained with viable economic activities (Dev, 2006). Microcredit helps to fund self-employment activities that most often supplement income for borrowers rather than drive fundamental shifts in employment patterns (Morduch, 1999).

Considering the impact of microfinance in the small and micro entrepreneurs in Nigeria Taiwo (2012) observes that microfinance influences various dimensions of the borrowers’ life from enhancing savings habit, employability, income generation, growth of microenterprises and so on.

From the above literatures it has been observed that microfinance institutions act as a tool for supporting financial inclusion (Shetty, 2008; Shankar, 2011), a way to reduce poverty (Khandekar, 2003; Taiwo, 2012; Christabell and Raj, 2012; Park and Mercado, 2015), a means towards economic betterment (Pathak and Gyakali, 2010; Adhikari and Shrestha, 2013; Morduch, 1999) along with female empowerment (Loice and Razia, 2013; Lakwo, 2006).
Microcredit helps to create income generating activities (Pathak and Gyakali, 2010) and has a positive role in the upgradation of the economic status of the borrowers (Adhikari and Shrestha, 2013). So, this study is an initiative to understand and analyze the role of microcredit in employment generation along with economic upliftment of the borrowers of selected backward districts of West Bengal.

**Objective and Hypotheses of the Study**

The study attempts to reveal the actual role of microcredit in employment generation along with economic upliftment of the women borrowers in the selected backward districts of West Bengal. The following are the two specific objectives of the present study:

- To find out the impact of microcredit on employment generation.
- To analyse the role of microcredit towards economic upliftment of the borrowers.

Based on the previous discussion and research objectives, the following testable hypotheses are developed for the study.

**Hypothesis-I:**

Null Hypothesis (H$_0$): There is no impact of microcredit on employment generation.

**Hypothesis-II:**

Null Hypothesis (H$_0$): Microcredit does not play a significant role toward economic upliftment of the borrowers.

**Research Methodology**

**Sample Design**

This study has been focused on the role of microcredit provided by the MFIs, who are active for the last five years (2013-2017) in the selected regions, in employment generation and economic upliftment of the borrowers. The selected districts are Purulia, Bankura and Paschim Medinipur which further subdivided into different subdivisions. Firstly, a total number of 400 borrowers, having at least 120 respondents from each districts (having 40 samples from each sub divisions on the basis of effective and bias free complete questionnaire) have been taken into consideration for analysis. While selecting the respondents (one time or repetitive MFI borrower), the study only considered those borrowers who completed at least one year of post loan phase or continuing the loan repayment cycle during the survey. For this study the researchers collect the required primary data from March 2017 to January 2018.

**Statistical and Econometric Tests Used**

A combination of both open and close ended questionnaire used for analysing the stated objectives of employment generation and credit utilisation. To test the reliability, appropriate reliability test has been carried out on a pilot study considering 30 samples. Considering Zikmund and Babin (2012), the pilot was aimed at verifying the clarity of words, sentence sequence and their relevance. The Cronbach alpha for the selected parameter is 0.689. As Alpha score above 0.60 is treated as good in social sciences (Shelby, 2011). So, in this study the designed questionnaires are regarded as reliable as the Cronbach Alpha score is higher than 0.06 considering all the questionnaire.

For analysing the impact of microcredit on employability, multiple regression analysis has been carried out. Here categories of microenterprise, duration and volume of credit have been considered as dependent variable and employability has been considered as dependent variable. On the basis of collected primary data, micro enterprises have been divided into six different broad categories (animal husbandry, business, agriculture based, cottage industries, service and transport related micro enterprises). Depending on the average incremental annual income all these six categories have been assigned values ranging from 1 to 6. Duration of the microcredit stands for the gap between day of taking credit from any MFIs and the day of survey has taken place. Volume of borrowings stands for the amount of loan one individual get from the MFIs. The employability is the dependent variable, which has been calculated with the number of total manpower engaged in a microenterprise, daily working hours and number of days work per week and converts the total number into monthly basis. Further, to understand credit utilisation pattern of the borrowers and the economic upliftment status t test has been applied.

**Analysis and Findings**

**Assessment of Impact of Microcredit on Employability**

The result of the multiple regression analysis presented in table 1 shows that the coefficients of category of micro enterprise as well as the volume of credit are significant at 1 percent level of significance, which indicates that the category of micro enterprise and the volume of credit has a
significant positive impact on the employability generation of microenterprises.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Coefficient</th>
<th>t-Values</th>
<th>p-Values</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category of Microenterprise</td>
<td>168.99</td>
<td>27.71</td>
<td>0.000</td>
<td>1.21</td>
</tr>
<tr>
<td>Duration of credit</td>
<td>0.29</td>
<td>0.98</td>
<td>0.329</td>
<td>1.03</td>
</tr>
<tr>
<td>Volume of credit</td>
<td>0.04</td>
<td>3.04</td>
<td>0.003</td>
<td>1.19</td>
</tr>
<tr>
<td>Constant</td>
<td>103.03</td>
<td>2.87</td>
<td>0.004</td>
<td></td>
</tr>
</tbody>
</table>

\[ \text{Value of } R^2 = 0.86, \text{ F-Value } 336.51, p = 0.000 \]

Source: Calculated by researchers

However, the duration of credit have no significant impact on the employability. It may be due to the fact that majority of the borrowers are in their first loan cycle and the small duration of loan does not exert any significant impact on employability. The Regression equation is:

Employability = 103.026 + 168.988 Category + 0.286 Duration + 0.044 Volume + + ε

Where, category, duration and volume represent the three independent variables, namely, category of microenterprise, duration of credit and volume of credit considered in the study. Further, the R2 value of 0.739 significant at 1 per cent level of significance indicates 73.9 percent of the variance of the dependent variable is explained by the independent variables. The high coefficient of determination (R2) also indicates the proper fitness of the model used in the study.

Analysis of Credit Utilisation and Economic Upliftment of the Borrowers

The credit utilisation pattern of the borrowers may be of two types namely productive and unproductive. The productive credit utilisation includes two areas- income generating purposes and education. Similarly, unproductive credit usage involves five categories namely, utilisation of loan amount for family health purposes, festivals and social obligations, redemption of old debt, family consumption and other miscellaneous purposes. The data have been collected through a structured questionnaire with responses including both pre and post loan phase.

Here, 90 percent of the respondents utilise the credit for productive purposes while 10 percent utilise it for unproductive purposes.
Among the categories of micro enterprises, animal husbandry sector generates highest average annual income followed by business, agriculture, cottage industries, service and transport related micro enterprises.

**Figure 4: Average Level of Income of the Different Categories of Microenterprise**

Considering the second objective of analysing the utilisation of credit by the borrowers in terms of income generation, the study have considered pre and post loan phase data of 400 respondents. To determine the existence of any significant difference in income level, first we have applied F test to confirm the presence or absence of any significant difference between the variances of pre and post loan phase income level of the respondents.

From the F test it has been observed that, there is a significant difference in variance between the two selected groups. Considering the significant difference in two groups, further t test has been applied with unequal variance to check the existence of mean difference, if any, in the pre and post loan phase income level.

The results presented in table 2 shows that the calculated value of t statistics is greater than the critical value of t (p-value 0.000) at 1 per cent significance level and the mean income of post loan phase is higher than the pre loan phase. Considering the above result, it can be conclude that there exist a significant difference between the pre and post loan phase income level of the borrowers and the microcredit provided by the different MFIs have a significant impact on the economic Upliftment of the women borrowers considered in the study.

| Table 2: Result of F test and t test (Income Level of the Respondent) |
|----------------|----------------|-----------|-----------|
| Mean           | Variance       | F-value   | t-value   |
| Post loan phase| 86519.70       | 3.32E+08  | 1.547     | 14.168    |
| Pre loan phase | 69969.58       | 2.14E+08  | (0.000)   | (0.000)   |

The result of the significant changes in income level of pre-post phase motivated us further to investigate their consumption pattern in the pre and post loan phase. After collecting the pre and post loan phase consumption expenditure statistical test has been applied to check whether there is difference in variance between these two groups.

| Table 3: Result of F test and t test (Consumption Level of the Respondents) |
|----------------|----------------|-----------|-----------|
| Mean           | Variance       | F-value   | t-value   |
| Post loan phase| 65036.93       | 6.22E+08  | 3.397     | 13.106    |
| Pre loan phase | 46459.03       | 1.83E+08  | (0.000)   | (0.000)   |

From the F test it has been found that, there exists a significant difference in variance between the two selected groups. Considering the significant difference in two groups, further t test has been applied with unequal variance to check the existence of mean difference, if any, among pre and post loan phase consumption level. Table 3 shows that calculated value of t statistics is greater than the critical value of t (p-value 0.000) at 1 per cent level of significance. The result indicates that significant difference exists in the pre and post loan phase consumption level of the selected sample. Keeping in mind, the mean value of post consumption level is greater than pre loan consumption level, we can conclude that microcredit not only plays a stimulating role to generate employment and to enhance the income level of the borrowers it also contribute for the betterment of the consumption pattern of the borrowers’ family. In this study we have found that taking microcredit and its productive utilisation helps to improve the diet and nutrition pattern especially in case of protein consumption.
(like egg, fish and meat) of the household. It indicates a path towards sustainable and overall development.

**Conclusion**

The focus point of any microfinance activity is to reduce poverty. In this journey it acts as a support system to generate employability, uplifting the economic status of the borrowers and her household. In this study, among the various initiated micro enterprises, animal husbandry seems to be the most preferred one for employment and income generation due to the extreme geographical conditions of the sample area. However, a small percentage of the respondents are compelled to utilise the credit for unproductive purposes due to social obligations, occurrence of unavoidable circumstances, burden of old debt etc. So, it somehow disturbs the objective of MFIs which need utmost attention.

Further, except duration of credit, both category of micro enterprise and the volume of credit have significant positive impact on employability. The reason may be majority of the beneficiaries are in their first loan cycle and the impact of microcredit can be better reflected when borrowers promoted to second loan cycle (Capestake et al., 2000). Also majority of the microenterprises are executed by family members, with flexible working hours and volume of work with almost no external manpower so the category of microenterprise along with the volume of credit plays the significant role.

In line with most of the earlier studies (Rahman, 2007; Omar, 2010; Salia and Mbwambo, 2014; Datta and Sahu, 2018) the present study also evidences that, by providing microcredit the MFIs positively influence the level of employment and the level of economic status of the borrowers. This is possible mainly due to the fact that the MFIs operated in the selected areas are provide flexible, hassle and collateral free credit, following group lending model and ensure better rural penetration. However, a considerable number of studies (Chowdhury, Ghosh and Wright, 2002; Li, 2010) do not finds any significant influence especially due to short time span, allocation of credit to the wrong segment, lack of awareness, borrowers with high burden of debt etc. in generating employability and economic betterment.

As employability and economic betterment are the two vital issues for sustainable development of economy, the initiatives from government along with the participation of MFIs are absolutely essential in this regards. Reconstructing the MFIs as NBFCs, giving recognition, extending the operations of MFIs towards a fully operational banks etc. are some of the big steps towards it but MFIs need to be more financially and operationally efficient towards reaching the remotest area and the financially excluded people of the country. Also constant financial inclusion initiatives, exceptional customer service, penetration of credit plus services (micro insurance, micro pension etc.), training, financial literacy programme, assured reach, wide geographical spread, efficient manpower, rigorous monitoring, team effort and mass marketing and awareness programmes helps to enhance the possibilities of more employment and economic betterment of the respondents.

**References**


sinha.datta@gmail.com
taraknathsahu1@rediffmail.com
THE EMERGING DIMENSIONS OF DISTRICT CO-OPERATIVE CENTRAL BANKS IN INDIA - A STUDY

“In the village itself no form of credit organization will be suitable except the Co-operative society, Co-operation failed, but Co-operation must succeed”.

- All India Rural Credit Survey.

Agriculture forms the backbone of the Indian economy; The Government of India recognized the importance of free flow of credit to agriculture and allied sectors. The advanced technological changes in the agricultural sector necessitated the requirement of more working capital. Hence, the poor peasants in India are in search of timely credit. District Co-operative central banks were established on the principle of co-operation and to serve the poor peasants. The main function of these banks is to relieve the poor farmers from the clutches of the money lenders. Credit is an important input which ensures adequate working capital as well as infrastructural development. Adequate and timely credit provision significantly increases agricultural output which leads to an increase in the economic development of the cultivators and people attached to cultivation. Moreover, agricultural credit serves as an instrument for stimulating increase in output, income and employment. The present paper focusses on performance of District co-operative central banks in India with respect to emerging dimensions of both finance and operating aspects.

Dr. Md. Khaja Moinuddin
Professor
Dept. of Commerce and Business Management
SRM Group of Institutions,
Chinthakunta Road,
Karimnagar, Telangana

Dr. RamBabu Gopisetty
Head, Chairperson BOS
Dept. of Commerce
Telangana University
Dichpally, Nizamabad
Telangana
The emphasis on agricultural credit continued to be on progressive institutionalization for providing timely and adequate credit to farmers for increasing agricultural output and productivity. It also aims at better access to institutional credit for small and marginal farmers and other weaken sections to enable them to adopt modern technology and improved agricultural practices. Agricultural credit has been distributed through a multi-staged network consisting of Commercial Banks, Regional Rural Banks and Credit Co-operatives.

Co-operative Movement in India was started primarily for dealing with the problem of rural credit. Credit Co-operatives play an important role in the Indian financial system especially at the village level. These are one of the important components of multi-agency system, which plays a vital role in the development of the nation. These are the oldest and the most numerous of the all types of Co-operatives in India. The origin of Indian Co-operative Banking started with the enactment of Co-operative Societies Act, 1904. The objective of this Act was to establish Agricultural Co-operative Credit Societies “to encourage, thrift, self-help and co-operation among agriculturists, artisans and persons of limited means”.

The following are the objectives of credit co-operatives:

1) To ensure timely and increased flow of credit to the farming sector.

2) To reduce and gradually eliminate the money lenders.

3) To reduce regional disparities throughout the country.

4) To provide longer credit support to various rural development programmes

5) To provide cheap credit with or without any security.

Co-operative Banks are organized and managed on the principle of co-operation, self-help and mutual-help and function with the rule of “one member, one vote”, function on “no profit, no loss” basis. Co-operation as principle does not pursue the goal of profit maximization.

The primary level cooperative credit institutions at village level should made healthy for effective delivery of credit. The cooperatives will have to keep the parameters of output and employment growth in sanctioning loans for various economic activities and programmes. The cooperative banks which are engaged in financing Self-Help Groups, revamped micro credit women doing small business in urban areas, loans to women entrepreneurs and loans to working women will aim at increasing food production, generation of employment, creation of income opportunities and greater application of appropriate technologies.

1.2 Credit Policy of Co-operatives
Co-operative banking is retail and commercial banking formulated on a co-operative basis. Co-operative banks are to provide deposits and lend money in most parts of the world. The minimum capital requirement is only Rs.1 lakh for banks; a cooperative bank can not engage in any trading activity (except of government and approved securities); co-operative banks have to maintain a cash reserve ratio of 3% of NDTL (Net Demand and Time Liabilities) in cash and current accounts with RBI and other notified banks.

1.3 Need of the Study:
DCCBs constitute the main component of co-operative credit system at the district level in India. They have been providing various banking services to the states population at the district through their branches and PAC (primary agricultural credit society). They attract savings from their customers with various deposit schemes and advance credit facilities for agricultural as well as non-agricultural activities. DCCBs are thus playing an important role in income generation, employment opportunities and socio-economic development of the state in their respective way. The most important function of the Central Cooperative Bank is to provide liaison between the State Cooperatives Bank, on the one hand, and the primary credit societies, on the other, in the District to serve the financial needs and aspirations of each of the Cooperative Credit Society member in an efficient and productive way. But how far they are doing their job successfully is a big question to the studied. Hence it is essential to evaluate and study their performance at regular intervals to know their strengths and weaknesses as well as the challenges they face and opportunities that they can provide for growth and development of the district of their respective beat.

1.4 Scope of the Study:
The present study is confines only to the analysis of co-operative central banks at various operating and financial dimensions. Monetary aspects of DCCBs only considered for the study.

1.5 Research Methodology
The following research methodology have been used to achieve the objective of this study:
Sources of the Data: This research completely depends upon heavily secondary data which was obtained from NAFSCOB, NABARD, Annual reports District Co-operative central banks, for the in-depth, theoretical knowledge and understanding the concept information have been gathered from number of reputed journals, magazines and surfing the net.

Analysis Of The Study:
The Emerging Dimensions of Co-operative Central Banks

Now, it is proposed to analyze the overall performance of co-operative central banks working in India at aggregate level by considering the following financial and operational parameters.

1. No. of Offices
2. Members
3. Employees
4. Cost of Management
5. Share Capital
6. Working Capital
7. Reserve Funds
8. Investments
9. Total Deposits
10. Borrowings
11. Loans issued
12. Demand for Loans
13. Collection of Loans
14. Loans outstanding
15. Over Dues

Table 1.1
Performance Of District Co-Operative Central Banks Over A Decade – By Offices (2006-2017)

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>NUMBER OF OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>12,956</td>
</tr>
<tr>
<td>2006-07</td>
<td>12,898</td>
</tr>
<tr>
<td>2007-08</td>
<td>13,130</td>
</tr>
<tr>
<td>2008-09</td>
<td>13,213</td>
</tr>
<tr>
<td>2009-10</td>
<td>13,238</td>
</tr>
<tr>
<td>2010-11</td>
<td>13,327</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

Chart 2.1

The table 1.1 showing the number of offices established during the period of 2006-2015. The number offices during the year 2005-06 as 12,956, in the next year the offices decreased to 12,898. But after the 2006-07 the number offices of DCCBs increased continuously every year during the study period. The number of offices established more in between 2010-11 and 2011-12, it means, that the increasing rate more during the year 2010-11. The number of offices in the year 2014-15 is 14,060. In the last three years the offices the increasing percentage slightly increased compared to the previous years. There may be the reason for increasing the business operations in various geographical segments in order to serve the needy people, societies, and firms behind increasing the number of offices year to year.
Table 1.2
(IN NUMBERS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>MEMBERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>22,70,155</td>
</tr>
<tr>
<td>2006-07</td>
<td>32,62,023</td>
</tr>
<tr>
<td>2007-08</td>
<td>33,95,434</td>
</tr>
<tr>
<td>2008-09</td>
<td>35,28,451</td>
</tr>
<tr>
<td>2009-10</td>
<td>39,76,725</td>
</tr>
<tr>
<td>2010-11</td>
<td>31,45,789</td>
</tr>
<tr>
<td>2011-12</td>
<td>34,20,520</td>
</tr>
<tr>
<td>2012-13</td>
<td>39,15,657</td>
</tr>
<tr>
<td>2013-14</td>
<td>35,63,497</td>
</tr>
<tr>
<td>2014-15</td>
<td>30,48,765</td>
</tr>
<tr>
<td>2015-16</td>
<td>32,08,720</td>
</tr>
<tr>
<td>2016-17</td>
<td>32,33,864</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

The above table and chart indicates the membership of DCCBs over the study period 2006-2015. The membership in the year 2005-06 was 22,70,155 and it has been increased to 33,95,434 during the year 2007-08. In the year 2009-10, the membership has been increased to 39,76,725, which indicates that the DCCBs attracted the people by their schemes and services and functioning etc. But immediately after the year 2009-10 the membership declined to 31,45,789.

Then the membership has been increased in the years 2011-12 and 2012-13 i.e. from 31,45,789 to 39,15,657. The performance of DCCBs in terms of Membership declined in 2014 and 2015, Decline in the PAT might be the reason for decrease in membership. Then as the business results positive in the last two years, the membership percentage increased by 2% compared to the base year.

Table 1.3
PERFORMANCE OF DISTRICT CO-OPERATIVE CENTRAL BANKS OVER A DECADE (2006-2017) – BY EMPLOYEES  
(Amount in crores)

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>NO.OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>1,05,934</td>
</tr>
<tr>
<td>2006-07</td>
<td>91,596</td>
</tr>
<tr>
<td>2007-08</td>
<td>88,984</td>
</tr>
<tr>
<td>2008-09</td>
<td>89,161</td>
</tr>
<tr>
<td>2009-10</td>
<td>88,028</td>
</tr>
<tr>
<td>2010-11</td>
<td>87,928</td>
</tr>
<tr>
<td>2011-12</td>
<td>85,996</td>
</tr>
<tr>
<td>2012-13</td>
<td>85,611</td>
</tr>
<tr>
<td>2013-14</td>
<td>84,497</td>
</tr>
<tr>
<td>2014-15</td>
<td>83,347</td>
</tr>
<tr>
<td>2015-16</td>
<td>83,751</td>
</tr>
<tr>
<td>2016-17</td>
<td>83,159</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports
The table 1.3 showing that the number of employees worked in DCCBs during the study period, the total number of employees in DCCBs in all over India was 1,05,934 in the year 2005-06. Then in following years of the study the employees reduced year to year except in the year 2008-09. In the year 2008-09 the employees were 89,161. During the year 2011-12, the DCCBs reduced the number to maximum extent, in this year the number of employees were 85,996. During the year 2014-15 the employees are 83,347. Cost cutting may be one of the strategy of management behind reducing the number of employees.

Table 1.4

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>COST OF MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>2,995</td>
</tr>
<tr>
<td>2006-07</td>
<td>3,776</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,743</td>
</tr>
<tr>
<td>2008-09</td>
<td>4,207</td>
</tr>
<tr>
<td>2009-10</td>
<td>4,404</td>
</tr>
<tr>
<td>2010-11</td>
<td>5,307</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

The table 1.4 represents the cost of management of the DCCBs in India during the last 10 years of study. The COM in the year, 2005-06 was Rs.2,995, The COM decreased to Rs.3,743 in the year 2007-08 and it has been increased to Rs.4,207 during the year 2008-09. The cost of management increased more during the year 2012-13 i.e. Rs.7,375 compared to previous years. The COM is highest in the last year of the study i.e. 2016-17 which is as Rs.10,377. The chart showing that the COM has been increased gradually every year. The COM increasing rate is more during the years 2015-16 to 2016-17.
Table 1.5

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>SHARE CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>4,478</td>
</tr>
<tr>
<td>2006-07</td>
<td>5,089</td>
</tr>
<tr>
<td>2007-08</td>
<td>5,820</td>
</tr>
<tr>
<td>2008-09</td>
<td>6,070</td>
</tr>
<tr>
<td>2009-10</td>
<td>7,797</td>
</tr>
<tr>
<td>2010-11</td>
<td>7,255</td>
</tr>
<tr>
<td>2011-12</td>
<td>8,189</td>
</tr>
<tr>
<td>2012-13</td>
<td>8,915</td>
</tr>
<tr>
<td>2013-14</td>
<td>9,774</td>
</tr>
<tr>
<td>2014-15</td>
<td>13,410</td>
</tr>
<tr>
<td>2015-16</td>
<td>12,877</td>
</tr>
<tr>
<td>2016-17</td>
<td>14,696</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

The table and chart 1.5, indicates the share capital performance of the DCCBs in India during the study period. The share capital was in the year 2005-06 as Rs.4,478, it has been increased to Rs.5,820 in the year 2007-08. The capital has been increased from Rs.5820 to Rs.7, 797 during the year 2009-10. In the year 2010-11, there was a slight decline in the share capital of the DCCBs. Selection of alternative financial source in this year may be the reason for the decline in the share capital. Then after, from the year 2011, the share capital has been increased continuously from the years 2011-12 to 2016-17 i.e. from Rs.7,255 to Rs.14,696 which is good sign for the investors.

Table 1.6

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>WORKING CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>1,30,394</td>
</tr>
<tr>
<td>2006-07</td>
<td>1,45,852</td>
</tr>
<tr>
<td>2007-08</td>
<td>1,67,768</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,83,546</td>
</tr>
<tr>
<td>2009-10</td>
<td>2,07,281</td>
</tr>
<tr>
<td>2010-11</td>
<td>2,35,431</td>
</tr>
<tr>
<td>2011-12</td>
<td>2,57,306</td>
</tr>
<tr>
<td>2012-13</td>
<td>2,88,021</td>
</tr>
<tr>
<td>2013-14</td>
<td>3,18,651</td>
</tr>
<tr>
<td>2014-15</td>
<td>3,77,098</td>
</tr>
<tr>
<td>2015-16</td>
<td>4,06,093</td>
</tr>
<tr>
<td>2016-17</td>
<td>4,55,213</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports
The above table and chart 1.6, showing that the working capital performance of the DCCBs. The working capital of the banks in the first year of the study i.e. 2005-06 was Rs.1,30,394, then the capital has been increased to Rs.1,67,768 in the year 2007-08. The operating capital reached to the Rs.2,35,431 during the year 2010-11. The working capital increased year to year in all the 10 years and finally reached to Rs.3,771098 during the year 2014-15. The increasing percentage more in the last two years of the study. From the above analysis, it has been noticed that the banks maintaining excess current assets over the current liabilities during the study period to strengthen the liquidity position of the banks.

Table 1.7

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>RESERVE FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>13,952</td>
</tr>
<tr>
<td>2006-07</td>
<td>15,469</td>
</tr>
<tr>
<td>2007-08</td>
<td>16,377</td>
</tr>
<tr>
<td>2008-09</td>
<td>17,787</td>
</tr>
<tr>
<td>2009-10</td>
<td>20,204</td>
</tr>
<tr>
<td>2010-11</td>
<td>20,692</td>
</tr>
<tr>
<td>2011-12</td>
<td>22,920</td>
</tr>
<tr>
<td>2012-13</td>
<td>24,375</td>
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<tr>
<td>2013-14</td>
<td>25,690</td>
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<tr>
<td>2014-15</td>
<td>28,812</td>
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<tr>
<td>2015-16</td>
<td>31,844</td>
</tr>
<tr>
<td>2016-17</td>
<td>33,455</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

The above 1.7 table and chart indicates the reserve funds maintained by the DCCBs over a decade (2006-2015). The reserves of the DCCBs in the year 2005-06 registered as Rs.13,952. The reserve funds have been increased from Rs.13,952 to Rs.16,377 in the year 2007-08. The increasing rate in the reserve funds of the DCCBs is more during the year 2009-10 i.e. the reserves were in the year 2008-09 as Rs.17,787, which have been increased to 20,204 during the year 2009-10. In the following years 2010-11, 2012, 2013, 2014 and 2015 also there is an increase in the reserves like Rs.20,692, Rs.22, 920, Rs.24, 375, Rs.25,690 and Rs.28,812 respectively. The banks reserves continuously increased in 12 years and reached to Rs.33,455 during the year 33,455 which is the maximum in the reference period. Sufficient profits/ revenues from the business definitely leads to the healthy reserves for any organisation.
The above Table and chart 1.8 reveals that the investments made by the DCCBs in all over India over a decade 2006-2015. The investments in the year 2005-06 are Rs.36,833. The investments increased from Rs.36,833 to Rs.48,130 during the year 2007-08 and increased to Rs.75,418 during the year 2009-10. In the first five years of the study the investments were increased at increasing rate. In the later period of the study, the investments also increased but at fluctuation rate. The investments in the year 2010-11 Rs.82,976 and increased to Rs.94,051 during the year 2012-13. Finally, the investments reached to Rs.1,58,666 which is maximum for any year during the study period. In percentage the investments made by the banks in india is more during the year 2016-17 i.e.15%.

Table 1.9

<table>
<thead>
<tr>
<th>COOPERATIVE YEARS</th>
<th>TOTAL DEPOSITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>86,916</td>
</tr>
<tr>
<td>2006-07</td>
<td>91,978</td>
</tr>
<tr>
<td>2007-08</td>
<td>1,05,740</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,23,510</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,46,364</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,61,309</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,76,711</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,95,726</td>
</tr>
<tr>
<td>2013-14</td>
<td>2,15,662</td>
</tr>
<tr>
<td>2014-15</td>
<td>2,51,116</td>
</tr>
<tr>
<td>2015-16</td>
<td>2,82,609</td>
</tr>
<tr>
<td>2016-17</td>
<td>3,11,858</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports
From the above table and chart 2.9, it has been observed that the total deposits increased year to year over the study period 2006-2015. The total deposits in the year 2005-06 recorded as Rs.86,916 which have been increased to Rs.91,978 during the year 2006-07. From there the deposits reached to Rs.1, 46,364 in the year 2009-10. The deposits increased at the increasing rate in the first five years of the study, later the deposits increased but not at the increasing rate. In the last year 2014-15, the deposits registered as Rs.2, 51,116. From the above analysis it is noticed that the bank mobilized more funds in the form of deposits from its members. The banks mobilised the more funds in the year 2016-17 i.e.3,11,858 which is maximum for any period which shows the public interest and confidence in the performance of the lending activities of the business.

**Analysis of Borrowings**

To lend the money for Agricultural and Non-Agricultural activities, DCCBs are borrowing the money from either the state co-operative banks or NABARD or Govt. of India. Based on availability of total funds DCCBs planned to lend the money for agricultural activities according to the requirement of the farmers. The table 2.1 presents the relevant data of DCCBs borrowings from various agencies during the period of the study.

The table presents the borrowings of DCCBs for agriculture and non-agriculture and for short term and long-term wise during the period of 2005-06 to 2016-17.

**TABLE 2.1**

DCCBs BORROWINGS FROM SCB/NABARD, GOVT. OF INDIA,

(Rs. IN LAKHS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>AGRICULTURAL</th>
<th>NON-AGRICULTURAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHORT-TERM</td>
<td>MEDIUM-TERM</td>
</tr>
<tr>
<td>2005-06</td>
<td>12,16,896</td>
<td>1,53,440</td>
</tr>
<tr>
<td>2006-07</td>
<td>15,89,140</td>
<td>2,04,845</td>
</tr>
<tr>
<td>2007-08</td>
<td>19,53,767</td>
<td>1,83,410</td>
</tr>
<tr>
<td>2008-09</td>
<td>19,86,659</td>
<td>1,67,762</td>
</tr>
<tr>
<td>2009-10</td>
<td>23,12,445</td>
<td>1,66,277</td>
</tr>
<tr>
<td>2010-11</td>
<td>27,40,271</td>
<td>3,35,019</td>
</tr>
<tr>
<td>2011-12</td>
<td>35,19,233</td>
<td>4,43,928</td>
</tr>
</tbody>
</table>
From the above table, it has been observed that the short-term agricultural borrowings increased every year during the study period. The banks raised more funds through short-term borrowings during the period 2012-13 compared to the other years in the study period. The short-term borrowings were Rs. 1,21,6,896 in the year 2005-06, increased to Rs. 23,12,445 during the years 2009-10. Then the borrowings recorded as Rs. 59,75,804 during the year 2014-15.

From the year 2005-06, the banks raised more funds for the non-agricultural operations compared to the agricultural operations. The short-term non-agricultural borrowings more in the first three years compared to the rest of the period, the borrowings increased as Rs. 4,51,320 in the year 2005-06, then increased to Rs. 4,58,974 during the year 2006-07. The borrowings declined to Rs. 3,65,908 in the year 2010-11. After that, the borrowings increased to Rs. 6,29,432 in the year 2012-13, because the banks reduced the medium-term agricultural borrowings in the same year.

The medium-term non-agricultural borrowings fluctuated throughout the research period which means one year increase and another year decrease has taken place in the said borrowings. The borrowings in the year 2005-06 as Rs. 1,59,153 and reached to Rs. 2,40,884 during the year 2014-15. The medium-term non-agricultural borrowings increased to meet the other lending operations and to provide the finance Agri and Non Agricultural activities.

If we observe the non-agriculture side, the banks raised fewer funds for the non-agricultural operations compared to the agricultural operations. The short-term non-agricultural borrowings more in the first three years compared to the rest of the period, the borrowings increased as Rs. 4,51,320 in the year 2005-06, then increased to Rs. 4,58,974 during the year 2006-07. The borrowings declined to Rs. 3,65,908 in the year 2010-11. After that, the borrowings increased to Rs. 6,29,432 in the year 2012-13, because the banks reduced the medium-term agricultural borrowings in the same year.

The medium-term non-agricultural borrowings fluctuated throughout the research period which means one year increase and another year decrease has taken place in the said borrowings. The borrowings in the year 2005-06 as Rs. 1,59,153 and reached to Rs. 2,40,884 during the year 2014-15. In the years 2015 and 2017 the borrowings from NABARD increased to meet the other lending operations and to provide the finance Agri and Non Agricultural activities.

Analysis of Loans

The DCCBs main objective is collection of the deposits from the public and issuing the loans for agricultural and non-agricultural activities to the farmers in order to the rural development. The DCCBs sanctions the loans for both long term and short-term purpose for the needy people. The table 2.11 presents the year wise loan issued by the DCCBs in India during the study period.
### TABLE 2.2
LOANS ISSUED BY DCCBs IN INDIA

(Rs. IN LAKHS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>LOANS ISSUED BOTH SHORT AND MEDIUM-TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AGRICULTURAL</td>
</tr>
<tr>
<td></td>
<td>SHORT-TERM</td>
</tr>
<tr>
<td>2005-06</td>
<td>32,02,761</td>
</tr>
<tr>
<td>2006-07</td>
<td>35,81,869</td>
</tr>
<tr>
<td>2007-08</td>
<td>41,13,718</td>
</tr>
<tr>
<td>2008-09</td>
<td>39,74,546</td>
</tr>
<tr>
<td>2009-10</td>
<td>51,68,183</td>
</tr>
<tr>
<td>2010-11</td>
<td>64,60,688</td>
</tr>
<tr>
<td>2011-12</td>
<td>76,31,374</td>
</tr>
<tr>
<td>2012-13</td>
<td>101,41,581</td>
</tr>
<tr>
<td>2013-14</td>
<td>113,49,254</td>
</tr>
<tr>
<td>2014-15</td>
<td>121,35,621</td>
</tr>
<tr>
<td>2015-16</td>
<td>131,69,161</td>
</tr>
<tr>
<td>2016-17</td>
<td>134,07,512</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

From the above table, it is cleared that the banks issued more short-term loans for both agricultural and nonagricultural purpose compared to that of medium-term loans. The short-term agricultural loans issued by the DCCBs, increased from the beginning of the study period to ending of the period every year. The short-term loans in the year 2005-06 recorded Rs. 32,02,761 and reached to Rs. 64,60,688 during the year 2010-11. In the year 2012-13, there was more increase found in the short-term agricultural loans, in this year the loans increased to Rs. 101,41,581 from Rs. 64,60,688. The short-term loans in the year 2014-15 recorded as Rs. 121,35,621.

The medium-term loans also increased in almost every year during the study period, except in the years 2007-08 and 2011-12. The medium-term loans in the year 2005-06 recorded as Rs. 2,59,357 increased to Rs. 3,37,584 during the year 2006-07. Then the loans declined to Rs. 2,39,844 in the year 2007-08 due to the increase of short-term loans. The loans increased continuously from the year 2011-12 to 2014-15, the loans in the year 2011-12 as Rs. 3,62,917 and reached to Rs.6,13,446 during the year 2014-15.

The short-term nonagricultural loans also followed the agricultural loans in growth style. The nonagricultural loans increased every year during the study period except during the year 2013-14. In this year the loans recorded as Rs.59,55,962. Then after the loans increased to Rs. 64,54,794 during the year 2014-15.

The nonagricultural medium-term loans also increased in maximum years of the study period. The loans came down only in the years 2006-07 and 2013-14. In rest of the years, the loans increased every year at the increasing rate. The
loans initially recorded as Rs.5,45,093 in the year 2005-06 and reached to Rs.12,78,272 during the period 2011-12 and finally reached to Rs.19,48,744 in the year 2014-15.

**Purpose wise Demand for Loans**

There is a demand for loans in both Agricultural and non-Agricultural sectors

DCCBs playing vital role in meeting the demand of the loans and in developing the agri and non agri sectors by providing the both short-term and medium term loans in India. The following Table 2.12 shows the demand for loans during the study period purpose wise in Agricultural and Non-Agricultural sector.

From the table 2.12, it can be understood that there was the more demand for the agricultural short-term loans compared to the non-agricultural short-term loans. The demand for the short-term agricultural finance increased throughout the study period.

At the same time demand for the short-term non-agricultural loans also increased throughout the study period, but the increasing rate of demand for short-term agricultural purpose is more than the demand of short-term non-agricultural purpose.

The demand for medium-term agricultural purpose increased during the years 2005-06 to 2008-09. Then the demand decreased in the years 2009-10 and 2011-12 due to the more demand for the short-term.

The demand for the medium-term non-agricultural purpose has been increased every year during the study period except in the year 2006-07. There was the more demand for the short-term agricultural finance and medium-term non-agricultural finance in the year 2014-15. In the year 2008-09 huge demand recorded for short-term agricultural purpose compared to other years. In the year 2013-14, 2015, & 2017 there was the more demand observed for the short-term non-agricultural purpose.

**TABLE 2.3**

DCCBs PURPOSE WISE DEMAND FOR LOANS IN INDIA

(Rs. IN LAKHS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>SHORT-TERM</th>
<th>MEDIUM-TERM</th>
<th>SHORT-TERM</th>
<th>MEDIUM-TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>35,58,599</td>
<td>3.74,198</td>
<td>8,23,981</td>
<td>5,05,906</td>
</tr>
<tr>
<td>2006-07</td>
<td>41,53,696</td>
<td>4.36,403</td>
<td>9,16,267</td>
<td>5,01,565</td>
</tr>
<tr>
<td>2007-08</td>
<td>47,28,137</td>
<td>4.59,897</td>
<td>11,48,474</td>
<td>5,82,999</td>
</tr>
<tr>
<td>2008-09</td>
<td>50,33,049</td>
<td>5.50,866</td>
<td>13,33,838</td>
<td>6,06,095</td>
</tr>
<tr>
<td>2009-10</td>
<td>55,36,196</td>
<td>4.37,096</td>
<td>15,66,890</td>
<td>7,43,040</td>
</tr>
<tr>
<td>2010-11</td>
<td>68,58,351</td>
<td>4.74,881</td>
<td>16,19,792</td>
<td>8,75,846</td>
</tr>
<tr>
<td>2011-12</td>
<td>76,03,223</td>
<td>4.54,177</td>
<td>23,46,649</td>
<td>9,28,028</td>
</tr>
<tr>
<td>2012-13</td>
<td>95,70,717</td>
<td>4.85,426</td>
<td>28,49,861</td>
<td>10,93,933</td>
</tr>
<tr>
<td>2013-14</td>
<td>1.08,71,654</td>
<td>5.41,291</td>
<td>31,06,921</td>
<td>11,71,893</td>
</tr>
<tr>
<td>2014-15</td>
<td>1.25,74,735</td>
<td>5.34,507</td>
<td>27,49,823</td>
<td>14,88,454</td>
</tr>
<tr>
<td>2015-16</td>
<td>1.33,21,434</td>
<td>6.79,790</td>
<td>31,11,353</td>
<td>14,30,469</td>
</tr>
<tr>
<td>2016-17</td>
<td>1.44,78,820</td>
<td>8.11,239</td>
<td>33,27,519</td>
<td>16,87,378</td>
</tr>
</tbody>
</table>
Source: NAFSCOB Reports

Collection of Loans

Collection of loans in time is most important thing for any bank to avoid the defaults in payments and NPAs. Issue of loans is depends largely on how best the bank performing in collection or recovery of issued loans. Here, the analysis of loans(short-term and medium-term) collection from Agriculture and Non – Agricultural area during the study period presented in the table 2.13.

From the table 2.13, it has been observed that the banks purpose wise collection increased in the short-term agriculture during the study period. The collections made by the bank more during the year 2012-13 compared to the other period.

The agriculture medium-term collections fluctuated during the study period, the banks collected more in the year 2013-14; this was the highest for any year during the study period.

The short-term non-agricultural collections also increased every year during the study period except in the year 2014-15. The highest collections made during the year 2013-14.

The collections of medium-term non-agricultural purpose increased every year during the study period. During the year 2016-17 the banks collections more.

### TABLE 2.4
DCCBs PURPOSE WISE COLLECTION OF LOANS IN INDIA

(Rs. IN LAKHS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>PURPOSE WISE COLLECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AGRICULTURAL</td>
</tr>
<tr>
<td></td>
<td>SHORT-TERM</td>
</tr>
<tr>
<td>2005-06</td>
<td>23,85,167</td>
</tr>
<tr>
<td>2006-07</td>
<td>27,04,552</td>
</tr>
<tr>
<td>2007-08</td>
<td>27,64,085</td>
</tr>
<tr>
<td>2008-09</td>
<td>31,10,018</td>
</tr>
<tr>
<td>2009-10</td>
<td>38,65,960</td>
</tr>
<tr>
<td>2010-11</td>
<td>46,74,345</td>
</tr>
<tr>
<td>2011-12</td>
<td>56,19,378</td>
</tr>
<tr>
<td>2012-13</td>
<td>72,20,573</td>
</tr>
<tr>
<td>2013-14</td>
<td>80,02,173</td>
</tr>
<tr>
<td>2014-15</td>
<td>95,74,014</td>
</tr>
<tr>
<td>2015-16</td>
<td>102,87,831</td>
</tr>
<tr>
<td>2016-17</td>
<td>105,54,589</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports
**Loans Outstanding**

Loans outstanding is the amount which has to be paid by the borrower to the bank with the coupon amount. It is an average outstanding balance of a loan or loan portfolio averaged over a period of time. The table 2.14 presents the figures of loans outstanding short-term and long-term wise in agricultural and non-agricultural side during the 2005-06 to 2014-15.

From the table 2.14, it can be noticed that the short-term loans outstanding in both agricultural and non-agricultural are more compared to the medium-term loans. The short-term agricultural loans increased every year except in the year 2008-09 during the research period. The short-term loans in the year 2005-06 recorded Rs.30,90,699, then the loans increased to Rs.51,88,774 during the year 2010-11. The increasing rate more in the loans outstanding in the year 2012-13 compared to remaining years.

The medium-term loans outstanding increased for one year i.e. 2006-07, then the loans declined in next three years of the study i.e. 2007-08, 2009-10. The loans in the year 2005-06 recorded Rs.11,93,690 and declined to Rs.7,94,484 during the year 2009-10. Then after there was a continuous increase found in the loans outstanding up to the end of the study period.

The short-term non-agricultural outstanding loans increased every year during the study period. The loans at the initial period 2005-06 as Rs.12,50,665 increased to Rs.21,47,214 during the year 2009-10. Then the loans increased to Rs.40,18,418 in the year 2014-15. The increasing rate of the outstanding loans during the year 2012-13 is more compared to increasing rate recorded in the remaining years. The non-agricultural medium-term loans followed the short-term loans in growth of loans outstanding, except in the year 2013-14. The medium-term loans recorded as Rs.10,03,775 in the year 2005-06 and increased to Rs.17,34,983 during the year 2009-10. In the year 2013-14, the loans declined to some extent, in the following year again the loans increased to Rs.33,23,614. Outstanding loans

**Table 2.5**

**DCCBs LOANS OUTSTANDING IN INDIA**

(Rs. IN LAKHS)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>AGRICULTURAL</th>
<th>NON-AGRICULTURAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHORT-TERM</td>
<td>MEDIUM-TERM</td>
</tr>
<tr>
<td>2005-06</td>
<td>30,90,699</td>
<td>11,93,690</td>
</tr>
<tr>
<td>2006-07</td>
<td>35,21,167</td>
<td>11,96,722</td>
</tr>
<tr>
<td>2007-08</td>
<td>43,17,953</td>
<td>11,61,436</td>
</tr>
<tr>
<td>2008-09</td>
<td>42,94,211</td>
<td>9,41,495</td>
</tr>
<tr>
<td>2009-10</td>
<td>44,79,143</td>
<td>7,94,484</td>
</tr>
<tr>
<td>2010-11</td>
<td>51,88,774</td>
<td>8,68,263</td>
</tr>
<tr>
<td>2011-12</td>
<td>61,45,380</td>
<td>9,11,715</td>
</tr>
<tr>
<td>2012-13</td>
<td>75,96,172</td>
<td>10,16,537</td>
</tr>
<tr>
<td>2013-14</td>
<td>84,41,502</td>
<td>10,84,030</td>
</tr>
<tr>
<td>2014-15</td>
<td>97,32,007</td>
<td>12,77,915</td>
</tr>
</tbody>
</table>
Overdue Loans

Overdue loan amount is the amount the bank will have to recover from the borrower but yet to recovery. Under Co-operative societies Act, overdue loan means a personal loan, mortgage or other type of loan on which the member is in default for more than 60 days on a payment or payments of principal or interest according to any agreement. The table 2.15 presents overdue of loans registered short-term and long-term wise and under both the Agricultural and Non-Agricultural area.

From the table 2.15, it can be observed that there were huge ups and downs in the short-term agricultural overdue during the study period. The less overdue recorded during the years 2005-06, 2008-09 and 2011-12.

The agricultural short-term overdue increased more in the years 2013, 2014 and 2015. The overdue increasing rate more in the year 2013-14 compared to other years.

The medium-term agricultural overdue increased in the first three years, and then they declined during the year 2008-09. The overdue continuously increased from the year 2010-11 to 2013-14.

The short-term non-agricultural overdue also increased in the first three years, then declined in the year 2008-09. The overdue increased every year from 2010-11 and reached Rs.27,49,823 during the year 2014-15.

The medium-term non-agricultural overdue has been varied year to year during the study period. In the years 2015-16 and 2016-17, the banks overdue more, when compared to the previous years.

<table>
<thead>
<tr>
<th>YEARS</th>
<th>SHORT-TERM</th>
<th>MEDIUM-TERM</th>
<th>SHORT-TERM</th>
<th>MEDIUM-TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>105,73,041</td>
<td>15,75,181</td>
<td>40,24,380</td>
<td>39,99,740</td>
</tr>
<tr>
<td>2016-17</td>
<td>113,29,239</td>
<td>19,03,720</td>
<td>40,78,876</td>
<td>44,24,721</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports
### Details of Balances (Over Dues)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>AGRICULTURAL</th>
<th>NON-AGRICULTURAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHORT-TERM</td>
<td>MEDIUM-TERM</td>
</tr>
<tr>
<td>2012-13</td>
<td>23,50,144</td>
<td>1,94,227</td>
</tr>
<tr>
<td>2015-16</td>
<td>30,33,603</td>
<td>2,23,791</td>
</tr>
<tr>
<td>2016-17</td>
<td>39,24,231</td>
<td>2,83,041</td>
</tr>
</tbody>
</table>

Source: NAFSCOB Reports

### Conclusion

District co-operative bank, generally called as DCC Bank, could be a cooperative banking segment established in India to work for cooperatives and remote areas. It has been established to provide banking to rural areas for agricultural sector with the branches primarily established at rural and semi-urban areas. The DCCBs additionally occupies a foothold of cardinal importance within the co-operative credit structure. They type a vital link between the apex co-operative bank and therefore the primary agricultural credit societies (PACS).

If the cooperative movement is to develop on perfect sound lines, the government should necessarily take immediate steps to curb the growth of vested interests in the movement as well as necessary action to prevent undue interference of the politicians.

Over dues can be minimized, if the loan is provided to those farmers who satisfy the test of technical feasibility and financial viability, similarly the measures for improvement in crop yields, reasonable input prices and crop insurance etc. are also necessary to enhance the repayment capacity of particularly small farmers.

It’s prompt that at the post disbursement stage, bankers ought to make sure that the advance doesn’t become NPAs through correct follow up and management. They should also ensure both asset creation and asset utilization. Bankers can do either off-site surveillance or on site inspection to detect whether the project is likely to become an NPA.

Recovery camps should be organized frequently in rural areas. Government should ask the local revenue authorities to extend the full cooperation to the DCCB/PACSs in organizing such recovery camps.

It is suggested that Central co-operative banks must focus attention on mobilization of low cost deposits as well as to concentrate on cheap borrowings in order to gain a comfortable interest spread to ensure profit.

The govt. ought to introduce correct measures to assist banks in getting of land happiness to willful defaulters.

The DCCBs at the all India level should strive to improve their C-D Ratio.

As regards credit, the DCCBs should diversify their loan portfolio from traditional low yield crop loans to high yield non-farm sector as also retail loans like consumer durables, vehicle loans, advances against gold/silver etc. concerted efforts in the segment of recollection through development of core channels/departments at taluka headquarters/head office would yield good results and directly affect their profits positively.

It is suggested that incentives can be given to honest repayers to create a better climate for repayment. The possibility of honoring best loanees and the best employees during cooperative weak celebrations can be chalked out.

The DCCBs altogether India level the reimbursement schedules is also fastened strictly on the premise of norms fastened when a careful project analysis exercised for
the region such agricultural project analysis ought to be revised sporadically so the installment quantity would be discovered in a very manner which might be convenient for the farmers to repay.

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mohin_khwaja1@yahoo.co.in

CORRIGENDUM
Please read the correct email ID of the Author CMA Wooseok Suh,wooseok.suh@gmail.com published at Page number 48, The Management Accountant of October 2018 issue.

Obituary

With profound grief, the Institute conveys about the sad demise of CMA S. Suryanarayanan, former President of the Institute (1978–79). President, Council Members, employees, members and students of the Institute pay their homage to the departed soul and convey their deepest condolences to the bereaved family.
BEPS by the Multinational Enterprises (MNEs) globally through innovative and ingenious tax planning is of serious concern for the Governments of the countries, political leaders, medias & civil society. Hundreds of studies have been undertaken in this regard by the Government Authorities, International Organisations and researchers.

BEPS treads in the grey areas of tax avoidance and tax evasion. MNEs do BEPS through aggressive tax planning. They avail the loopholes in the different tax laws & procedures or in the bilateral Double Taxation Avoidance Agreements (DTAAs) between countries to artificially reduce their taxable income or by shifting profits to low-tax or no tax jurisdictions where little or no economic activities are performed. In this way, a substantial amount of profits of MNEs disappear from tax net in any country of the world.

This happens from the presence of tax haven countries offering tax benefits like low rates or even nil rates of taxation or tax deferral systems.

BEPS results in negative economic impacts, like significant Corporate Income Tax (CIT) losses, disadvantageous positions of the domestic enterprises in comparison to the tax-aggressive MNEs, excessive debt inclination by the corporates, foreign direct investments not on the consideration of efficiency of rate of return but on tax considerations etc.


The principal goal of the BEPS Project was to ensure that profits of MNEs will be taxed only where economic activities are carried out & economic values are created along with the goal to eliminate the menace of double taxation.

Seven preliminary reports were published in September, 2014. Ultimately, on October 05, 2015 the 'OECD/G20 Base Erosion and Profit Shifting Project-2015 Final Reports' was...
released containing 15 Actions.  

BEPS Project Reports are not legally binding on the countries. However, all OECD and G20 countries agreed that BEPS Project recommendations will be implemented consistently.

Brief Description of each of the Actions recommended by the BEPS Project-2015 Final Reports and their implementation status in India are provided below.

1. **ACTION 1: Addressing the Tax Challenges of the Digital Economy:**

   Digital economy is the outcome of the development of the Information and Communication Technology.

   The business models of the digital economy include several types of e-commerce, app stores, online advertising, cloud computing, participative networked platforms, high speed trading, and online payment services.

   Digital economy and its business models do not themselves culminated into BEPS issues, but some of its key features aggravated the risks of BEPS, like generation of stateless income.

   **Implementation Status in India**

   India introduced ‘Equalisation Levy’ under Sections 163 to 180 of Chapter VIII of the Finance Act, 2016 to address the tax challenges of the Digital Economy. Under this ‘Equalisation Levy’, barring three exceptions a person resident in India and carrying on business/profession or a non-resident having a Permanent Establishment (PE) in India while paying for ‘specified services’ to a non-resident shall deduct equalisation levy at the rate of six per cent from the amount paid or payable to a non-resident in respect of the ‘specified service’.

   Here ‘specified service’ means online advertisement, any provision for digital advertising space or any other facility or service for online advertisement and includes any other service as may be notified by the Central Government.

   To take care of the menace of double taxation, Section 10(50) of the Income Tax Act, 1961 (Act) provides that if any income arising from any specified service suffers ‘Equalisation Levy’ then it will be treated as exempted income.

2. **ACTION 2: Neutralising the Effects of Hybrid Mismatch Arrangements:**

   MNEs utilise differences in the tax treatment of an entity or instrument under the laws of two or more countries by arranging Hybrid Mismatches to avail the benefits of no tax in two tax jurisdictions or long-term deferment of the payment of taxes. For example, an instrument will be so constructed that it will be treated as debt instrument in one country and equity instrument in another country. In that case, when payment of interest on debt instrument will be deductible expenditure in one country, on the other hand the same payment will be treated as tax exempted dividend in another country.

   To address this problem, the OECD/G20 BEPS Project recommended for designing of domestic taxation rules and development of model tax treaty provisions.

   **Implementation Status in India**

   India is yet to take any measure in this regard.

3. **ACTION 3: Designing Effective Controlled Foreign Company Rules:**

   If a company (called parent company) of one country holds controlling shares in another company (called subsidiary company) located in a foreign country, then the second company will be called a Controlled Foreign Company (CFC). MNEs often shift their income to a CFC and thereby erode the bases of their incomes in the countries of their residences and other countries.

   BEPS report provides recommendations for CFC rules which are in the nature of blocking such shifting and base erosion of incomes.

   **Implementation Status in India**

   India is yet to make any rule on CFC.

4. **ACTION 4: Limiting Base Erosion Involving Interest Deductions and Other Financial Payments:**

   The risks of BEPS arise in this respect through excessive debt financing (third party debt or intra-group loans) i.e. thin capitalisation of group entities in high tax countries and enjoying the benefit of consequential deduction of high interest payments.

   To address this problem of BEPS, the recommended approach was to limit the deductibility of net interest payments (interest expense less interest income) and other payments equivalent to interest to a fixed ratio of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). The report recommends a range of ratios between 10% and 30%.
However, in the case of high leveraging of a MNE group by third party debt due to non-tax reasons, the report proposes a group ratio rule (Net Interest/EBITDA ratio of the group) along with fixed ratio rule.

The report also allows replacement of fixed ratio rule by ‘Equity Escape’ rule which compares the quantum of equity and assets of an entity within a group to the quantum of equity and assets of the group.

The report admits the requirement of formulating suitable separate rules for the banking and insurance sectors considering their specific features.

Implementation Status in India

Section 94B (to be applicable from April 01, 2018) of the Act provides that where an Indian company, or a PE of a foreign company in India, being the borrower, incurs expenditure by way of deductible interest expenses or of similar nature of expenses exceeding one crore rupees in respect of any debt issued by the non-resident associated enterprise of such borrower, the interest shall not be deductible in excess of thirty per cent of EBITDA of the borrower in the previous year or interest paid or payable to associated enterprises for that previous year, whichever is less.

Even loan availed from third-party but guaranteed by an associated enterprise or against deposit of matching amount by an associated enterprise with that third-party lender shall be deemed to have been loan availed from associated enterprise.

The Section 94B excluded an Indian company or PE of a foreign company which is engaged in the business of banking or insurance.

Section 94B also provides for carry forward of interest expenses (which could not be deducted) for eight assessment years.

5. ACTION 5: Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance:

Presently, Intellectual Property (IP) occupies a pivotal position for the development of an economy. Because, a vibrant IP regime generates income and fosters growth & employment. The BEPS Project agreed on the nexus approach for providing preferential tax treatment in a country of the incomes from IP of a taxpayer.

This nexus approach requires that benefit of preferential tax treatment of income from IP can be availed by a taxpayer only to the extent it has undertaken substantial activity and itself incurred Research & Development (R & D) expenditures for development of the IP which leads to generation of income from that IP.

Implementation Status in India

The enacted Section 115BBF of the Act provides that income from patent developed and registered in India, by way of royalty shall be taxable @ 10%. However, no expenditure or allowance shall be allowed in computing the income from royalty.

6. ACTION 6: Preventing the Granting of Treaty Benefits in Inappropriate Circumstances:

BEPS Project identifies abuses of tax treaties (introduced to avoid double taxation) between countries i.e. treaty shopping one of the most important sources of BEPS.

Under the BEPS Project countries have agreed to counter this treaty shopping by including anti-abuse measures in their tax treaties and by enactment of General Anti Abuse Rule (GAAR). GAAR is based on the principal purposes of transactions or arrangements or Principal Purposes Test (PPT) which provides that if the principal objective of transactions or arrangements of an entity is to avail treaty benefit then the benefit will be denied.

Implementation Status in India

India enacted Sections 95 to 102 and 144BA of the Act under GAAR to combat the menace of treaty shopping. GAAR will be applicable, among other conditions, if the main purpose of the arrangement is to obtain tax benefit by creating rights and obligations which are ordinarily not created between unrelated persons dealing in an uncontrolled environment or arrangements which either wholly or partly lack commercial sense.

7. ACTION 7: Preventing the Artificial Avoidance of PE Status:

According to tax treaties, profits from PE of a non-resident foreign enterprise located in a country are taxable in that country. Other profits of that non-resident foreign enterprise are not taxable. Therefore, the definition of PE provided in the tax treaties is crucial in determining whether any profit of a non-resident foreign enterprise will be taxable in a country or not.

One of the common tactics employed by the MNEs to circumvent attraction of PE status in a country is commission agent arrangement. Here, commission earned by the person...
from selling the products will be taxable in that country, while in fact, the foreign enterprise (which is the owner of the products and performing substantive functions in that country for marketing its products) will end up by paying no tax on the profits earned by it from selling the products in that country as the foreign enterprise has no PE in that country technically.

To curb these practices, changes are recommended to modify the definition of PE in the OECD Model Tax Convention.

Implementation Status in India

Clause (a) of Explanation 2 to Section 9(1)(i) of the Act amended (to be effective from April 01, 2019) the definition of ‘business connection’ to curb such practices. Henceforth, a person habitually exercising authority in India to conclude contracts or habitually concluding contracts on behalf of non-residents and also a person habitually playing a principal role leading to conclusion of contracts by non-residents shall constitute ‘business connection’ in India. Consequently, incomes accruing or arising directly or indirectly from such ‘business connection’ will be treated as incomes deemed to accrue or arise in India.

The Finance Act, 2018 also introduced Explanation 2A to Section 9(1)(ii) of the Act (to be effective from April 01, 2019) to clarify the definition of ‘business connection’ in India. It has been clarified that ‘significant economic presence’ of a non-resident in India shall constitute ‘business connection’ in India. The term ‘significant economic presence’ has also been defined in the Explanation 2A.

It has also been provided in the said Explanation 2A that only so much of income as is attributable to the transactions or activities from such ‘significant economic presence’ shall be deemed to accrue or arise in India.

8. ACTIONS 8–10: Aligning Transfer Pricing Outcomes with Value Creation:

The BEPS Project Report identified that the allocation of profits from the intragroup transactions to individual members of the group following the existing international transfer pricing rules using the arm’s length principle are not aligned to the economic activities undertaken in a particular country by a group member generating the profits.

Actions 8–10 of the BEPS Project Report has tried to ensure that transfer pricing results are aligned with economic activities and value creation in a particular country.

Implementation Status in India

India is yet to make any rule in this regard.

9. ACTION 11: Measuring and Monitoring BEPS:

It is very much difficult to measure the global impact of BEPS activities due to its complex nature and the absence of requisite data. However, it has been estimated that due to BEPS, loss of revenue from CIT was between 4% and 10% of the global CIT revenues annually i.e. equivalent to USD 100 to 240 billion.

This report made several recommendations which will improve the accessibility to and analysis of the available data.

10. ACTION 12: Mandatory Disclosure Rules:

Tax authorities of the countries confront a challenge of getting timely, comprehensive and relevant information on the aggressive tax planning arrangements of the MNEs. This restricts the abilities of the tax authorities to respond to these threats through risk assessments, audits or changes of the laws and rules.

To combat this, BEPS ACTION 12 recommends mandatory disclosures by MNEs of their aggressive or abusive transactions, arrangements, or structures with respect to taxation.

The recommendations also prescribed formulation of rules by countries for addressing aggressive international tax planning and development of effective mechanism for exchange of information and cooperation between tax jurisdictions.

Implementation Status in India

India is yet to make any rule in this regard.

11. ACTION 13: Transfer Pricing Documentation and Country-by-Country Reporting:

Here, recommendations have been made for formulation of transfer pricing documentation rules so that information about the transfer price transactions of the MNEs in different tax jurisdictions are disclosed in a more transparent manner. These rules will require the MNEs to provide all relevant tax jurisdictions with information on their global allocation of income, economic activity and taxes paid in a generic format.
Accordingly, three tier standardised approach has been recommended. Under the three tier standardised approach, MNEs have to submit with their relevant tax jurisdictions a ‘Master File’, a ‘Local File’ and a ‘Country-by-Country (CBC) Report’ (by large MNEs only) annually containing prescribed information.

These three documents will provide useful information on transfer price transactions and enable tax authorities to assess BEPS risks and will assist on decisions for effective transfer price audits.

Implementation Status in India

India has comprehensive legislative measures for keeping, maintaining and furnishing of ‘Local File’ with the tax authorities under Section 92D of the Act and Rule 10D of the Income Tax Rules, 1962 (Rule).

With the objective of incorporating the concept of maintaining and filing with the tax authority of ‘Master File’ in the Act, India introduced a proviso to Section 92D (1) of the Act and Sub-Section (4) in Section 92D of the Act to be effective from the Assessment Year 2017-2018.

India also introduced the concept of CBC Reporting by enacting Section 286 of the Act to be effective from the Assessment Year 2017-2018.

The detailed requirements for furnishing the report to comply with Section 286 of the Act have been prescribed in Rule 10DB.

This CBC Reporting is applicable if the consolidated revenue of the international group exceeds a prescribed threshold limit.

On July 28, 2017 India notified Multilateral Competent Authority Agreement on the Exchange of CBC Reports. This agreement was signed by India, being a party to the Convention on Mutual Administrative Assistance in Tax Matters, on May 12, 2016 at Beijing, China. This will facilitate the exchange of CBC Reports by India with other countries.

Section 271GB was enacted under the Act to provide for severe penalty, if there is failure to comply with the requirements for filing the ‘CBC Report’.

12. ACTION 14: Making Dispute Resolution Mechanisms More Effective:

Article 25 of the OECD Model Tax Convention, 2014 (OECD, 2014) provides a mechanism through which tax authorities of contracting countries can resolve differences or difficulties in interpretation or application of the Convention on a mutually agreed basis. This mechanism is known as Mutual Agreement Procedure (MAP).

Objectives of the measures recommended under BEPS Action Plan 14 are to enhance the effectiveness and efficacy of the MAP.

Under the BEPS Final Report countries have agreed to implement a minimum standard to resolve tax treaty related disputes.

Implementation Status in India

India is yet to make any rule under these guidelines.

13. ACTION 15: Developing a Multilateral Instrument to Modify Bilateral Tax Treaties:

Tax treaties are entered by the countries to avoid the menace of double taxation. This has resulted into thousands of bilateral tax treaties between countries which are based on different models of Double Taxation Avoidance Agreements (DTAAs).

Incorporating changes in the thousands of bilateral tax treaties to plug the loopholes requires considerable time and resources.

To address these problems, leaders of the G20 countries agreed to explore the feasibility of a Multilateral Instrument (MLI) for entering tax treaty among countries.

The MLI is a turning point in tax treaty history. On June 07, 2017 in Paris Ministers and other high-level representatives of 70 jurisdictions attended the first signing ceremony of MLI. In this ceremony, MLI was signed by 67 countries covering 68 jurisdictions. At the signing ceremony, 09 countries and jurisdictions expressed their intentions of becoming a signatory to the MLI by signing a letter.

Implementation Status in India

India signed MLI on June 07, 2017.

Conclusion

Considering the measures undertaken, it can be concluded that so far the performance of India in the implementation of the recommendations of the BEPS Project is quite satisfactory.

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casghosh59@gmail.com
Before making a review of corporate bankruptcy modeling techniques, a brief discussion on the necessity of bankruptcy prediction and its associate difficulties becomes imperative. Bankruptcy prediction of industrial units is not a new phenomenon. It has always been a research issue in the corporate world. Prediction of bankruptcy facilitates early detection of distress symptoms to save an industrial unit from falling sick, or, at least, adoption of some revival measures for an industrial unit which has already become sick/distressed. It assumes great significance both from social and organizational perspectives. The social group includes lenders, investors, shareholders, regulatory authorities including the Government itself, and from organizational perspective, the owners and the management remain always interested in knowing the financial health and stability of the industrial unit concerned. Lenders, investors and shareholders are generally interested to know whether their hard earned income is safe and can fetch some return or not, while the regulatory agencies and the Government try to protect the society because corporate bankruptcy often creates unemployment and social unrest. So these are the basic reasons for which bankruptcy prediction of an industrial unit becomes indispensable, but at the same time it is also undeniable that the whole bankruptcy prediction procedure often involves huge amount of costs and may sometimes generate misleading results. The misleading results are commonly known as errors in bankruptcy prediction and can be of two types namely, Type I and Type II errors of which the first one is more harmful as it refers to misclassifying/predicting a failing business as a successful one, while Type II Error refers to misclassifying a successful business as a failure. Bankruptcy prediction of industrial units through statistical models started long ago, and its literature has been large enough, both in terms of theory and practice, nationally and internationally. Its evolution process started with the univariate analysis, the foundation of which was laid by the researchers- FitzPatrick, Merwin, and Beaver. Thereafter, Multivariate Discriminant Analysis (MDA) emerged and, till date, it is one of the most recognized techniques of bankruptcy modeling. A good number of well known researchers, both nationally and internationally, have used the MDA technique in predicting bankruptcy of various industrial units. Altman, Edmister, Deakin, Blum, Moyer, Casey and Bartczak were the early researchers who made MDA approach popular through their studies. More recently, some more techniques have been developed. Logit/Probit analysis, Recursive Partitioning Algorithm and Artificial Neural Networks are the outcomes of the latest century. Researches have shown that the historical evolution of the bankruptcy prediction may be divided into three categorical segments: (I) statistical models of bankruptcy prediction; (II) development of artificially intelligent expert system (AIES) based models, and (III) theoretic models. The following exhibit shows such classifications in a more clear way:

Exhibit 1: Corporate Bankruptcy Models/Techniques
[Information Source: Aziz and Dar (2004)]

Remaining part of the paper comprises of two sections viz. Section 2 and Section 3. Section 2 tries to review the various techniques of corporate bankruptcy modeling, developed till date, and finally, conclusions are drawn in
Section 3.

Techniques for Prediction of Corporate Bankruptcy

This section deals with the basic studies of corporate bankruptcy prediction modeling and is sub-divided into three segments. The first segment discusses the statistical models of corporate bankruptcy prediction. It focuses on Univariate Analysis, Multivariate Analysis, Linear Probability Analysis, Logit and Probit Analysis and Cumulative Sums Procedure. In the second segment, the artificial intelligence based techniques and their basic limitations are mentioned. And thirdly, in case of theoretic model based prediction, Balance Sheet Decomposition Measure, Gambler’s Ruin Theory, Cash Management Theory, Credit Risk Theory etc. are explored.

1) Statistical Models for Bankruptcy Prediction

Statistical models for bankruptcy prediction are basically based upon two techniques- univariate analysis and multivariate analysis, which are discussed below.

**Univariate analysis**

Univariate analysis assumes a single variable based prediction. It is the simplest form of statistical model development for prediction of corporate bankruptcy.

According to Aziz and Dar (2004) “Univariate analysis is a traditional method of interpreting financial statements using firms’ financial ratios. These ratios serve as explanatory variables or the distress predictors which are likely to exhibit significant differences across the failing and non-failing firms. The nature of analysis is, however, univariate in the sense that the variables are observed and examined individually one after another. There is no allowance for an analysis capturing an integrated effect of any two or more variables together on financial health of the firm.” After a careful analysis of these ratios on univariate basis, results would provide certain inferences about a firm's financial health.

In international literature, FitzPatrick (1932) compared 13 ratios of 19 each of failed and successful firms, and identified Net Worth to Debt and Net Profit to Net Worth as significant contributors in differentiating failed and non-failed firms. Smith and Winakor (1935) analyzed ratios of 183 failed firms from a variety of industries, and found that
Working Capital to Total Assets was a far better predictor of financial problems than Cash to Total Assets and the Current Ratio. In 1942, Merwin published his study focusing on small manufacturers and reported that when comparing successful with failing firms, the failing firms displayed signs of weakness as early as four or five years before failure in terms of three significant indicators of business failure, namely Net Working Capital to Total Assets, Current Ratio, and Net Worth to Total Debt. Thereafter in 1962, Jackendoff compared the ratios of profitable and unprofitable firms and reported that Current Ratio and Net Working Capital to Total Assets were higher for profitable firms than for unprofitable firms. Till date, the most documented univariate research work is that of Beaver (1966), where he compared the mean values of 30 ratios of 79 failed and 79 non-failed firms in 38 industries. Beaver further tested the individual ratios’ predictive abilities in classifying bankrupt and non-bankrupt firms and found that Net Income to Total Debt had the highest predictive ability, followed by Net Income to Sales, Net Income to Net Worth, Cash Flow to Total Debt, and Cash Flow to Total Assets. These research works {FitzPatrick (1932), Smith and Winakor (1935), Merwin (1942), Jackendoff (1962), and Beaver (1966)} are portrayed by Bellovary (2007) and Lim and Yun (2012) specifically, and many others researchers, as well while making a comprehensive survey of literature on bankruptcy prediction models under Univariate category.

In Indian context, the model developed by Gupta (1983) was the pioneering work in case of corporate bankruptcy prediction based on univariate analysis. Gupta (1983) made an attempt to redesign Beaver (1966) model through his study. However, the main limitations from which univariate analysis suffers are indicated by Altman (1968) and Edmister (1972). Altman (1968) indicated that the univariate model may give inconsistent and confused classification results for different ratios for the same firm, while Edmister (1972) opined that there are various factors that can describe the financial status of a firm and hence a single financial ratio cannot predict them all. These were earlier supported by Beaver (1966) in his suggestions for future research, where he indicated the possibility that multiple ratios might have higher predictive ability than single ratios, and so began the evolution of multivariate bankruptcy prediction techniques {Bellovary, Giacomino and Akers (2007) and Lim and Yun (2012)}.

### Multivariate analysis

From 1968 onwards, the bankruptcy prediction process has gone through a series of improvements to refurbish the then-existing inconsistent and lengthy framework, and resulted into the development of a number of new models based on multivariate technique to overcome the limitations of univariate analysis. Altman (1968), Deakin (1972), Edmister (1972), Libby (1975), Altman, Haldeman and Narayanan (1977), Betts and Belhoul (1987), Hennawy and Morris (1983), Izan (1984) etc. are the pioneering and noteworthy studies in this regard. The important research works that followed multivariate technique are summarized below.

### Multiple discriminant analysis

In this context, a little description of multiple discriminant analysis technique becomes inevitable. The multiple discriminant analysis is a technique that allows differentiation between two or more groups of objects with respect to several variables simultaneously or step-wise. It involves linear combinations of the following form:

\[ Z = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \ldots + bkXk \]

Where, \( Z \) = Discriminant Score, \( b's \) = Discriminant Co-efficient or Weight and \( X's \) = Predictor or Independent Variable. Based on sample observations, coefficients are calculated for each predictor. The products of the predictors and their coefficients are then summed to get a discriminant score, allowing classification of the object.

Bellovary, Giacomino and Akers (2007) opined that “the first multivariate study was published by Altman (1968) and where Altman used multivariate discriminant analysis...
to develop a five-factor model to predict bankruptcy of manufacturing firms.” It was called as the ‘Z-score’ model which predicts a firm to be bankrupt if the firm’s score falls below a certain optimal cut-off range. Altman’s Z-score model had a high predictive ability for the estimation sample one year before failure (95% accuracy) {Bellovary, Giacomino and Akers (2007)}. Since Altman (1968) study, the number and complexity of multivariate bankruptcy prediction models have increased noticeably. Edmister (1972) examined 19 financial ratios and five methods of analysis in his study to conduct multiple discriminant analysis. Deakin (1972), through his study based on MDA, showed that the model was 95% accurate for the first three years prior to bankruptcy. Altman et al (1977) extended Z-score model into ZETA model which exhibited better performance than that of Z-score model. According to Grammatikos and GIooubos (1984) and Chouhan et al (2014), some earlier studies that applied MDA were Stein (1981) in Germany, Weibel (1973) in Switzerland, Marais (1979) in England, Bilderbeek (1979) in Netherlands and Altman and Lavallee (1981) in Canada and in all of these studies, the prediction models had high success rates ranging from 70% to 90%. They further identified that the two techniques MDA and Regression Analysis (RA) were compared in a study by Collins (1980) who concluded that “both the methods provided good predictive results when they were used on the same data set and MDA performed as well as or better than RA.” Most importantly, in recent years, a huge number of studies have been conducted on the basis of MDA technique in India and abroad considering Altman (1968) model as the basis, mainly to verify its applicability in different other sectors such as banking, pharmaceutical, insurance, bond market etc. In Indian context, studies conducted by Bandyopadhyay (2006), Bhunia and Sarkar (2011), Kumari (2013), Tyagi (2014), Sanesh (2016) etc., and in international literature, Jonah (2000), Kogi (2003), Samarakoon and Hasan (2003), Nganga (2006), Alexakis (2008), Alkatib and Al Bzour (2011), Mizan, Amin and Rahman (2011) etc. are to mention a few of such researches. Though MDA is recognized as one of the most popular methods of bankruptcy prediction, it has its limitations too. A number of researchers, many a times, identified those limitations. The studies conducted by Ohlson (1980), Mensah (1983), Taffler (1984), Appetiti (1984), Frydman et al (1985), Keasey and Watson (1991) etc. are noteworthy in this regard. According to Eisenbeis (1977), the method of MDA simply classifies the business and does not provide an estimate of the risk of bankruptcy. Keasey and Watson (1991) showed that discriminant analysis does not practically provide an independent significance of the individual variable. This was earlier supported by Ohlson (1980) and Mensah (1983).

### Linear probability analysis

In the next phase of development, Linear Probability Model (LPM), Logit and Probit models etc. have been developed. Linear Probability Model (LPM) is a statistical model in which the dependent variable has a probability lying between zero and one which signifies the probability of belonging to one group or the other based on conditional relationship between the dependent and independent variables. In application of LPM to distress or bankruptcy prediction, a boundary value is to be identified to differentiate the sick and non-sick firms in the population. The linear probability model can be demonstrated as:

\[ Y_i = \beta_0 + \beta_1 X_i + U_i \]

where \( Y_i = 1 \) for one category of response and \( Y_i = 0 \) for other, \( Y_i \) can be interpreted as conditional probability that the event will occur given the level of \( X_i \) (where in this model, explanatory variable \( X_i \) may be continuous or categorical, but \( Y_i \) must be dichotomous random variable).

### Logit and probit analysis

Ohlson (1980) and Zmijewski (1984) pioneered the concept of Logit and Probit analysis, respectively, in the field of prediction of corporate bankruptcy. Logit Analysis (LA) generates a score for each business similar to discriminant analysis. According to Kumar and Tan (2005), “LA is based upon the Cumulative Logistic Function (CLF), and due to its non-linear nature, the coefficients are usually estimated using the maximum likelihood method.” Further, logit and probit analysis take into account the probability that the firm will go bankrupt {Bellovary, Giacomino and Akers (2007)}. The only difference between logit analysis and probit analysis is that the former is based upon the concept of CLF, while the latter uses the cumulative standard normal distribution function (CSNDF). The general theme of logit analysis can be demonstrated as: \( P(Z) = 1/(1+e^{-z}) \), where \( P(Z) \) is the probability of failure and one cut-off value is usually set under this method to separate businesses belonging to failure and success groups.

Ohlson (1980) was an influential study in applying logit analysis to predict business failure with a sample of 105 bankrupt firms and 2,058 non-failing firms. However, the model did not perform as well as MDA, but he showed that LA is statistically more valid and easier to interpret than MDA. In addition, Laitinen and Kankaanpaa (1999) commented that “subsequent studies on logit analysis
have shown that it is usually slightly superior empirically to discriminant analysis in both classification and prediction accuracy.” But Gepp and Kumar (2012) in their study pointed out that {Martin (1977), Collins and Green (1982), and Hamer (1983)} accepted the fact that “the overall classification accuracy of MDA and LA is not significantly different.”

Recently, LA has extensively been used in sectors like manufacturing, medical, stock market, hospitality, banking, retail and telecom etc. In the present context, studies conducted by Ramakrishnan (2005), Jain, Gupta and Mittal (2011), Bapat and Nagale (2014), Nair (2015) mark significant contribution to Indian literature in recent times. In international literature, studies conducted by Zhou and Elhag (2007), Hauser and Booth (2011), Lehutova (2011), Kollar (2014), Hassan, Zainuddin and Nordin (2018) suggest some recent developments of LA in prediction of corporate failure.

Cumulative sums procedure
Cumulative sums procedures, developed in 1954, is a set of sequential procedures that are based on probability ratios. It detects the optimal starting point of the shift and then provides a signal of the shift as soon as possible after the shift occurs {Gepp and Kumar (2012)}. Healy (1987) used cumulative sums procedure to detect a shift in a series of variables’ values from a ‘good’ distribution to a ‘bad’ distribution in terms of the shift in mean and covariance matrix of a multivariate normal distribution. Theodossiou (1993) further progressed with Healy’s model and outlined a sequential procedure to detect a firm’s shift from ‘good’ financial performance to ‘bad’ financial performance. However, this model involves greater complexity and hence has not gained much popularity.

II] Artificially Intelligent Expert System (AIES) models
Having emerged in 1950s, Artificial Intelligence (AI) is the exhibited intelligence of computers, and Expert Systems (ES) are computerized programmes that attempt to imitate human intelligence by the system’s capability to render advice to execute intelligent tasks. Over time, research on a variety of supervised machine learning methods proved quite successful in solving problems for different domains, including corporate distress prediction {Aziz and Dar (2004)}. The models developed under this technique are Recursively Partitioned Decision Trees, Case-Based Reasoning (CBR) model, Artificial Neural Networks (ANN), Genetic Algorithms (GA), and Rough sets models. Out of these models, ANN has gained more popularity than the other models in recent times. The studies conducted by Coleman, Graettinger and Lawrence (1991), Geman, Bienenstock and Dousat (1992), Coats and Fant (1993), Fletcher and Goss (1993), Fanning and Cogger (1994), Leshno and Spector (1996), Gunay and Ozkan (2007), Kumar and Ravi (2007), Syaifullah (2011), Hanifah and Faturrohman (2017) are a few such research conducted in this regard.

However, AIES models involve higher complexities and greater sophistication, and are, therefore, subject to a number of limitations as compared to the other models and techniques of bankruptcy prediction. Moreover, these techniques are heavily dependent on computer technology, and still need a lot of enhancement and simplification to be implemented and applied in the present context.

III] Theoretic models
The main distinction between statistical and theoretic models of bankruptcy prediction is that the statistical models look for identifying the symptoms of financial failure, while theoretic models aim at discovering the factors responsible i.e. causes for the same. Under theoretic approach, prediction models are constructed based on some theoretical arguments. A good number of attempts have been made in this regard and this section tries to provide a brief understanding of some noteworthy theoretic model building techniques.

Balance sheet decomposition measure (BSDM)
The underlying theme of this technique is that a business firm should be consistent in its approach while depicting its financial status through its balance sheet. The theory believes that there should not be frequent changes in disclosing a firm’s stability position, and a firm’s financial instability can be traced by merely looking at the frequent changes occurring in the balance sheet.

Gambler’s ruin theory
The basic idea of this technique relates with the concept of gambling where the gambler plays with some probabilities of gain or loss. The game ceases to continue as soon as the gambler loses all his assets. This theory is modeled on two basic assumptions, viz. (a) gambler’s ultimate failure and (b) expected time span of the game. In the context of predicting corporate financial failure, the firm is considered as a gambler and thus continues to operate until its net worth goes to zero or negative. The theory assumes that if a firm incurs cash loss year after year, or faces a series of negative cash inflows over a longer time span, then, after a certain point of time, the firm will go out of cash and its
initial liquid resources will cease to exist and the firm will ultimately become financially ruined.

**Cash management theory**

Cash, as a liquid asset has immense importance for an organization and dearth of it may even cause a disaster for a business firm, and thus calls for managerial attention. Cash management theory relates to short-term management of cash balances of a business firm. An imbalance between cash inflows and outflows would mean failure of cash management function of a firm. Such an imbalance, if continues, may cause financial distress to the firm and this is the underlying principle of cash management theory.

**Credit risk theory**

Credit risk theory is relatively a new concept, based on the underlying principles of Basel accords for banking norms, and is of great significance for a financial firm. Credit risk theory systematically reflects three basic norms viz. (1) minimum capital requirements; (2) review of firm’s internal assessment process and capital adequacy, and (3) effective use of public disclosure, while estimating risk of loss, financial or otherwise, arising due to borrowers’ default in paying dues as agreed in the contractual terms. J.P. Morgan’s Credit Metrics, Moody’s KMV model, Credit Suisse Financial Products’ Credit Risk+ and McKinsey’s Credit Portfolio View etc. are some of the techniques developed based on this theory.

Thus from the above discussion it is clear that the motivation behind the researches in corporate bankruptcy prediction is the early detection of financial distress symptoms, and that the selection and application of a particular bankruptcy modeling technique varies from industry to industry.

**Conclusions**

On review of different bankruptcy prediction techniques under statistical, AIES and theoretic models, the paper finds that discriminant analysis has been the traditional bankruptcy prediction technique to develop in 60’s and 70’s, while the modern methods of bankruptcy prediction like logit/probit analysis and neural networks have started emerging from 1980 onwards. The study also agrees that multivariate discriminant analysis (MDA) is the widely used method for bankruptcy prediction till date, and the AIES approach is relatively new, while the theoretic models have lesser practical implications. On the other hand, the consistently high predictive accuracy of MDA and Logit models, i.e. their low Type I and II error rates, has been identified in a large number of studies suggesting that these models have been considered as the most reliable methods of bankruptcy prediction over the years. It also appears from the evolution process of bankruptcy prediction techniques that there still lies some disagreement over the most suitable technique for bankruptcy model building, and ample opportunity is there for improvements over the traditional models. Presently, researches are being conducted based on new parameters like corporate governance structure, in addition to financial ratios. Furthermore, efforts have already been taken to develop industry specific and country specific bankruptcy prediction model, as well. While surveying industry specific models, Bellovary, Giacomino and Akers (2007) mentioned that Altman (1968) developed his model for manufacturing entities, Edmister (1972) developed a model specifically for prediction of small business failure; Sinkey (1975) model aimed at prediction of bank failure, and Wang et al (2004) developed a model for Internet firms. Besides, Gupta and Huefner (1972) formed a model for petroleum and primary metal industry, Afuah and Utterback (1997) model worked for technology intensive industries and, more recently, Cambini and Rondi (2012) developed a model for telecommunication and information technology industries. And in case of country specific model development, Taffler (1984) in U.K., Izan (1984) in Australia, Micha (1984) in France, Bidin (1988) in Malaysia, Altman et al (1995) in Korea, Virag and Hajdu (2001) in Hungary, Eljelly et al (2001) in Sudan, Grigaravicius (2003) in Lithuania, Charitou et al (2004) in U.K., Altman and Sabato (2007) in U.S., Xu and Zhang (2009) in Japan, Bandyopadhyay (2006) in India, Ugurul and Aksoy (2006) in Turkey, Etemadi et al (2008) in Iran, Pervan et al. (2011) in Croatia, Abbas and Rashid (2011) in Pakistan, Hamdi and Mestiri (2014) in Tunisia etc. are some of the important research works among others.

Based on the above conceptual understanding, the following two inferences can be drawn. Firstly, MDA appears to be the most popular technique in corporate bankruptcy model building in comparison to other techniques. Moreover, though logistic and ANN offer more flexibilities, there are still chances and scope for improvement as specifically, ANN involves higher complexities. And two, whether a model is industry specific or country specific, it generally relies upon some internal (industry specific or controllable) and external (country specific or uncontrollable) factors, which often vary from industry to industry and country to country as well, and therefore, it is really hard to develop a universally accepted model of bankruptcy that may fit to any industry, irrespective of its nature and belongingness to any country.

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References

Books:

Articles and other publications:
Chandigarh: The Institute of Cost Accountants of India in collaboration with the Cost Accounting Standards Board (CASB) is organising a national seminar on "Cost Governance" here on Sunday. The national seminar will be inaugurated by MP Singh, Additional Chief Secretary - CPEA, Finance, Punjab. The national president of the Institute of Cost Accountants of India, "The Institute has been in forefront in constituting policy and steering the economic growth of the country. Cost accountants are instrumental for ensuring cost effectiveness in Indian manufacturing companies," said Apte. "The role of a cost controller is vital today in order to bring prosperity in all sectors of society. N Norms and standards are required so as to bring transparency in all sectors of business to strengthen the cost competitive edge of the country. If we follow the best practices in management, we can change the growth pattern of our country," he added.

The seminar will be concluded by Dr. T.K. Srinivas, additional chief secretary-cum-commissioner (finance), Punjab. The seminar will also be attended by representatives from various government departments, industries, and educational institutions.

The seminar will be held at the Chandigarh Hotel, Sector 17, from 10 a.m. to 4 p.m. The registration fee is Rs. 500 per participant. For more details, contact Mr. Anurag Gupta on 9876543210.
The Chapter organized “Closing Ceremony of Certificate Course on GST” and Evening Talk on “Insolvency and Bankruptcy Code -2016” on 24th August, 2018 at CMA Bhawan, to mark its Golden Jubilee year. CMA Amit Anand Apte, President of the Institute inaugurated and graced the seminar as Chief Guest in the presence of CMA Balwinder Singh, Vice President, of the Institute, CMA Manas Kumar Thakur, Past President and Present Chairman, Training & Education Facilities and Placement Committee, CMA Niranjan Mishra, Council Member and Chairman, Taxation Committee & Regional Councils & Chapters Coordination Committee, CMA Shiba Prasad Padhi, Regional Council Member, EIRC, CMA Damodar Mishra, Chairman of the Chapter, CMA Tapas Ranjan Swain, Secretary & all the managing committee members of the chapter. In the Technical Session on “Insolvency and Bankruptcy Code -2016”, CMA P Raju Iyer, Council Member and Chairman, Professional Development & CPD Committee deliberated in details on the topic. CMA Mukesh Chaubey, Chairman, Professional Development Committee of the Chapter delivered welcome address in technical session and CMA Ajay Kumar Samal, MC Member & Students Convener of the Chapter extended formal vote of thanks. The chapter organized a career counseling program at BJB (Autonomous) Junior College, Bhubaneswar on August 24, 2018. CMA Mukesh Chaubey, Chairman, PD Committee and CMA Ajay Kumar Samal, MC Member
& Student Convener of the Chapter guided the students and highlighted about Career Prospectus in CMA Course. Students of the chapter celebrated the Teachers day at the Conference hall of the Chapter on September 5, 2018. The Chapter has organized 6th Soft and Communication Skill Development Programme in the series of 32 hours Syllabus for its Foundation, Intermediate and Final Students for the session April, 2018 to September, 2018 on September 9, 2018. Chairman of the Chapter CMA Damodar Mishra introduced the Guest Faculty and summarized the areas to be covered. Miss Suchismita Acharya, Soft Skill Trainer guided the students and given tips how to develop the communication skills and its importance in the present market scenario. All the students actively participated and interacted with the Resource Person. As assigned the responsibility by the Institute, the Chapter has successfully conducted pre-placement orientation programme for June, 2018 term qualified students from September 2, 2018 till September 16, 2018. The Chapter organized ‘Commerce Conclave’ on 7th October, 2018 at its conference hall at CMA Bhawan to mark Golden Jubilee year (2018-19) of the Chapter with a grand success. Shri Soumya Ranjan Patnaik, Honble MP, Rajya Sabha, Odisha & Founder of M/s Eastern Media Ltd. inaugurated and graced the ‘Commerce Conclave’ as chief guest. CMA Manas Kumar Thakur, Past President and Chairman, Training and Education Facilities Committee and CMA Niranjan Mishra, Council Member and Chairman-Taxation and Regional Councils & Chapters Co-ordination Committee of the Institute graced the occasion as special guest. They highlighted about the role of Cost and Management Accountants for development of Indian economy and society at a large. CMA Damodar Mishra, chairman of the chapter delivered welcome address and highlighted about the facilities provided to the students and various activities undertaken for its members and stakeholders. In the technical session theme was “GST Outlook- Academician-Vs- Professionals”. CMA Saktidhar Singh, Vice-Chairman of the Chapter delivered key note address and CMA Mukesh Chaubey, Chairman, PD Committee of the Chapter extended formal vote of thanks. CMA Bibhuti Bhusan Nayak, DGM (Fin), GRIDCO Ltd. and CMA Shiba Prasad Padhi, Sr. Partner, SAPSJ & Associates, Cost Accountants were the resource persons on the occasion. They interacted with the participants and complied their queries related with various critical issues of GST.

CORRIGENDUM
In Institute News of Ranchi Chapter of the Institute published in The Management Accountant, October 2018 issue at Page 110, please read the following line in continuation of the news-
The Chapter Chairman CMA Bidyadhar Prasad gave warm welcome to all the guests and members present in the seminar and updated them about activities of the Chapter.

Northern India Regional Council

NIRC organized seminar on Audit Under GST on September 1, 2018 at CMA Bhawan. CMA Anil Sharma, Vice Chairman, NIRC, keynote speaker of the seminar shared the knowledge on the topic in detail. CMA Rajendra Singh Bhati, Secretary & Treasurer-NIRC were also present in the seminar. The Region conducted pre-placement orientation programme from 4th till 15th September 2018 on behalf of Placement Department of the Institute. CMA Amit A. Apte, President and CMA Balwinder Singh, Vice President, along with CMA Navneet Kr. Jain, RCM, NIRC, CMA L.
Gurumurthy, Acting Secretary and Faculty Member CMA Sameer Nath inaugurated the programme. CMA Sunil kr. Singh, Chairman, CMA Anil Sharma, Vice Chairman, CMA Rajendra Singh Bhati, Secretary & Treasurer, CMA S.K. Bhatt, RCM-NIRC and CMA Manas Kr. Thakur, Chairman, Training & Placement Committee & Past President of the Institute also had the highly motivating talk with the candidates to take up the challenges of the profession in building vibrant brand image of the Institute in their career paths on different dates and time. NIRC organized, Northern Regional Students Convention & Convocation at Scope Complex, New Delhi on 17th September, 2018 on the theme “Prism of Possibilities. The Convention was inaugurated by lighting of lamp by CMA Amit A. Apte, President of the Institute, CMA Sunil Kr. Singh, Chairman NIRC welcomed all the dais dignitaries in the inaugural session. CMA Sanjay Gupta, Past President, CMA Satish Bhargava, Director Finance-IREDA Ltd., CMA Ashok Haldia, MD & CEO-PTC Financial Services Ltd., CMA A.K. Tiwari, ED Finance-GAIL India Ltd. and Chairman also welcomed all the participants. CMA Amit Apte, President and CMA Sunil Kr. Singh, Chairman, CMA Rajendra Singh Bhati & CMA Anil Sharma awarded Mr. Robin Singla, 1st Rank Holder, Northern Region by presenting Memento with other dignitaries. Second Session started by Dr. Mohit Gupta, Prof. Cardiology & Medical Science-GB Pant Hospital, Delhi. He spoke on the benefits of Mediation and the session was well appreciated by all the participants. Then after CMA Rajeev Mehrotra, CMD- RITES Ltd. share his valuable thoughts and discuss his CMA Journey with participants. In the session CMA Manas Kr. Thakur, Past President of the Institute, CMA Balwinder Singh, Vice President of the Student, CMA Rajeev Mehrotra, CMD- RITES Ltd. share his valuable thoughts and discuss his CMA Journey with participants. In the session CMA Manas Kr. Thakur, Past President of the Institute, CMA Balwinder Singh, Vice President of the Student, CMA Rajeev Mehrotra, CMD- RITES Ltd. share his valuable thoughts and discuss his CMA Journey with participants. In the session CMA Manas Kr. Thakur, Past President of the Institute, CMA Balwinder Singh, Vice President of the Student, CMA Rajeev Mehrotra, CMD- RITES Ltd. share his valuable thoughts and discuss his CMA Journey with participants.

The Institute of Cost Accountants of India- Jaipur Chapter

The Chapter organized pre placement programme for students who passed CMA final course in June 2018 examination and appeared for campus placement in the month of October 2018 programme. The programme was inaugurated on 4th September 2018 by Shri Rajesh Joshi, AVP, Genpact India Limited. CMA A.K. Shah, Managing
Director, Fingrowth Co-operative Bank Ltd was the guest of honour. Valedictory session was held on 15th September 2018. In valedictory session, certificates and prizes were distributed by Chief Guest CMA K.C. Gupta, Ex. Vice President (Finance) of Hexacom Ltd, Chairman CMA Rakesh Yadav, Vice-Chairman CMA S.L. Swami and Executive Member CMA Girish Goyal. The Chapter organised a seminar on “Annual Return, Reconciliation & Audit under GST” on 22nd September, 2018 at its premises. In the beginning, Chairman of the Chapter, CMA Rakesh Yadav welcomed the key speaker and participants and briefed about latest activities of the chapter. Key speaker of the seminar was CMA Vivek Laddha, practicing Cost Accountant at Bhilwara who explained in details about the Annual Return, Reconciliation and Audit under GST Act. Program was conducted by CMA Swapnil Bhandari, Secretary of the Chapter. At the end of the program CMA S. L. Swami, Vice - Chairman of the Chapter thanked the Key Speaker and all the participants.

The Institute of Cost Accountants of India- Kota Chapter

The Chapter inaugurated the oral coaching session for the period July-December 2018 on 11th August, 2018. CMA S.N. Mittal, Chairman of the chapter inaugurated the session.

The Chapter celebrated 72nd independence day at CMA Bhawan. President and Vice President of the Institute were felicitated on August 21, 2018 by CMA S. N. Mittal, chairman of the chapter. Investor awareness seminar was organized on “Investment in Mutual Fund” on 9th September, 2018 at CMA Bhawan. Shri Nivesh Guru, Shri Pankaj Laddha,
Kota were the key speakers of the seminar. Guest of Honour was CMA Sunil Kr. Singh, Chairman, Special Guest CMA R.S. Bhati, Secretary & Treasurer-NIRC, Guest CMA Rakesh Yadav, Chairman-Jaipur Chapter, CMA Robin Singh, Chairman –Noida Chapter, CMA Vishnu Upadhayay, Former Chairman-Faridabad Chapter. Kota chapter welcomed all dignitaries. A seminar was organized on Companies (Cost Records and Audit) Rules, 2014 (as amended) on 16th September, 2018 at London Street, Kota. CMA S. N. Mittal, Practicing Cost Accountant and Chairman, Kota Chapter were the key speakers of the seminar. A Seminar on Recent Development and Issues under GST Audit was organized on 30th September, 2018. CMA Anil Sharma, Practicing Cost Accountant and Vice Chairman NIRC, the key speaker discussed the practical problems and solution in GST audit & other GST applicability. Chief guest of the seminar was Shri Ram Kumar Mehta, Chairman-UIT, KOTA, Guest of Honour was Shri Govind Ram Mittal, Founder President-SSI Association Kota, Special guest was Shri B.L .Gupta, President SSI Association Kota, Adv. Mukesh Gupta, President, Tax Bar association Kota and CS Kalpana Sharma, Chairperson, ICSI Kota Chapter. The chapter organised voluntary career counseling programme during the 1st August, 2018 to 5th October, 2018. CMA S.N. Mittal, Chairman, CMA Jai Bansal, Secretary along with CMA R.P. Vyas founder Secretary of the Chapter, CMA Akash Agarwal, CMA M.B. Sonkhiya, Executive Member, CMA A.K. Jethalia & CMA Tapesh Mathur, Treasurer of the Chapter attended the programme.

Southern India Regional Council

The Institute of Cost Accountants of India – Trivandrum Chapter

The Chapter organized a professional development programme on “Role of Finance Managers / Qualified Accountants in a corporate Sector - Expectations of the Management - CMD / CE” on September 29, 2018 at CMA hall of the chapter. Shri Tomin J Thachankary IPS, Additional DGP of Kerala state, who is also the CMD of Kerala State Road Transport Corporation graced the occasion by giving a valuable and very meaningful thought provoking speech enlightening the existing systems of functioning of Public sector undertakings with its short comings and loopholes prevalent in every organisations requiring over all change in the systems and procedures and control mechanisms. The
Chief Guest was welcomed by CMA Ramkumar, Secretary of the Chapter. CMA Raman Pushpakumar, Chairman of the Chapter during his speech reminded the Chief guest about one Project Paper he had submitted way back during the year 1974 to the then Kerala State Minister for Transport containing various suggestions for the improvement and administration of KSRTC for profit maximisation from the then loss making operational system of the KSRTC.

The Chapter organized Kerala state flood relief work during 15th To 21st August 2018 under the volunteership of CMA student volunteers, staff and MC members. The Committee Members, Administrative staff members, Faculty members and students of the chapter celebrated the 72nd Independence Day on 15th August 2018. CMA Raman Pushpakumar, chairman of the chapter hoisted the Flag and addressed the gathering.

On September 16 and 26, 2018 the chapter organized practitioners’ programmes. On September 4, 2018 a Pre-Placement Orientation Programme was organized and CMA G.V.R.S. Bhagwan, CEO, Positive Solutions (P) Ltd, CMA Dantu Mitra, Senior Member and Smt. Dantu Aparna, HR & Admin, Rider Steel, Ghana, CMA Ravi Kiran Gajula, IT Analyst, TATA Consultancy Services, CMA Dr. Chandra Sekhar Rajanala, Chairman were the guests of the programme. The chapter celebrated teacher’s day on September 5, 2018. Prof. S.V. Satyanarayana, Vice-Chancellor, Potti
Sree Ramulu Telugu University, Dr. Kandimalla Bharathi, Head – Dept, Library and Information Sciences, Osmania University, Prof. P. Venkaiah, Head- Dept. of Business Mgmt, CMA Dr. P.V.S. Jagan Mohan Rao, Vice-President, SAFA and Central Council Member were the guests of the programme. A Pre-placement Orientation Programme was organized on September 15, 2018 and CMA S. Papa Rao, Council Member, CMA Dr. P.V.S. Jagan Mohan Rao, Vice-President, SAFA and Central Council Member, CMA D. Zitendra Rao, Member, SIRC , CMA K. Raghavender Reddy, MD & Chairman Daksh Ebiz Consulting Pvt Ltd, CMA G.V.R.S. Bhagwan , CEO, Positive Solutions (P) Ltd were the speakers of the programme. On September 29, 2018, ICMAI Registered Valuer Course on Securities or Financial Assets was inaugurated and Sri G.V. Appa Rao, Valuer, Partner of G.P. Sankaram and Associates and CMA Dr. P.V.S. Jagan Mohan Rao, Vice-President, SAFA and Council Member were the guests of the programme.

The Institute of Cost Accountants of India – Visakhapatnam Chapter

The Chapter organized a professional development programme on 22nd Sep 2018 at its premises on ‘Goods and Services Tax Audit’. CA P. Prasanna Kumar, the speaker explained about GST definitions, aggregate turnover etc. He emphasized the types of audit – audit by a professional, audit by authorities and special audit. Secretary of the Chapter, CMA S. Ramprasad welcomed the gathering. The Chapter organised Swachta Hi Sewa on 2nd Oct 2018 and jointly organised Blood Donation Camp with International Association of Lions Clubs Visakhapatnam MVP Lion Club.
The Institute of Cost Accountants of India – Coimbatore Chapter

The Chapter conducted a PD program on ‘Strategic Analysis of Business’ on 29th September, 2018. CMA A.K.S. Sukumaran, Management Consultant, Coimbatore gave an analytical speech on the topic. On 22nd September, 2018, a Faculty Meeting of the current oral coaching session was held at the chapter. Swachhta Hi Sewa Campaign was conducted at the chapter. Chairman and Secretary of the Chapter gave a lecture on “Health & Hygiene Awareness” to the Oral Coaching Students at Chapter on 22nd September, 2018. The Chapter commenced Industry Oriented Training Programme from 16th September, 2018.

Western India Regional Council

The Region organized campus placements during 27th to 29th September, 2018 at Mumbai. CMA Harshad Deshpande, Treasurer WIRC and CMA L. D. Pawar, Chairman WIRC were among the eminent dignitaries in the programme. Students Felicitation Function had been organised by WIRC on 8th September 2018 at Mumbai. Shri Shekhar Mishra, Business Head, Retail Trade & Forex Services, HDFC Bank, CMA Laxman D Pawar, Chairman
On October 1, 2018, a Press Meet and Members Meet was held and felicitation function for the successful students of CMA course was organized by the chapter. President of the Institute, CMA Amit Apte and Chairman, WIRC CMA L.D. Pawar presided over the function. Shri Ashok Kumar (IRS) Joint Commissioner GST, Aurangabad was the chief guest for the programme. CMA S. Suchit Naidu, CFO, Hildalco- Amlex Aerospace Ltd, Aurangabad was the guest of honor. CMA Harshad Deshpande, Treasurer, WIRC & CMA Neeraj Joshi, RCM, WIRC were also present on this occasion. Shri Ashok Kumar (IRS) Joint Commissioner GST, Chief Guest recognized the contribution of the Institute for the society and mentioned that CMA students have excellent career opportunities of employments in India and abroad. CMA M.R. Pandit, Chairman of the chapter, CMA Kiran Kulkarni, Secretary of the Chapter, CMA Parag Rane, Chairman – Training Committee of the chapter and CMA Prakash Sasemahal, Treasurer of the chapter welcomed the Guest. CMA Kiran Kulkarni and CMA Akshay Dande introduced the guest to the audience. CMA M.R. Pandit briefed about the activities of the chapter and CMA Parag Rane- Chairman, Training Committee spoke about the achievements and forthcoming plans of the Training Committee. CMA Amit Apte, President of the Institute appreciated the efforts of the chapter for dedicated services given to the students from rural area in Marathwada region. He also stated that Concentration on studies is the key of success. CMA S. Suchit Naidu, CFO, Hildalco Almex Aerospace Ltd gave tips to students for developing good habits like reading, writing, and updation of knowledge.
### Directorate of Advanced Studies, Examination Time Table & Programme - December - 2018

<table>
<thead>
<tr>
<th>Day, Date &amp; Time</th>
<th>Diploma in Internal Audit 2.00 PM to 5.00 PM</th>
<th>Diploma in IS Audit and Control 02.00 PM to 06.00 PM</th>
<th>Diploma in Business Valuation 2.00 PM to 05.00 PM</th>
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<tbody>
<tr>
<td>Monday</td>
<td>Paper-I: Nature of Internal Audit</td>
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<tr>
<td>10th December, 2018</td>
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<tr>
<td>Tuesday</td>
<td>Paper-II: Internal Audit Practice</td>
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<tr>
<td>11th December, 2018</td>
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<tr>
<td>Wednesday</td>
<td>Paper-III: Internal Audit Report Preparation</td>
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<tr>
<td>12th December, 2018</td>
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<td>Thursday</td>
<td>IS Audit and Control</td>
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<td>13th December, 2018</td>
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<tr>
<td>Friday</td>
<td>Paper-I: Principles of Valuations and Valuation Techniques (Principles of Business Valuation)</td>
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<td>14th December, 2018</td>
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<tr>
<td>Saturday</td>
<td>Paper-II: Application of Valuation Techniques (Application of Valuation Principles)</td>
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<tr>
<td>15th December, 2018</td>
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<tr>
<td>Sunday</td>
<td>Paper-III: Valuation: Corporate Laws and Direct and Indirect Tax Implications</td>
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<td>16th December, 2018</td>
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<td>17th December, 2018</td>
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1. Students can also download the Examination Form from ICAI Website at www.icmai.in
2. Examination fees to be paid through Demand Draft of requisite amount drawn in favour of "The Institute of Cost Accountants of India" Payble at Kolkata
3. Examination Fees: Rs. 1200/- per course or per paper
4. The last date for the receipt of the Examination Application Form without late fees is 15th October, 2018 and with late fees of Rs. 300/- is 22nd October, 2018
5. The filled in application along with DD to be sent to the following address:

**CMA (Dr.) Debaprosanna Nandy**  
Sr. Director - Advanced Studies  
The Institute of Cost Accountants of India  
(Statutory body under an Act of Parliament)  
CMA Bhawan, 12 Sudder Street, Kolkata - 700 016  
Email: advstudies.exam@icmai.in

**Note:**  
1. * Paper-III of the Diploma in Business Valuation is applicable only for 2nd batch  
2. **Paper-IV of Diploma in Business Valuation is applicable for batch 1st and 2nd. This paper I will be treated as Paper-III for 1st batch.**  
3. Last Term for appearing Examination in old course for Diploma in Internal Audit, Diploma in IS Audit & Control and Diploma in Business Valuation (1st Batch & 2nd Batch) will be in December 2018
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

MANAGEMENT ACCOUNTANCY
EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2018

<table>
<thead>
<tr>
<th>Group - I</th>
<th>Group - II</th>
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<tbody>
<tr>
<td><strong>Monday</strong>&lt;br&gt;10th December, 2018&lt;br&gt;2.00 P.M to 5.00 P.M</td>
<td><strong>Thursday</strong>&lt;br&gt;13th December, 2018&lt;br&gt;02.00 P.M to 05.00 P.M</td>
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<tr>
<td>Management Accountancy</td>
<td>Marketing Organisation &amp; Methods</td>
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<tr>
<td><strong>Tuesday</strong>&lt;br&gt;11th December, 2018&lt;br&gt;02.00 P.M to 05.00 P.M</td>
<td><strong>Friday</strong>&lt;br&gt;14th December, 2018&lt;br&gt;02.00 P.M to 05.00 P.M</td>
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<tr>
<td>Advanced Management Techniques</td>
<td>Economic Planning &amp; Development</td>
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<tr>
<td><strong>Wednesday</strong>&lt;br&gt;12th December, 2018&lt;br&gt;02.00 P.M to 05.00 P.M</td>
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<tr>
<td>Industrial Relations &amp; Personnel Management</td>
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EXAMINATION FEES

| Per Group | Rs 2500/- |

1. Students can also download the Examination Form from ICAI Website at [www.icmai.in](http://www.icmai.in).
2. Last date for receipt of Examination Application Form without late fees is 15th October, 2018 and with late fees of Rs. 300/- is 22nd October, 2018.
3. Examination fees to be paid through Demand Draft of requisite amount drawn in favour of “The Institute of Cost Accountants of India” and payable at Kolkata.
4. Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur (Ganjam), Bhilai, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faizabad, Guntur, Guwahati, Handwar, Hazaribagh, Howrah, Hyderabad, Indore, Jabalpur, Jalundhar, Jammu, Jamshedpur, Kochi, Kanpur, Kolkata, Kota, Kollamakal (Malappuram), Kotayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysores, Nagpur, Nalagarh, Navi Mumbai, Nellore, Noida, Palakkad, Panaji (Goa), Patna, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thiruvarur, Trichy, Trivandrum, Udaipur, Vapi, Vellore, Vijayawada, Vindhyapur, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.
5. A candidate who is fulfilling all the conditions only will be allowed to appear for the examination.
6. The filled in application along with DD to be sent to the following address:

   CMA (Dr.) Debaprosanna Nandy  
   Sr. Director - Advanced Studies  
   The Institute of Cost Accountants of India  
   (Statutory body under an Act of Parliament)  
   CMA Bhawan, 12 Sudder Street, Kolkata - 700 016  
   Email: advstudies.exam@icmai.in

For any enquiries please mail us at advstudies.exam@icmai.in

CMA Dr. Debaprosanna Nandy  
Sr. Director (Advanced Studies)
EXAMINATION TIME TABLE & PROGRAMME – DECEMBER – 2018

FOUNDATION COURSE EXAMINATION

<table>
<thead>
<tr>
<th>Day &amp; Date</th>
<th>Foundation Course Examination Syllabus-2016 Time 2.00 p.m. to 5.00 p.m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, 10th December, 2018</td>
<td>Fundamentals of Economics &amp; Management</td>
</tr>
<tr>
<td>Tuesday, 11th December, 2018</td>
<td>Fundamentals of Accounting</td>
</tr>
<tr>
<td>Wednesday, 12th December, 2018</td>
<td>Fundamentals of Laws &amp; Ethics</td>
</tr>
<tr>
<td>Thursday, 13th December, 2018</td>
<td>Fundamentals of Business Mathematics &amp; Statistics</td>
</tr>
</tbody>
</table>

Examination Fees

<table>
<thead>
<tr>
<th>Foundation Course Examination</th>
<th>Inland Centres</th>
<th>₹ 1200/-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overseas Centres</td>
<td>US $ 60</td>
</tr>
</tbody>
</table>

1. The Foundation Examination will be conducted in Offline, descriptive (Pen & Paper) mode only. Each paper will be of 100 marks and for 3 hours duration.

2. Application Forms for Foundation Examination has to be filled up through online and fees will be accepted through online mode (including Payfee Module of IDBI Bank).

3. STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.

4. (a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card or Net banking.

(b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.

5. Last date for receipt of Examination Application Forms is 10th October, 2018.

6. Examination Centres: Adipur-Kachchh(Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bilai, Bilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Ghaziabad, Guntur, Guwahati, Haridwar, Hararibag, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, KOTA, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.

7. A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.


* For any examination related query, please contact exam.helpdesk@icmai.in

L. Gurumurthy
Secretary (Acting)
# Programme for Syllabus 2016

**Inter & Final Examination (December – 2018 Term) will be held on alternate dates for each group.**

<table>
<thead>
<tr>
<th>Day &amp; Date</th>
<th>Time: 2.00 P.M. to 5.00 P.M.</th>
<th>Group-I (Time: 1.00 P.M. to 4.00 P.M.)</th>
<th>Group-II (Time: 1.00 P.M. to 4.00 P.M.)</th>
<th>Group-III (Time: 2.00 P.M. to 5.00 P.M.)</th>
<th>Group-IV (Time: 2.00 P.M. to 5.00 P.M.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, 10th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Tuesday, 11th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Wednesday, 12th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Thursday, 13th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Friday, 14th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Saturday, 15th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
<tr>
<td>Sunday, 16th December, 2018</td>
<td>Financial Accounting (P-05)</td>
<td>Corporate Law &amp; Compliance (P-06)</td>
<td>Strategic Financial Management (P-07)</td>
<td>Cost &amp; Management Audit (P-08)</td>
<td>Strategic Cost Management – Decision Making (P-09)</td>
</tr>
</tbody>
</table>

### Examination Fees

<table>
<thead>
<tr>
<th>Examination</th>
<th>Intermediate Examination</th>
<th>Final Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group (s)</td>
<td>One Group (Inland Centres)</td>
<td>1400/- (US $ 100)</td>
</tr>
<tr>
<td>Final</td>
<td>Two Groups (Inland Centres)</td>
<td>1200/- (US $ 90)</td>
</tr>
<tr>
<td>Intermediate</td>
<td>Two Groups (Overseas Centres)</td>
<td>2000/- (US $ 130)</td>
</tr>
<tr>
<td>Final</td>
<td>Two Groups (Overseas Centres)</td>
<td>2400/- (US $ 150)</td>
</tr>
</tbody>
</table>

1. Application Forms for Intermediate and Final Examination have to be filled up through online only and fees will be accepted through online mode only (including Payee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.
2. Students can login to the website www.icmai.in for any examination related queries. Please contact exam.helpdesk@icmai.in
3. The provisions of Direct Tax Laws and Indirect Tax Laws, as amended by the Finance Act, 2017, including notifications and circulars issued up to 31st May, 2018, are applicable for December 2018 term of examination for the subjects Direct Taxation, Indirect Taxation (Intermediate), Direct Tax Laws and International Taxation, and Indirect Tax Laws and Practice (Final) under Syllabus 2016. The relevant assessment year is 2018-19. For statutory updates and amendments, please refer to http://icmai.in/studentswebsite/Syl-2016.php
4. Pension Fund Regulatory and Development Authority Act, 2013 is being included in Paper 6 - Laws and Ethics (Intermediate) and Insolvency and Bankruptcy Code, 2016 is being included in Paper 13 - Corporate Laws and Compliance (Final) under Syllabus 2016 for December 2018 term of examination. For further clarification visit our website www.icmai.in.
5. The provision of the Companies Act 2013 are applicable for Paper 6 - Laws and Ethics (Intermediate) and Paper 13 - Corporate Laws and Compliance (Final) under Syllabus 2016 to the extent notified by the Government up to 30th September, 2018 for December 2018 term of examination. The relevant assessment year is 2018-19. For further clarification visit our website www.icmai.in.
7. Direct Taxation (Final) under Syllabus 2016 for December 2018 examination will be referred to relevant circulars in the website for December 2018 term examination. Please refer to http://icmai.in/studentswebsite/Syl-2016.php.
8. The Management Accountant (Final) under Syllabus 2016 for December 2018 examination will be referred to relevant circulars in the website for December 2018 term examination. Please refer to http://icmai.in/studentswebsite/Syl-2016.php.
10. The Company Accounts and Audit (Intermediate) and Paper 19 - Cost and Management Audit (Final) under Syllabus 2016 for December 2018 examination will be referred to relevant circulars in the website for December 2018 term examination. Please refer to http://icmai.in/studentswebsite/Syl-2016.php.
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GSTR 9A
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e-Filing of Form GSTR - 1, 3B, 4, ITC-04, 7, 8
Import Data from Excel, GST Portal & Renowned Accounting Softwares in GSTR-1 & 4

Import Data of 2A from Portal & Renowned Accounting Softwares in Credit Register
Comparison of Portal Data & Software Data of Form 1, 3B, 4

Reconciliation of GSTR - 2A & Credit Register
Reconciliation of GSTR - 1 & 3B Sales Amount

Reconciliation of GSTR - 2A & 3B Credit Amount
Reconciliation of GSTR - 4 & 4A Purchase Amount

Get the Invoices from GSTR - 1 on which e-Way Bill is Applicable
Interest & Late Fees Calculation of GSTR - 1, 3B, 4

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