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## Editorial

### UNION BUDGET 2016

Union Budget 2016 has a clear political aim at creating a “feel good” sense among farmers and the rural poor as state assembly elections in some states- at hand. It is an attempt to change the perception that this is a pro-rich government.

Union Budget 2016 is filled with enhanced allocations for scheme such as the MGNREGA, a UPA flagship programme that the BJP had mocked at the time -suggests that after defeats in Delhi and Bihar, the Modi government does not like to take any chances now. It is BJPs new strategy to woo the rural India. If references to the social sector, rural development. Farmers peppered the Finance Minister’s budget speech, its focus on the social sector emphasized improving of skills, promoting entrepreneurship and creating employment while giving education and health much smaller play. Only Rs. 1000 crore has been put aside for higher education, while the move to privatising of education continues. The allocation for minority education has plummeted from Rs 375 crores last year to Rs. 120 crores this year.

This budget is not a pro Middle class budget in many senses. Urban middle class is BJPs’ support base. If the middle class — particularly the salaried middle class — has got short shrift, the BJP clearly is not much concerned about this constituency as it feels that this will not move to the Congress at this moment. This budget is not a fairy-tale budget for Indian corporate sector. Times of India said “Jaytley’s third budget loses an opportunity to reboot the economy.

**Editor**

**Date: 1 March 2016**

**Jamshedpur**

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# A CASE STUDY OF SOCIO-ECONOMIC CONDITIONS OF THE PRIMITIVE POTTERS OF KOLHAN REGION OF JHARKHAND

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## Abstract

It is an attempt to examine the socio-economic conditions of the primitive potters in the context and content of their indigenous skills, self-employment, income, living standard, displacement and dispossession. It analyses the impact of development on the potters of Harappa heritage in Kolhan division during the post-reforms era with special reference to Development Programmes. Why is the best master of indigenous vocational skill, i.e., the descendants of the architects of Indus-Harappa at present unsuccessful even at its 'break-even' and 'below break-even' market scenario?

**Key Words:** Potters, Current socio economic condition, standard of living, Kolhan Region of Jharkhand

## Introduction

The history of pottery goes back to the pre-historic glories of Bharatvarsha. The Palaeolithic and early Neolithic people had also left sufficient evidences of hand-made pottery. The invention of wheel by the potters in Neolithic Age has revolutionized science and civilisation. Profusion of pottery products in the previous and on-going archaeological finds of the Indus-Harappa sites speaks volumes about the arts, architecture, science-technology, technocracy, customs, traditions, ethnological as well as ethnographic culture of the autochthonous artisans of the country of ours. Pottery is an age old eco-friendly and economically viable indigenous handicraftmanship. Everything Indus is totally indigenous and aboriginal. It involves inherent talent, feelings, emotions, skill intelligence and genuine passion for creativity and contributions to society. It is one of the oldest crafts that man has evolved at the dawn of civilisation. Clay, sand, water, air, sunlight, wood/coat etc. are the essential raw-materials for handling clay as several earthenware force for multipurpose usage and utility. That is why potters prefer dwelling in the lap of Nature in the midst of water, forest and land along with their rest tribal brethren. The Indus-Valley: Harappa Civilisation also happens to be known as the Potters Civilisation on account

of excellent burnt clay products found everywhere in the excavations of Harappa sites. Pottery in Jharkhand is also a Harappa heritage. The prevailing indigenous Indus culture of Jharkhand especially of Chhotanagpur is the corroborative evidence of all this. However, these eco-friendly economic activities are now severely challenged by their industrial substitutes which are at best the ecological hazards and environment pollutants. All these hazards and pollutants add fuel to the burning problems of the present volatile climatic situations. Strategic revival of all indigenous economic activities is essential for 'green-economy' and 'green-national income'. It will also reduce inequality of income and unequal distribution of wealth in the society and thus help the upgradation of the overall quality of life of all.

## Aim

To identify the aboriginal socio-economic recognition of the potters of Kolhan region in favour of their due constitutional privileges for right revival, revitalization and rehabilitation.

## Objectives

- I. To examine the historical background of the potters of Kolhan division for their original identity so that they could seek constitutional privileges for

their survival, revival and rehabilitation.

- II. To assess the extent of economic deterioration as a consequence of the adverse impacts of the industrial substitutes of pottery products.
- III. To evaluate the technologies already employed by the potters and availability of all essential raw materials of pottery.
- IV. To ascertain the other allied causes of the overall socio-economic crisis of the potters in their human value contexts.
- V. To suggest policy measures to address the problems of the potters and pottery.

### Key Questions

- a) Does development mean displacement, dispossession, dehumanisation and destruction of the indigenous people and their vocational skill and culture?
- b) How to revive, revitalize and rehabilitate the pottery and the potters in order to enrich the ecology and environment?

### Area of Study- History of Pottery in Jharkhand

Pottery in Jharkhand is evidently more than 4000 (four thousand) years old. The archaeologists have found some 'MridBhand' (remains of burnt clay pots) in the Sangam (meeting place) of the river Sanjay and Sone Nala in Jharkhand along with some other tools of the New Stone Age period. Recently a wonderful burnt clay pot of the Copper Age has also been found while digging the ground for road construction in a site on the outskirts of a village called Singhani near Pathalgadda in Chatra. This ancient megalithic site establishes the pre historic existence of the primitive potters in Jharkhand quite before the Iron Age. Neolithic pottery finds are also available throughout Rarh (red soil) in all parts of eastern India. In the capacity of the primitive people of the soil, the potters of Jharkhand especially of Kolhan region possess 'Khunt Katti' as well Raiyati Land. Since their parental occupation of handsome earning used to get abundant essential raw materials; they might have not bothered so much for increasing the physical possession of huge landed property. Now days, they lament extremely for it because they have also been displaced, dispossessed, deceived and

deprived along with all other tribes of the region. In comparison to the rest tribal brethren of theirs; their socio-economic situation is the worst. The industrial substitutes have already captured their age old source of subsistence and sustenance and they have also been displaced without adequate compensation for the loss of their occupation, land, culture and art of living. Above all, they also lack due constitutional privileges for land, employment and other necessary opportunities in the absence of their deliberately denied original recognition in spite of quite evidently being reckoned as the most primitive tribe by the historical analysts and archaeologists. Their ethnological as well as ethnographic life and culture is quite similar to their rest Proto-Austroloid and Dravidian brethren. However, in socio-economic fronts; they are far behind the scheduled tribes of the soil. They face absolute crisis for their essential raw materials. A very recent conclusive study of the Department of Anthropology, Gossner College, and Ranchi also endorses the prevailing pathetic situations of the primitive potters. M. Areeparampil, the ex-Director of Tribal Research Training Centre, at Chaibasa also supports the horrendous socio-economic situations of the potters and rest all indigenous people of Jharkhand in terms of displacement, dispossession deceits and dehumanisation in the name of development and forefront of national life in free India during the five year plans and the post-reforms era. The potters of Jharkhand still maintain their Harappa culture and indigenous Indus Puja Bidhi, totemistic and animistic life culture. They worship their totems and express their respect for them by bowing when they meet their totems. According to the faith and belief of this sept of totemistic exogamous subdivisions of the first settlers of India; the totems denote the names of their exogamous parts/organs within their endogenous identity. Each sept of the totemistic exogamous Kumhars/kumbhakars bear the name of an animal, a tree, a plant or some material object, natural or artificial, which the members are prohibited from killing, eating, cutting, burning, carrying, using etc. They will never betray their true descent in favour of an untrue aristocratic imitation. They will never intrude upon the caste system of high and low of the shrewd privileged elite on mere genetic grounds. They do not accept the Vedic system of

Sanskritisation. They also maintain far distance from Christian and Islam faiths. They always prefer the human spirit of spontaneous democracy, equality, collectivity and commonality. The totem potters have universally forbidden a marriage with any person descended in a direct line from the same parents. They have barred it for their agnates even for their second and subsequent generations but it is open to the descendants through females in the second and subsequent generations. Unlike the Aryans; there is no question of any generation gap in marriage; the totem taboo for marriage is always effective. These totemistic rules of intermarriage within the potters also govern the main body of all tribes on the distant plateau of Chhotanagpur. H.R.Risley has also referred a little bit about this totemistic life culture of the Kumbhakars (potters) in his famous publication entitled, "The Tribes and Castes of Bengal". However, since the potters have no liking to conversion in any circumstance; H.R.Risley and similar other scholars have never experienced any pain to go into the details of the ethnology and ethnography of the totem potters. Almost all intellectual scholars have knowingly or unknowingly forgotten to consider a detail study of the socio-economic and cultural content and context of the primitive potters; the father of civilisation which now essentially requires genuine and generous studies and researches in multidisciplinary domains. According to Dr. Lal B Suresh, Deptt of Economics, Kakatiya University, Warangal, AP-India, "More than two million potters with traditional Harappa skills are plying their profession. About 95% of them are engaged in the traditional red or local clay pottery works. The extent of employment of outsiders in the village pottery activities is about 9%. The rest 91 percent are potters' family members who assist the potters in various operations, from preparation of clay to backing the raw product in the kiln".

Although there are some Studies available on the status of mere small scale and cottage industry aspect of the age old pottery like Rakhee- 2002, Chayanray Meena- 2005, S.S.Solanki- 2008, Suraj Saraf- 2008, Raju Mehta- 1996 and NIF- 2008 for certain important information about the national scenario of pottery as an indigenous trade or merchandising but these studies donot

highlight the socio-economic conditions of the potters of Jharkhand. Moreover, Studies depicting the socio economic conditions of the potter of Jharkhand are rare. Therefore, the present study is about the aboriginal identity of the indigenous potters of Kolhan region in Jharkhand and their pathetic socio economic conditions in quest of their revival, revitalization and rehabilitation.

### **Data and Data Sources:**

I have completed random sample survey of 260 samples from all the three districts in Kolhan division namely East Singhbhum, West sighbhum and Seraikela-Kharsawan. I have selected 168 (one hundred sixty eight) grade 1 representative samples in this paper for the ultimate purpose in view. While analysing the relevant data; I have also conclusively found that Jharkhand is rich but the Jharkhandis are poor. The trespassers and outsiders have amassed enormous wealth and whereas the sons of the soil, the indigenous people have been displaced, dispossessed, deceived, denied and dehumanised in free India and especially during the post reforms days also. Development here means ruthlessness, voicelessness and rootlessness. It is just dispossession and marginalisation. In the name of development, here is destruction of indigenous people and their source of sustenance and culture. The total indigenous groups comprising about 85 to 90 percent of the total population of Jharkhand have been the worst hit by the large scale exploitation of the natural resources of the region through the development of industries, mines and commercial exploitation of forests. The aboriginal potters also face a lot of problems in collecting the essential raw materials of pottery.

### **Methodology**

The research is based on primary data collected through a structured questionnaire administered to randomly select 260 potter families from several villages of potters in all the three districts of Kolhan division. Some interview schedules and personal observation methods were also used for data collection. Relevant statistical tools and techniques have been used to analyse the self-collected primary data in order to arrive at the conclusion.



## Results and Discussion

**Table-1:** bears the information about the age composition, the nature of family and the strength of the respondent potters along with some other relevant information. Out of total (100+80+80) 260 sample potter families in Kolhan division; 168 are termed as Grade 1 potters because they are already involved in their age-old occupation of pottery. A strength of 44 potter families have already been displaced from their parental occupational roots as a consequence of the most adverse impact of the substitutes of pottery products

and the volatility of market, demand-supply and revenue crisis. They are in search of alternative source of subsistence. 18 potter families earn their sustenance from farming their Khuntkalti and Raiyati landed property and only 14 potter families have regular jobs in public and private sectors in ordinary capacities. Number of privileged class people enjoying all civic amenities is quite negligible. It is less than one in each 20-25 thousand people of the potter community in Kolhan region. Out of 168 G1 Potters 16 Potter Families have no homes of their own.

**Table - 1:** Age composition, Family Type and the size of the Grade 1 Potter-Respondents along with their percentages and other relevant information

| Post-Reforms Respondents:G1 |                 |                               |                           |                              |  |
|-----------------------------|-----------------|-------------------------------|---------------------------|------------------------------|--|
| Sl.No                       | Age Group $X_i$ | Strength of Respondents $f_i$ | Percentage (Approximated) | (G1) Pre-Reforms Respondents |  |
|                             |                 |                               |                           | Number                       | Basis  |
| 1                           | 20-30           | 6                             | 3                         | 6                            | Reminiscence from the Elders                 |
| 2                           | 30-40           | 14                            | 8                         | 14                           | Reminiscence from the Elders                 |
| 3                           | 40-50           | 40                            | 24                        | 40                           | Self-Experience and Recollection of the past |
| 4                           | 50-60           | 80                            | 49                        | 80                           | Self-Experience and Recollection of the past |
| 5                           | 60-70           | 28                            | 16                        | 28                           | Self-Experience and Recollection of the past |
| Total                       |                 | 168                           | 100                       | 168                          |  |

In Continuation of Table1:-

| Pre – Reforms Respondents (G1+G2) |                 |                               |                                   |         |  |
|-----------------------------------|-----------------|-------------------------------|-----------------------------------|---------|--|
| Sl. No                            | Age Group $X_i$ | Strength of Respondents $f_i$ | Type of Family of All Respondents |         |  |
|                                   |                 |                               | Joint (G1+G2)                     | Nuclear |  |
| 1                                 | 20-30           | 6                             | 2                                 | 4       |  |
| 2                                 | 30-40           | 14                            | 4                                 | 10      |  |
| 3                                 | 40-50           | 47                            | 16                                | 31      |  |
| 4                                 | 50-60           | 112                           | 67                                | 45      |  |
| 5                                 | 60-70           | 65                            | 39                                | 28      |  |
| Total                             |                 | 244                           | 127                               | 117     |  |

Strength of 76 G2 respondents have provided information about the pre reforms conditions of pottery productivity of the potters. They have also supported the post reforms positions of the potters.

It is quite obvious in Table 1 that the majority of respondents who are continuing in the age-old occupation of pottery belong to the age group of 40-70. It is about 50% in the age group of 50-60 and it is just 3% in the age group of 20-30. This shows that only older potters are involved in their parental occupation. The type and size of the respondent families (244 families) are also there in the continued part of the Table1.

**Table-2:** explains the details of Pottery-products and the productivity scenario of the potters of Kolhan region. It provides an account of the number of pots produced on an average by a potter family per annum, number of days employed in turning out the products; contribution of the family members or other

employed persons, quantity of raw material used, Average Cost (AC), Average Revenue (AR) or other cost-profit or 'break-even' position. For the purpose of convenience of the analysis of the collected data; all potter respondents are categorized into four categories on the basis of the size of production (number of total pottery-products). The different types of pots, potteries, pitchers, toddy pots, vessels, socially useful and ceremonial products etc, are counted as single category for the convenience. The number of pots, average cost and average revenue are calculated on an average to represent all types of products. The respondents who produce less than 1000 pots p.a. come under the first category as under:

**Table-2: Particulars of Pots Produced Employment and Cost in Rupees.**

| Sl. No | Category of pots $X_i$ | No of Families $f_i$ | Quantity of Pots Produced Q | Total No. Of Days Employed | Average No. Of pots Per day | Average No. Of pots Per Family in each category | Average Man-Days for each Family |
|--------|------------------------|----------------------|-----------------------------|----------------------------|-----------------------------|---|----------------------------------|
| 1      | 1                      | 2                    | 3                           | 4                          | 5                           | 6   | 7                                |
| 1      | Less than 1000         | 50                   | 38000                       | 7500                       | 5                           | 760   | 150                              |
| 2      | 1000-1500              | 90                   | 112500                      | 13500                      | 8                           | 1250  | 150                              |
| 3      | 1500-2000              | 20                   | 32000                       | 3600                       | 9                           | 1600  | 180                              |
| 4      | More than 2000         | 8                    | 17000                       | 1700                       | 10                          | 2125  | 212                              |
| Total  |                        | 168                  | 199500                      | 26300                      | 32                          | 5735  | 692                              |
|        |                        |                      | 49875                       | 6575                       | 8                           | 1434  | 423                              |

In continuation of Table 2:-

| 8                                   | 9                         | 10                           | 11                        | 12                            | 13                            | 14                         | 15               |
|-------------------------------------|---------------------------|------------------------------|---------------------------|-------------------------------|-------------------------------|----------------------------|------------------|
| Quantity of clay used in cubic feet | Cost of Clay (CoC) in Rs. | Cost of Burning (CoB) in Rs. | Total Cost (T.C) in Rs. C | Average Cost (A.C) in Rs. A.C | Average Revenue (A.R) in Rs P | Total Revenue (T.R) in Rs. | Net Earning :R-C |
| 4600                                | 19000                     | 24000                        | 43000                     | 1.13                          | 10                            | 380000                     | 337000           |
| 13500                               | 55000                     | 75000                        | 130000                    | 1.15                          | 10                            | 1125000                    | 995000           |
| 3840                                | 17000                     | 21000                        | 38000                     | 1.20                          | 10                            | 320000                     | 282000           |
| 2040                                | 9000                      | 12000                        | 21000                     | 1.23                          | 10                            | 17000                      | 14900            |
| Total                               | 100000                    | 132000                       | 232000                    | 4.71                          | 40                            | 1842000                    | 1628900          |
|                                     | 25000                     | 33000                        | 58000                     | 1.17                          | 10                            | 460500                     | 407225           |

It is quite clear in Table 2 and its Continuation that there are 50 Grade 1 Potters in the first category, 90 in the second, 20 in the third and

08 in the fourth. On an average the Grade 1 potters in the first category produce 760 pots and get employment for 150 Man Days.

**Table 3: Income Particulars of Sample Respondents, Rs, p.a:**

| Sl. No | Category of pots (Grade1)<br>$X_i$ | No. Of Grade 1 Families<br>$f_i$ | TIOP    | TI0A   | TIAS    | AIFAS | AIOPF | AIOAF |
|--------|------------------------------------|----------------------------------|---------|--------|---------|-------|-------|-------|
| 1      | 2                                  | 3                                | 4       | 5      | 6       | 7     | 8     | 9     |
| 1      | Below 1000                         | 50                               | 380000  | 200000 | 580000  | 11600 | 7600  | 4000  |
| 2      | 1000-1500                          | 90                               | 1125000 | 560000 | 1685000 | 18723 | 12500 | 6223  |
| 3      | 1500-2000                          | 20                               | 320000  | 140000 | 460000  | 23000 | 16000 | 7000  |
| 4      | Above 2000                         | 08                               | 170000  | 80000  | 250000  | 31250 | 21250 | 10000 |
| Total  |                                    | 168                              | 1995000 | 980000 | 2975000 | 84573 | 57350 | 27223 |
|        |                                    |                                  | 498750  | 245000 | 743750  | 21143 | 14337 | 6806  |

In the above table:

- TIOP:** Total Income from the Occupation of Pottery.
- TI0A:** Total Income from Other Activities including Artistic Potteries and Agricultural Labour.
- TIAS:** Total Income from All Sources.
- AIFAS:** Average Income of a Family from All sources.
- AIOPF:** Average Income from the Occupation of Pottery of a Family.
- AIOAF:** Average Income from Other Activities of a Family.

**Table – 3:** gives details about the income of the Grade 1 potter respondents Vis a Vis from other activities. The respondents of the first category receive an average income of rupees 7600 from the occupation of Pottery per

annum which is about  $\frac{1}{3}$  rd of the income that the Grade 1 respondent of the fourth category get from the occupation of pottery per annum. The total average income of the first category respondents short fall of the income that the rest categories get.

**Table- 4:** shows average income per day in the occupation of pottery of the Grade 1 potters. It is quite clear from the table that the average income per day of the respondents of first category is very low. The Grade 1 respondents in the rest categories get better than the first category. This shows that there is positive relation between average income per day from the occupation and average Number of Days (Working Days) of employment in the occupation. There is direct positive co relation between income and employment.

**Table -4: Average Income per Day and Average No. of Days in Employment of the Occupation:-**

**A Positive Correlation between Income and the Working Days**

| Sl.No | No. of pots Produced Category<br>$X_i$ | No. of Families<br>$f_i$ | Total No. of Days Employed in the Occupation of Pottery | Average No. of Days Employed in the Pottery Occupation of a Family p.a | Average Income of a Family from Occupation p.a in Rs | Average Income Per Day of a Family From the Occupation |
|-------|--|--------------------------|---|--|--|--|
| 1     | 2                                      | 3                        | 4   | 5  | 6  | 7  |
| 1     | Below 1000                             | 50                       | 7500  | 150  | 7600   | 50.66  |
| 2     | 1000-5000                              | 90                       | 13500   | 150  | 12500  | 80.32  |
| 3     | 1500-2000                              | 20                       | 3600  | 180  | 16000  | 89.00  |
| 4     | Above 2000                             | 8                        | 1700  | 212  | 21250  | 170.00   |

In Continuation of Table 4:-

| Total No of Days Employed in other Activities p.a | Average of Days Employed in Other Activities of a Family p.a | Average Income of a Family from Other Activities p.a in Rs. | Average Income Per Day of a Family From Other Activities | Total No. of Days Employment in all Sources of a Family p.a | Average Income Per day Of a Family From All Sources |
|---|--|---|--|---|---|
| 8   | 9  | 10  | 11   | 12  | 13  |
| 3850  | 77   | 4000  | 60   | 227   | 110.66  |
| 7470  | 83   | 6223  | 75   | 233   | 153.33  |
| 1200  | 60   | 3400  | 57   | 240   | 146   |
| 400   | 50   | 2500  | 50   | 262   | 220   |
| Average 3230                                      | 67.5   | 4031  | 60   | 240   | 157   |

| No. of Pots Produced Category $X_i$ | No. of Families $f_i$ | Total Expenditure per annum in Rs |        |                   |                          |                |               | Total   |
|-------------------------------------|-----------------------|-----------------------------------|--------|-------------------|--------------------------|----------------|---------------|---------|
|                                     |                       | Education                         | Health | House Maintenance | Ceremonies and Festivals | On Subsistence | On production |         |
| Below 1000                          | 50                    | 47000                             | 120000 | 397500            | 49500                    | 614000         | 43000         | 657000  |
| 1000-1500                           | 90                    | 125000                            | 16750  | 1976000           | 100000                   | 2217750        | 130000        | 2347750 |
| 1500-2000                           | 20                    | 45500                             | 47000  | 250000            | 35000                    | 377500         | 38000         | 415500  |
| Above 2000                          | 8                     | 37000                             | 25000  | 120000            | 15000                    | 197000         | 21000         | 218000  |
| Total                               |                       | 254500                            | 208750 | 243500            | 199500                   | 3406250        | 232000        | 3638250 |

**Table 5:- Expenditure Pattern of Grade 1 Respondents**

In Continuation of table 5:

| Average Expenditure p.a in Rs. |        |                   |                          |       | Total debt of all the families in Rs. | Average Debt of a Family (In Rs) |
|--------------------------------|--------|-------------------|--------------------------|-------|---------------------------------------|----------------------------------|
| Education                      | Health | House Maintenance | Ceremonies and festivals | Total |                                       |                                  |
| 940                            | 2400   | 7950              | 990                      | 1280  | 580000-657000 = -77000                | 1540                             |
| 1388                           | 1689   | 21956             | 1111                     | 26144 | 1685000 -2347750 = -662750            | 7364                             |
| 2275                           | 2350   | 12500             | 1750                     | 18875 | 460000-415500 = +44500                | NIL                              |
| 4625                           | 3125   | 15000             | 1875                     | 24625 | 250000-218000 = +32000                | NIL                              |

**Table -5:** provides the details of expenditure (sustenance level: roti, kapra aur cottage and other lifesaving expenses) of the Grade 1 respondents (168).

There is no debt burden in the 3<sup>rd</sup> and 4<sup>th</sup> category. The respondents try their level best to raise their quality of life but they eventually fail to do so. A close perusal of the

expenditure pattern shows that the potters live from hand to mouth. Almost all family members collectively contribute to the causes of the occupation of pottery but owing to unfavourable market conditions caused by the industrial substitutes; they cannot even consider the break-even situation of their best known indigenous merchandising.

**Table-6: Debt and Surplus (positive correlation between employment and income)**

| Sl.No | Debt   | Surplus | Average Surplus of the Families | Average Man- Days |
|-------|--------|---------|---------------------------------|-------------------|
| 1     | 77000  | NIL     | NIL                             | 150+77 =227       |
| 2     | 662750 | NIL     | NIL                             | 150+83 =233       |
| 3     | NIL    | 44500   | 2225                            | 180+60 =240       |
| 4     | NIL    | 32000   | 8000                            | 212+50 =262       |

Distinctive Pottery of megalithic age suggests that there was copper artefacts of pottery in Jharkhand too when there was no trace of iron and horse. Most probably Mundari origin megaliths were prominent in Jharkhand prior to 1500 BC. Earliest settlement of the chalcolithic period range from Gangetic basin to Chhotanagpur Plateau. Still that is why most of the ancient potters enjoy the Mundari land management title- Khunt Khatti. Along with Khunt Khatti, the potters also possess raiyati land for farming. Having been established in traditional occupation, they have

not been so much particular to land holding. However, they are of course the victims of displacement and dispossession now. The table 6 below shows the prevailing nature of their land holdings in general. This table gives an account of all 260 respondents along with the Grade 1 168. However 149 out of 260 total respondents still possess some Khunt Khatti landed property along with raiyati i.e., 60% potters or Kolhan region have Khunt Khatti land property and 96% have at least a little bit raiyati land.

**Table- 7: Land Holding Particulars of Respondents.**

| Sl. No | Size in Acres | No. of Respondents | No of the Grade-1 Respondents | Possession of Land (Khunt Katti + Raiti) in Acres |
|--------|---------------|--------------------|-------------------------------|---|
| 1      | Land less     | 24                 | 21                            | Nil   |
| 2      | Below 2 Acres | 85                 | 54                            | 147   |
| 3      | 2-3 Acres     | 91                 | 65                            | 258   |
| 4      | 3-4 Acres     | 27                 | 20                            | 103   |
| 5      | 4-5 Acres     | 18                 | 5                             | 174   |
| 6      | Above 5 Acres | 15                 | 3                             | 70  |
| Total  |               | 260                |                               |   |

### Problems of the Potters

Marketing Adversity is the biggest problem of the with it potters. Along; the crisis of their original recognition as the primitive tribes of the soil is also a very vital problem. Here are the questions of their constitutional privileges for socio-economic justice. History of economic thought, Archaeology, Sociology, Anthropology, Geology, and Human-Geography, Geography and even traditions, rituals and all other ceremonial customs corroborate the ethnology and ethnography of the potters as the best reckoned pre-historic settlers of India as well as Jharkhand. All these have very important economic impact on the

overall quality of life of the potters. In the marketing side; their demand for the products has been seriously challenged by the industrial substitutes.

The planned policies and programmes for economic development after independence have eventually aggravated their problems. Excessive industrialization has also deteriorated the culture of the rural remote areas also. The cost of living has increased tremendously but the price of pottery products have not increased accordingly. Even the rural people demand for the ritual and ceremonial products only. They demand for statues and images during festival times only.

However, the key problems on the supply of products and the demand for products are enumerated as under:

On the Supply side:

- Availability of the essential raw material is a great problem. In the earlier days, the potters used to get these ingredients free of cost in the immediate neighbourhood but at present transportation costs occurred and the potters also have to travel 15-20 km to get all this.
- Burning material is extremely expensive now a days and hence the cost of burning is increasing.
- During rainy season, pot making is very difficult because of the absence of shed facility for the purpose. It causes unemployment.
- There is no legal provision for the essential raw material for pottery. The potters also lack due constitutional supports for protection and promotion of pottery and the potters. They deserve to be scheduled as the primitive potters.

On the demand side, the main problems are:

- Competition from industrial substitutes i.e., plastic and metallic pots and vessels constitute the main problem. All these products are certainly inhygienic and causes ecological and environmental problems but easy availability, comparatively low price, durability, convenience in handling etc. encourage the mass use of these products. In recent days, the people have given up the general use of pottery products. They demand for pottery products in the ceremonial and ritual purposes only. As a consequence, there is drastic decline in the demand for pottery products.
- In all sample villages; it has been found that people purchase plastic bottles of various mineral water and cool and cold drinks and they also use the thrown out plastic bottles further. The toddy tappers also prefer the free availability and the convenience of carriage of these bottles widely which cause the decline of 50 percent demand for toddy pots.

- Modern housing technique and emergence of alternative roofing materials such as asbestos and cement sheets, iron sheets etc has almost displaced the traditional tiles making. There is total decrease in the demand for tiles. It has eventually caused about 85 percent decline in demand for tiles of the respondents.
- Chinese products have displaced the huge demand for traditional pottery products during **Deepavali** and **Sohrai** festivals and also on other occasions.
- Plastic pots, pitchers, cups, and glasses have destroyed the demand for all these in tea stalls, hotels, social and festive occasions in vast quantity.

### Summary of Finding of the Study

There is low rate of literacy of about 35 percent in the potters of Kolhan region. Only older people whose age is above 45-50 years are involved in the age old occupation of pottery. The average Man-Days of works in the occupation is not sufficient and hence there is large unemployment. The industrial substitutes have adversely impacted the demand for the pottery products, price revenue and employment i.e., the total productivity of the potter respondents in the region. Occupational displacement, displacement from land and culture is at alarming stage. There is no compensation and rehabilitation programmes and facilities. No modern technology and new techniques of production have been introduced. The long awaited '**Mitti Kala Board**' for the purpose is not yet been constituted in Jharkhand. Most of the illiterate primitive potters are now unemployed, displaced, poverty-ridden, deceived and deprived. Majority of them are now ruthless and rootless, almost all are voiceless. They cannot raise a decisive voice against the gross loss of their recognition, identity, occupation and culture.

### Suggestions

- Protection from competition. All environment pollutants and ecological hazards in the name of industrial substitutes are to be banned.
- All ecofriendly indigenous economic activities are to be protected, encouraged and constitutionally supported in favour of Green-

Economy, Green National Income, Social and Economic Justice, Sustainable Development, Healthy Environment and Ecology.

- For encouragement of pottery making in rainy seasons and especially during the adverse days of climatic volatility; sufficient Shed Facilities must be provided to all the villages of the potters.
- Irrational use and throw culture of plastic products are to be strictly prohibited by effective competent laws in order to increase the demand for the pottery products.
- Government should involve local NGOs to take up various awareness programmes among plastic users to create awareness regarding environmental degradation caused by the wide spread usage of plastics.
- The primitive potters of Kolhan region should be properly identified and recognised in respect of their due constitutional privileges for protection and promotion.
- The local NGOs and SHGs should be encouraged financially and technologically to improve the skills of pottery just like the studio pottery and other artistic pottery products in accordance with the other products of small scale and cottage industries for merchandising.
- There should be sufficient legal provision for all essential raw materials for promoting pottery.
- A new Handicraft Special Economic Zone (SEZ) specially for pottery shall be established for revitalizing pottery as small scale and cottage industry.
- Environment and Health should get top most priority in all political and economic decisions.

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## REVISED SCHEDULE VI: A THEORETICAL STUDY

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The Ministry of Corporate Affairs of the Government of India has been taking many initiatives for overhauling the Companies Act, 1956 through major amendments, circulars and notifications. To make Indian business and companies competitive and globally recognizable, a need was felt that format of Financial Statements of Indian corporate should be comparable with international format. Since most of the Indian Accounting Standards are being made at par with the international Accounting Standards, the changes to format of Financial Statements to align with the Accounting Standards will make Indian companies competitive on the global financial world. Taking cognizance of imperative situation and need, the Ministry of Corporate Affairs revised the existing Schedule VI to the Companies Act, 1956 and made it applicable to all companies for the Financial Statements to be prepared for the financial year commencing on or after April 1, 2011. The Institute through its Corporate Laws & Corporate Governance Committee undertook the exercise of bringing out a Guidance Note for the benefit of the members of the profession. This Guidance Note replaces its earlier publication titled 'Statement on the Amendments to Schedule VI' to the Companies Act, 1956 which was first introduced in the year 1976. The pre-Revised Schedule VI had been in existence for almost five decades without any major structural overhaul. During this long period the drastic changes in economic condition and environment coupled with advancements in accounting principles and in global practices relating to corporate financial reporting. In this context introduction of Revised Schedule VI is indeed welcome. To harmonize the disclosure requirements with the Accounting Standards and to coverage with new forms, the Ministry of Corporate Affairs (MCA) vide notification no. S. O. 447(E), dated 28<sup>th</sup> February 2011

replaced the existing Schedule VI of the Companies Act, 1956 with the revised one. The Revised Schedule VI will apply to all companies' uniformity for the financial statements to be prepared for the financial year 2010-11 and onwards. The general instruction is applicable to both balance sheet and profit and loss account deal with such matters as primacy of accounting Standards, rounding off, corresponding figures, etc. Overall the attempt is largely successful in modernizing and simplifying the Schedule and making it more relevant to the present needs. The Revised Schedule VI to the Companies Act, 1956 became applicable to all companies for the preparation of Financial Statements beginning on or from 1.4.2011. It is a major step and members of the profession have a greater role and responsibility in its preparation. To facilitate the preparation of Financial Statements in compliance with the Revised Schedule VI, the ICAI has brought out this Guidance Note for the benefit of its members.

**Scope:** Schedule VI to the Companies Act, 1956 ('the Act') provides the manner in which every company registered under the Act shall prepare its Balance Sheet, Statement of Profit and Loss and notes thereto. In the light of various economic and regulatory reforms that have taken place for companies over the last several years, there was a need for enhancing the disclosure requirements under the Old Schedule VI to the Act and harmonizing and synchronizing them with the notified Accounting Standards as applicable ('AS'/'Accounting Standard(s)'). The requirements of the Revised Schedule VI however, do not apply to companies as referred to in the proviso to Section 211 (1) and Section 211 (2) of the Act, i.e., any insurance or banking company, or any company engaged in the generation or supply

of electricity or to any other class of company for which a form of Balance Sheet and Profit and Loss account has been specified in or under any other Act governing such class of company. It may be clarified that for companies engaged in the generation and supply of electricity, however, neither the Electricity Act, 2003, nor the rules framed there under, prescribe any specific format for presentation of Financial Statements by an electricity company. Section 616(c) of the Companies Act states that the Companies Act will apply to electricity companies, to the extent it is not contrary to the requirements of the Electricity Act. Keeping this in view,

Revised Schedule VI may be followed by such companies till the time any other format is prescribed by the relevant statute.

**Relevance of Revised Schedule VI-** We know that financial statements of a business unit indicate the economic activities. Different parties are directly or indirectly interested in a scientific and systematic analysis and interpretation of economic activities through the financial statements during a particular period. The analysis of financial statements is carried out by different users for different purposes as shown in table 1

**Table -1 Financial Statements: Users and Purposes**

| Users  | Purposes  |
|--|---|
| <b>Internal Users</b> <ul style="list-style-type: none"> <li>• Management</li> <li>• Owners</li> </ul>   | Profitability, solvency, liquidity, turnover, etc.<br><br>Return on investment (ROI), rate of dividends, value added, etc.  |
| <b>External Users</b> <ul style="list-style-type: none"> <li>• Financial Institutions</li> <li>• Investors</li> <li>• Employees</li> <li>• Consumers</li> <li>• Public</li> <li>• Suppliers</li> <li>• Economic Policy Makers</li> <li>• Researchers</li> <li>• Government</li> <li>• Government agencies               <ul style="list-style-type: none"> <li>a) Income Tax Authority</li> <li>b) Company Law Board</li> <li>c) Emission Authorities</li> <li>d) Sales Tax Authority</li> </ul> </li> </ul> | Earning capacity, liquidity, working capital, etc.<br>Profitability, solvency, etc.<br>Earning capacity, financial stability, etc.<br>Product with price, etc.<br>Employment opportunity, general growth, etc.<br>Solvency, liquidity, etc.<br>Efficiency and effectiveness of business, etc.<br>Financial analysis, etc.<br>Profit earning capacity, social importance, etc.<br><br>Taxation<br>Regulation<br>Emission regulation<br>Sales Tax |

Thus, the financial statements serve the interest of different user groups.

**Objectives of Revised Schedule VI-** To secure Indian Accounting System convergent with IFRS,

- To recognize to Accounting Standards in preparation and presentation of Financial Statements,
- To present Assets and Liabilities to be made on the permanency only,

- To present all information in the new format for financial statements as well as notes on accounts

**Key Features of Revised Schedule VI – Balance Sheet**

- The revised schedule contains General Instructions, Part I – Form of Balance Sheet; General Instructions for Preparation of Balance Sheet, Part II – Form of Statement of Profit and Loss; General

Instructions for Preparation of Statement of Profit and Loss.

- The Revised Schedule VI has eliminated the concept of 'schedule' and such information is now to be furnished in the notes to accounts.
- The revised schedule gives prominence to Accounting Standards (AS) i.e. in case of any conflict between the AS and the Schedule, AS shall prevail.
- The revised schedule prescribes a vertical format for presentation of balance sheet therefore, no option to prepare the financial statement in horizontal format. It ensures application of uniform format.
- All Assets and liabilities classified into current and non-current and presented separately on the face of the Balance Sheet.
- Number of shares held by each shareholder holding more than 5% shares now needs to be disclosed.
- Details pertaining to aggregate number and class of shares allotted for consideration other than cash, bonus shares and shares bought back will need to be disclosed only for a period of five years immediately preceding the Balance Sheet date.
- Any debit balance in the Statement of Profit and Loss will be disclosed under the head "Reserves and surplus." Earlier, any debit balance in Profit and Loss Account carried forward after deduction from uncommitted reserves was required to be shown as the last item on the asset side of the Balance Sheet.
- Specific disclosures are prescribed for Share Application money. The application money not exceeding the capital offered for issuance and to the extent not refundable will be shown separately on the face of the Balance Sheet. The amount in excess of subscription or if the requirements of minimum subscription are not met will be shown under "Other current liabilities."
- The term "sundry debtors" has been replaced with the term "trade receivables." 'Trade receivables' are defined as dues arising only from goods sold or services rendered in the normal course of business. Hence, amounts due on account of other contractual obligations can no longer be included in the trade receivables.

- The Old Schedule VI required separate presentation of debtors outstanding for a period exceeding six months based on date on which the bill/invoice was raised whereas, the Revised Schedule VI requires separate disclosure of "trade receivables outstanding for a period exceeding six months from the date the bill/invoice is due for payment."
- "Capital advances" are specifically required to be presented separately under the head "Loans & advances" rather than including elsewhere.
- Tangible assets under lease are required to be separately specified under each class of asset. In the absence of any further clarification, the term "under lease" should be taken to mean assets given on operating lease in the case of lessor and assets held under finance lease in the case of lessee.
- In the Old Schedule VI, details of only capital commitments were required to be disclosed. Under the Revised Schedule VI, other commitments also need to be disclosed.

#### **Key Features of Revised Schedule VI – Statement of Profit and Loss**

- The name has been changed to "Statement of Profit and Loss" as against 'Profit and Loss Account' as contained in the Old Schedule VI.
- Unlike the Old Schedule VI, the Revised Schedule VI lays down a format for the presentation of Statement of Profit and Loss. This format of Statement of Profit and Loss does not mention any appropriation item on its face. Further, the Revised Schedule VI format prescribes such 'below the line' adjustments to be presented under "Reserves and Surplus" in the Balance Sheet.
- As per revised schedule VI, any item of income or expense which exceeds one per cent of the revenue from operations or Rs.100,000 (earlier 1 % of total revenue or Rs.5,000), whichever is higher, needs to be disclosed separately.

- In respect of companies other than finance companies, revenue from operations need to be disclosed separately as revenue from (a) sale of products, (b) sale of services and (c) other operating revenues.
- Net exchange gain/loss on foreign currency borrowings to the extent considered as an adjustment to interest cost needs to be disclosed separately as finance cost.
- Break-up in terms of quantitative disclosures for significant items of Statement of Profit and Loss, such as raw material consumption, stocks, purchases and sales have been simplified and replaced with the disclosure of “broad heads” only. The broad heads need to be decided based on materiality and presentation of true and fair view of the financial statements

**COMPARITIVE ANALYSIS BETWEEN OLD SCHEDULE VI  
AND REVISED SCHEDULE VI**

| PARTICULARS  | OLD SCHEDULE VI   | REVISED SCHEDULE VI  |
|--|---|--|
| Parts  | Part I (Balance Sheet), Part II (Profit and Loss Account), Part III (Interpretation) and Part IV (Balance sheet Abstract of company's general business profile)   | Only two parts- Part I(Balance Sheet) and Part II (Statement of Profit and Loss)<br>Part III (Interpretation) and Part IV (Balance sheet Abstract of company's general business profile) omitted.  |
| Format of Balance Sheet  | Horizontal and Vertical formats are prescribed.   | Only vertical format is prescribed.  |
| Rounding off (R/off) of Figures appearing in financial statement | (a) <b>Turnover of less than Rs. 100 Crs</b> - R/off to the nearest Hundreds, thousands or decimal thereof<br>(b) <b>Turnover of Rs. 100 Crs or more but less than Rs. 500 Crs</b> - R/off to the nearest Hundreds, thousands, lakhs or millions or decimal thereof<br>(c) <b>Turnover of Rs. 500 Crs or more</b> - R/off to the nearest Hundreds, thousands, lakhs, millions or crores, or decimal thereof | (a) <b>Turnover of less than Rs. 100 Crs</b> - R/off to the nearest Hundreds, thousands, lakhs or millions or decimal thereof<br>(b) <b>Turnover of Rs. 100 Crs or more</b> - R/off to the nearest lakhs, millions or crores, or decimal thereof |
| Net Working Capital  | Current assets & Liabilities are shown together under application of funds. The net working capital appears on balance sheet.   | Assets & Liabilities are to be bifurcated into current & Non-current and to be shown separately. Hence, net working capital will not be appearing on Balance sheet.  |
| Fixed Assets   | There was no bifurcation required into tangible & intangible assets.  | Fixed assets to be shown under non-current assets and it has to be bifurcated into Tangible & intangible assets  |

|                                   |   |   |
|-----------------------------------|---|---|
| Borrowings                        | Short term & long term borrowings are grouped together under the head Loan funds sub-head Secured / Unsecured | Long term borrowings to be shown under non-current liabilities and short term borrowings to be shown under current liabilities with separate disclosure of secured / unsecured loans.<br>Period and amount of continuing default as on the balance sheet date in repayment of loans and interest to be separately specified |
| Finance lease obligation          | Finance lease obligations are included in current liabilities   | Finance lease obligations are to be grouped under the head non-current liabilities  |
| Deposits                          | Lease deposits are part of loans & advances   | Lease deposits to be disclosed as long term loans & advances under the head non-current assets  |
| Investments                       | Both current & non-current investments to be disclosed under the head investments                             | Current and non-current investments are to be disclosed separately under current assets & non-current assets respectively.  |
| Loans & Advances                  | Loans & Advance are disclosed along with current assets   | Loans & Advances to be broken up in long term & short term and to be disclosed under non-current & current assets respectively.   |
| Deferred Tax Assets / Liabilities | Deferred Tax assets / liabilities to be disclosed separately  | Deferred Tax assets / liabilities to be disclosed under non-current assets / liabilities as the case may be.  |
| Cash & Bank Balances              | Bank balance to be bifurcated in scheduled banks & others   | Bank balances in relation to earmarked balances, held as margin money against borrowings, deposits with more than 12 months maturity, each of these to be shown separately.   |
| Profit & Loss (Dr Balance)        | P&L debit balance to be shown under the head Miscellaneous expenditure & losses.                              | Debit balance of Profit and Loss Account to be shown as negative figure under the head Surplus. Therefore, reserve & surplus balance can be negative.   |
| Sundry Creditors                  | Creditors to be broken up in to micro & small suppliers and other creditors.                                  | It is named as Trade payables and there is no mention of micro & small enterprise disclosure.   |

### Major Observations / Findings of the Study:

- A distinction has been made between current and non-current items (both assets and liabilities).
- Revised Schedule VI appears to be modernizing and simplifying the schedule to make it more relevant to the present needs.
- In the Balance Sheet prepared under Revised VI, No of shares held by each

shareholder holding more than 5 % shares now needs to be disclosed.

- The Revised Schedule VI has eliminated the concept of 'schedule' and such information is now to be furnished in the notes to accounts.
- Profit and Loss Account under old schedule will now be named as 'Statement of Profit and Loss' in the revised schedule VI.
- The Revised Schedule VI does not adopt international standards entirely.

- The preparation of formal financial statements may necessitate substantial changes in the accounting systems and procedures.
- A new format has been introduced in the Revised Schedule-VI for publishing Profit and Loss Account.
- Revised Schedule VI may be viewed as a major step towards convergence of IFRS.
- Part III and Part IV of the existing schedule-VI has been done away with in the revised schedule-VI.
- In the Revised Schedule VI, the previous years' figures need to be given in the revised format along with current financial statements.

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## FINANCIAL DISTRESS OF COAL INDIA LIMITED USING ALTMAN'S Z-SCORE MODEL: A CASE STUDY

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### Abstract

Public Sector Enterprises have indeed been the cornerstone in the Indian growth story where it has played a vital role in the development of Indian economy. The biggest calamity that can happen with equity investors is corporate bankruptcy, which wipes out the equity of a firm and knocks the stock's investment value down to zero. Financial ratios can often help us to paint a picture of the long-term viability of a firm but sometimes the ratios of a firm give conflicting views. However, this study has been used Altman's Z-score developed in 1968 in order to detect the sign of looming bankruptcy of Coal India limited for the last five year i.e. 2011-2015. The study found that Coal India Ltd. was financial sound in all years. Hence it has been suggested that, even though government funds these organization and they may not go bankrupt due to financial distress, still they have to shed up their financial viability frequently, which will help the company to sustain their business with better financial standing.

**Keywords:** Financial health, Altman's Z-score, Ratio analysis, Coal India Ltd, Bankruptcy.

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### 1. Public Sector Undertakings- A Prologue:

Public sector has played a very strategic and dominant role in the development of India. During the pre-liberalization period, it considered as an engine for self-reliance. The over bureaucratization and political interference are one the major reason for the heavy losses shown in the eighties. That situation changed after the industrial revolution of 1991, when the new economic policy 1991 began which give beginning to the public private partnership with enactment of disinvestment of government stake in Public sector undertakings. It made the public sector to redesign its policies and radical changes in its functioning. Today, public sector enterprises or undertakings have been treated as the back bone of Indian economy and enjoyed the status of second fastest growing economy, where the public sectors contributing about 26% towards GDP in India involved in various industrial activities like manufacturing and producing various products, raw materials and offering numerous other services for the benefit of the citizens of India. Most of the industrial activities of PSUs have been related to core sectors like Mining, Oil and Natural Gas, Electrical Power

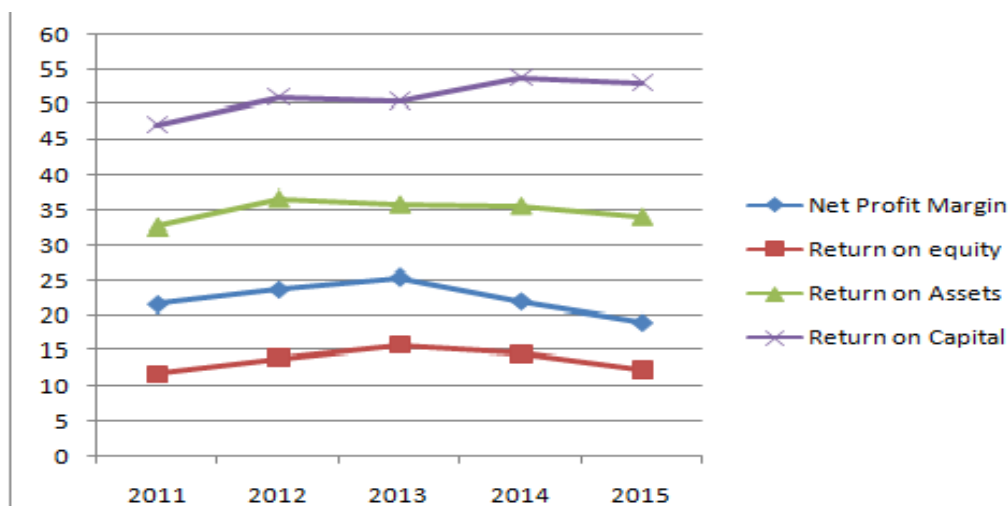
Generation and Distribution, Telecommunication, Iron and Steel, Heavy Water Resources, as well as industries in other verticals like Fertilizers and Petro-Chemicals. The government is also able to earn revenue as a result of profitable functioning of these companies. Importance of such organizations is almost beyond words and to honor such contributions, the Government of India has conferred special status to the profit making public sector companies into three categories i.e. Maharatna, Navratna and Miniratna CPSEs. So that they can charter their path of progress towards growth and prosperity and enjoy the competitive advantage to grow into global giants. This paper is organised as follows: Section 2 presents about a brief profile of Coal India Ltd and the objectives of the study. Section 3 contains review of literature. Section 4 narrates the methodology adopted in this study. Section 5 is concerned with analysis, findings and discussions. Section 6 provides limitations of study and finally section 7 focuses on concluding remarks.

## 2. Coal India Limited: A Brief Profile:

Coal India Limited (CIL) - a Maharatna Company is an Indian state controlled coal mining company, was formerly known as Coal Mines Authority Limited and changed its name to Coal India Limited in November 1975. The company was incorporated in 1973 and is headquartered in Kolkata, India. It was conferred the Maharatna status by the Union Government of India in April 2011 and listed on November 4, 2010. It is the largest coal producer company in the world which contributes around 82% of the coal production in India. It operates through approximately 82 mining areas spread over eight provincial states of India. The Company has approximately 430 mines, in which 227 are underground, 175 are opencast and 28 are mixed mines. It also operates approximately 15 coal washeries including 12 coking coal and three non-coking coal and manages other establishments like workshops, hospitals, among others. It operates approximately 27 training institutes. Indian Institute of Coal Management (IICM) is a training center that operates under CIL. It serves power and steel sectors, as well as cement, fertilizer, brick and kilns industries, among others. Its subsidiaries include Eastern Coalfields Limited, Bharat Coking Coal Limited, Central Coalfields

Limited, Western Coalfields Limited, South Eastern Coalfields Limited and Central Mine Planning & Design Institute Limited, among others. Presently it has produced 494.24 Million tonnes of coal and earned revenue of INR 954.35 billion from sale of coal during the financial year 2014–15. It has market capitalisation of INR 2.11 trillion (US \$32.59 billion), making it India's 8th most valuable company by market value. Coal India Limited was conferred with two Corporate Social Responsibility Awards on 18 February 2013: 'Global CSR Excellence and Leadership Award' for Best Corporate Social Responsibility Practices and 'Blue Dart Most Caring Companies of India Award'. In the following figures, it is evident that return on capital has been increased in the FY 2014-15 in comparison to 2013-14 and net operating profit per share has progressively increasing from the FY 2011 to 2015. Despite this its financial performance has been very robust in the last two years. The key to its profitability is e-auction coal which is sold at the market price. Currently it sells about 7 per cent of its total coal at the market price. This has caused improvement in its financial performance with the profitability ratios showing a multifold rise in the last two years.

**Figure 1: Shareholding Pattern and Financial measure of Coal India Limited**



The shares of company held by Union Government of India upto 79.65% followed by financial institutions (9.04%), foreign institutions (7.19%) and others i.e. general public, NBFC Mutual Funds, Foreign NRI etc.

that reveals that the operations of CIL controlled through Ministry of Coal. It is also evident that initially all the financial measure has increasing in position upto the year 2013. Return on equity and Net profit margin of CIL



is highest in the 2011-12 while return on equity and Net profit margin is highest in the year 2012-13 during last five year after that has showing declining position which depicts that financial performance has considerably declining. Globally, Coal India Ltd is one of the few coal producing companies globally that is in profit. Recently, the fourth largest coal company in the US, Alpha Natural Resources, filed for bankruptcy. Analysts expect the two largest coal companies i.e. Peabody Energy and Arch Coal to also file for bankruptcy. Falling coal prices forced Europe's largest coal company, Kompani Weglova, to shut down four mines to avoid bankruptcy. Coal India, the world's largest coal producer, has been able to stay in black on account of ever increasing demand in the domestic market and its low cost of operation.<sup>1</sup> In Oct, 2010, Coal India Ltd had gone through IPO and raised Rs 15199crs and after that, the government had sold stake about 10% by offer for sale in the company on January 31, 2015 and raised Rs 22,557 crore. Now, government is again planning to sale stake about 5% again. The saga of disinvestment of Coal India Ltd reveals the present OFS issue would mean that the government is the only beneficiary and the company will not get any money from the new set of investors who will be buying these shares. Moreover, usually, disinvestment are outlined either to reduce the financial burden on the Government or to fund growth and to encourage wider share of ownership. The importance of disinvestment lies in utilization of funds for financing the increasing fiscal deficit and financing large-scale infrastructure development. In this case, therefore, a question arises on the financial health of coal India Ltd. Why coal India Ltd is going for disinvestment again? Keeping this thing in mind, the objectives of the study are as follows:

1. To evaluate the financial distress of the Coal India Limited.
2. To predict about the financial viability of the Coal India Limited

### 3. Review of Literature

Financial standing is considered one of most

important facet for the every company as it plays essential role in the entire economic life of a business. Prediction of financial health in a way is important, as it gives a signal to the stakeholders and the investors of the company, as regards to worthiness of the company in terms of investment or stake in the company. Studying financial health in terms of financial distress in an important topic of accounting and finance which has been widely studies since 1990's. A lot of research has gone into studying and analysing the financial health of companies by accountants and researches all over the world. Traditionally, Ratio analysis, Financial Statement analysis etc was used primarily for making the decision about the financial status of the company. But it does not provide the information in composite manner regarding the financial soundness of the companies. Initially, the voyage of economic failure prediction was done by Beaver in 1966, using univariate analysis and came to the conclusion that the cash flow to debt ratio was the single best predictor (Chuvakhin & Gertmenian, 2003) that gave statistically significant signals well before actual business failure., followed by Altman in 1968 who extended multivariate discriminant methodology using the financial ratios of United States business failures. In 1978 Gordon L.V. Springate developed the Springate model selecting four out of nineteen ratios that best distinguished between sound business and unhealthy business. These four ratios are working capital/total assets, net profit before interest and taxes/total assets, net profit before taxes/current liabilities and sales /total assets. Not satisfied by the MDA model, particularly regarding the restrictive statistical requirements imposed by the model, Olhson in 1980 used logistic regression to predict company failure. He used the logit model using nine ratios to develop an estimate of the probability of failure for each firm. Fulmer in 1984 developed a model using multi discriminate analysis to evaluate forty financial ratios applied to a sample of sixty companies of which thirty were successful while thirty failed. Gupta in 1999 attempted a refinement of Beaver's method with the objective of prediction the business failure. In 2002, Mansur. A.Mulla made a study in textile mills with the help of Z score model for evaluating the financial health with five weighted financial ratios. Jonah Aiyabei(2002)

<sup>1</sup> What's wrong with coal India disinvestment? , Business standard. Available at <http://www.business-standard.com>

examined the financial performance of small business firms based in Kenya using Z score model. This was followed by a study by Selvam M, and others (2004) which revealed the Cement industry's financial health with special reference to India Cements Limited. Ben McClure (2004) also had confirmed the z-score model through his research study and he concluded that investor should consider checking their companies on a regular basis. Further, Krishna Chaitanya (2005) used Z model to measure the financial distress of IDBI and concluded that IDBI is likely to become insolvent in the years to come. Zulkarnian(2006) analyzed the corporate financial distress among Malaysian listed companies during Asian financial crisis. Chang (2008) studied the corporate governance characteristics of financial distress of 193 firms which undergone financial distress in China during 2000-2006 in Taiwan. M. Gowri & Sekhar M. (2014) has attempted to study the Financial health has been done for a long period by Altman's Z score and they revealed that on an average the companies are in safe zone. But the performance of the companies except Maruti Suzuki is below the industry average. From the above discussion it is revealed that a lots of research has been conducted to evaluate the financial health of companies all over the world using bankruptcy prediction model and few studies were carried out on the analysis of financial performance of Indian PSUs in the recent past but none of study has been done on coal India ltd. Moreover, study also important as the turbulent and the competitive scenario in the corporate sector have made it imperative for the stakeholders to assess the financial health of the companies.

#### 4. Material and Methods:

This study is based on secondary data which has been collected from financial statement available at company website covering the study period of 2006 to 2015. Further, the study has employed necessary financial ratio which is essential for estimate of Altman's Z-Score. For achieving the aforesaid objective, this study has been used sophisticated bankruptcy prediction model i.e. The Altman Z-score model which was firstly developed by Edward I. Altman, Professor of Finance; Stern School of Business, New York University in 1968 in order to detect the sign of looming bankruptcy which are specified as below:

$$Z = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E$$

Where, Z = Score

A = Net Working capital / Total Assets

B = Retained Earning / Total Assets

C = Earnings before Interest and Tax / Total Assets

D = Market Value of Equity/ Total Liabilities

E = Sales / Total Assets

The Company is considered to be in Safe zone if  $Z > 3.00$  indicates good financial health of the company; If Z-score lies in 1.8 to 3.0; then company is to be in Grey zone which indicates there is a good chance of the company going bankrupt within next two years of operation and the company is to be in Distress Zone if  $Z < 1.8$ , indicates a high probability of bankruptcy.

**Table 3: Decision criteria of Altman's Z-Score**

| Z-score Value     | Zone          | Decision criteria about Financial Health |
|-------------------|---------------|--|
| $Z > 3.00$        | Safe Zone     | Firm Will not fail                       |
| $1.81 < Z < 3.00$ | Grey Zone     | Safety Zone, may or may not fail         |
| $Z < 1.81$        | Distress Zone | Failure is certain                       |

This sophisticated model is a linear combination of five financial ratios comprises Net Working capital to Total Assets shows the liquidity position to the total capitalisation,

Retained Earning to Total Assets indicates cumulative profitability overtime and leverage, Earnings before Interest and Tax to Total Assets indicates operating performance and

productive of assets, Market Value of Equity/ Book value of Debt presents the long term solvency position and Sales to Total Assets reveals the sales generating capacity of the assets, weighted by coefficient which used step wise multiple discriminant analysis.

## 5. Analysis and Discussion

Altman Z-score is a combination of five

**Table 1: Result of Financial ratios used for the computation of Z-Score**

| Year    | A*             | B*              | C*              | D*             | E*              |
|---------|----------------|-----------------|-----------------|----------------|-----------------|
| 2011    | 0.449586       | 0.286682        | 0.179322        | 2.246345       | 0.54214         |
| 2012    | 0.502485       | 0.317665        | 0.200728        | 2.137452       | 0.589981        |
| 2013    | 0.562328       | 0.377479        | 0.226821        | 1.905002       | 0.619268        |
| 2014    | 0.535211       | 0.342489        | 0.220027        | 1.724174       | 0.660096        |
| 2015    | 0.500088       | 0.308241        | 0.195276        | 1.996477       | 0.651471        |
| Average | <b>0.50994</b> | <b>0.326511</b> | <b>0.204435</b> | <b>2.00189</b> | <b>0.612591</b> |

\*Note: A = Net Working capital / Total Assets; B = Retained Earning / Total Assets; C = Earnings before Interest and Tax / Total Assets; D = Market Value of Equity/ Total Liabilities; E = Sales / Total Assets

1. Net Working capital to Total Assets ratio represented by A in the above table measures the company's ability to pay its short term debts. This ratio was constantly increasing during the study period indicates that company's efficiency recovering its debt. Coal India ltd has positive working capital from the 2011 to 2015 which also showing that company is able to meet its short-term obligations, could not have problems paying back creditors in the short term, ultimately forcing it into bankruptcy. It is also evident from the table 1 that it ranges from 0.45 to 0.56. It was highest in 2013 and lowest in the year 2011.
2. Retained earnings to total assets ratio represented by B in the able table are the percentage of net earnings not paid out as dividends to total assets which helps to measure the extent to which a company relies on debt, or leverage. The lower the ratio, the more a company is funding assets by borrowing instead of through retained earnings which, again, increases the risk of bankruptcy if the firm cannot meet its debt obligations. In the table, it is also evident that this ratio ranges from 0.29 to 0.38, indicates Coal India ltd was financed its fixed assets

weighted business ratios that is used to estimate the likelihood of financial distress designed to predict corporate bankruptcy where Z-score model examines liquidity, profitability, reinvested earnings and leverage which are integrated into a single composite score. Results are presented as below:

- through retained earning upto 29 to 38 % are relying more on the internal sources of finance rather than external sources which meant company is able to meet its debt by cumulative profit over the time.
3. Earnings before Interest and Tax to Total Assets represented by C in the above table assess a firm's ability to generate profits from its assets before deducting interest and taxes. The ratio ranges from 0.17 to 0.22 showing a moderate operating efficiency which indicates that the company is generating sufficiently profit in consistent manner over the assets. A slight decreasing trend is seen which may indicates disinvestment happened in the year 2013 which discourage the other stakeholder of the company.
4. Market Value of Equity/ Total Liabilities represented by D in the above table is the ratio of market value of equity to total liabilities which shows how much a company's market value could decline before liabilities exceeded assets as it measured by market capitalization, or share price times shares outstanding. The ratio ranges from 1.9 to 2.24 which can be satisfied the statement

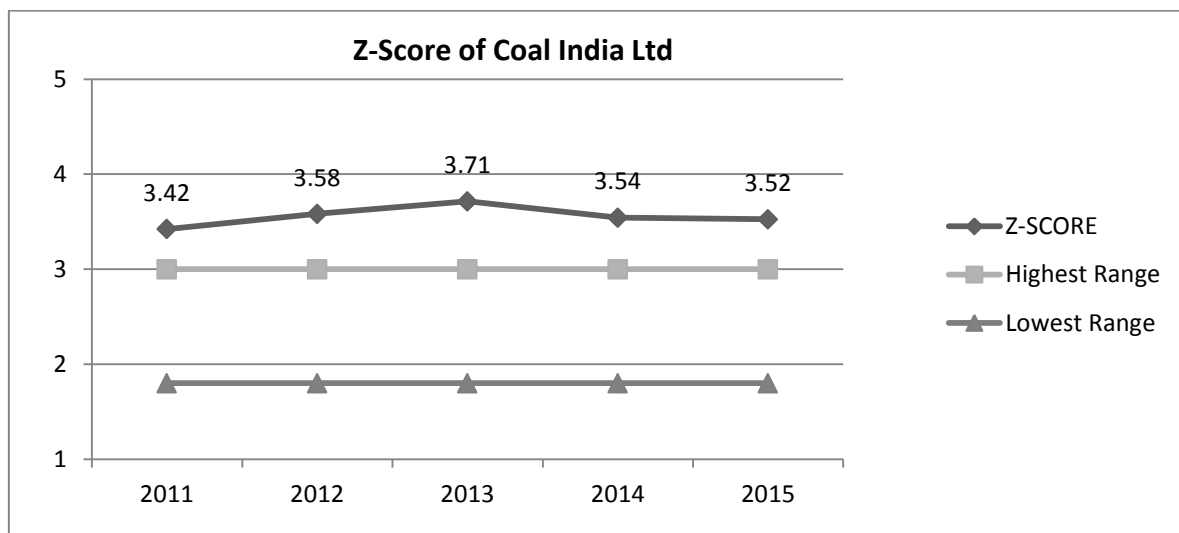
that company is debt free which is relying more on equity rather than debt but decreasing trend is showing from 2011 to 2015 indicates that its dependency on debt is increasing during the study period.

5. The ratio of sales to total assets, more commonly referred to as asset turnover, measures the amount of

sales generated by a company for every rupees worth of its assets. The ratio ranges from 0.54 to 0.65 which indicates that the company is utilising its assets in an efficient manner to generate sales. It also showing increasing trend depicts that asset turnover can signal of success by the company to expand its market share.

**Table2: Result of value of coefficient and Z-score**

| Year | 1.2A     | B        | C        | D        | E        | Z-SCORE  |
|------|----------|----------|----------|----------|----------|----------|
| 2011 | 0.539503 | 0.401355 | 0.591763 | 1.347807 | 0.54214  | 3.422567 |
| 2012 | 0.602982 | 0.444731 | 0.662404 | 1.282471 | 0.589981 | 3.582569 |
| 2013 | 0.674793 | 0.528471 | 0.748509 | 1.143001 | 0.619268 | 3.714043 |
| 2014 | 0.642253 | 0.479485 | 0.726088 | 1.034504 | 0.660096 | 3.542426 |
| 2015 | 0.600106 | 0.431537 | 0.644411 | 1.197886 | 0.651471 | 3.525411 |



**Figure: Graphical representation of Z-score of coal India ltd**

From the above table it is clearly defined that the results of Z score are above 3, which means the company was good in financial performance. It shows an increasing trend up to 2012-13 and after that there is sudden decrease is seen in the last year, 2015. So, it can be concluded that the financial viability of company is satisfactory as it is above 3 during

the study period. Even company is also maintaining the level constantly in above the grey zone which also represents that it is not intended the sign of looming bankruptcy in coming years. The same result has been also presented graphically on the chart (figure 3) which clearly showing the Z-score line lies on

the above of highest range line in the above graph.

### 6. Limitation of the study

The study is conducted on one company i.e. Coal India Ltd. which cannot be generalized to all public sector undertakings. The results are also applicable only for the period chosen which consist with last five year as it is listed on November, 2010. Altman Z Score was formulated and tested during 1960s on American Companies. Even though it has been updated, the reliability of the model is not yet tested in this study.

### 7. Conclusion

Financial soundness of a company is an apprehension for every stakeholder of the organization as financial health indicates the growth prospect of the concern and it also attracts the investor for more investment towards the worthiness of the company. If the company is financially sound it leads to better prospect. In this context the present study carried out investigation in to the financial distress of Coal India Ltd with sophisticated Altman's Z-score model (1968) which meticulously probe in to the financial soundness otherwise of the company. It is revealed from the result of the study Coal India Ltd. was found financial sound as Z score based on Altman model is ranging from 3.42 to 3.71 during the study period. Therefore, finally it can be concluded that Z scores of Coal India Ltd is more than 3.0 which indicates that bankruptcy is unlikely to occur in the next two years. The study found that Coal India Ltd. was financial sound in all years. Hence it has been suggested that, even though government funds these organization and they may not go bankrupt due to financial distress, still they have to shed up their financial viability frequently, which will help the company to sustain their business with better financial standing. Coal India's participation in global markets requires careful attention to reserve estimations as government has disinvested their stake to meet the financing fiscal deficit. There is a widely held connotation that it's difficult for any organization to sustain and grow if they lack proper governance structure. So, the company should also concern the same while making disinvestment and strategic decision to

maintain the confidence of their investors and other stakeholders.

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## **‘SHANDY’ A TRADING CENTRE FOR TRIBALS OF WARANGAL DISTRICT OF TELANGANA: A CASE STUDY**

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**Abstract:** Tribals have been living in thick and remote forest areas. Their main occupation is agriculture and also they collect forest produce, rearing of animals, hunting, making bamboo basket and labour works etc. They are living far away from the towns and also they don't have proper transportation facilities to their villages. So, they cannot go to regular (urban) markets for selling and purchasing of commodities. Therefore, they depend on weekly markets as a trading centre for tribals. Local weekly markets or haat or shandy or shanthas are functioning in a traditional style of retailing where on a particular day of a week petty traders display their commodities on a makeshift arrangement in places authorized by village Panchayat authorities against payment of some fixed fee. The present study focuses on buying habits of tribals, focuses on how individuals make decisions to spend available resources (money, time and effort) on consumption related items, determines the socio-economic status of the tribal buyers who visits at shandy and studies about the importance of shandy for tribals. It is concluded that the tribal men visit shandy along with wives, because females have better ideas on domestic requirements and better bargainer's. Normally tribals buy and sell their produce at bargaining price. In this situation buyers are paying more money to sellers. They move around the shandy to glimpse over the products they wish to buy enquire their prices at few shops for edible items as well as non-food items on priority basis.

**Key words:** Shandy, trading, tribals, buyers, assembling, forest and buying habits

### **Introduction**

Warangal was the capital of a Hindu Shaivite kingdom ruled by the Kakatiya dynasty from the 12th to the 14th centuries. The old name of this city is Orugallu. 'Oru' means 'One' and 'Kallu' means 'Stone'. The entire city was carved in a single rock; hence the name Orugallu means 'one rock'. The city was also called Ekasila Nagaram. The Kakatiyas left many monuments, including an impressive fortress, four massive stone gateways, the Swayambhu temple dedicated to Shiva, and the Ramappa temple situated near Ramappa Lake. The cultural and administrative distinction of the Kakatiyas was mentioned by the famous traveller Marco Polo. Famous or well-known rulers included Ganapathi Deva, Prathapa Rudra, and Rani (queen) Rudramma Devi. The Mughal emperor Aurangzeb conquered Golconda in 1687, so, it remained part of the Mughal Empire until the southern provinces of the empire split away to become the state of Hyderabad in 1724 which included

the Telangana region and some parts of Maharashtra and Karnataka. Hyderabad was annexed to India in 1948, and became an Indian state. In 1956 Hyderabad was partitioned as in the part of the States Reorganization Act, and Telangana, the Telugu-speaking region of Hyderabad state which includes Warangal, was joined to Andhra Pradesh. Warangal is 145 km northeast of the state capital of Hyderabad. It is the sixth largest city in Andhra Pradesh and second biggest city in Telangana state after bifurcation, the Telangana formed 29<sup>th</sup> state in India. The district is bounded by Karimnagar district to the north, Khammam district to the east and southeast, Nalgonda district to the southwest, and Medak district to the west. Warangal is well known for granite quarries (notably the black and brown varieties), grain markets for rice, chillies, cotton, and tobacco. The administration of the district is 5 revenue divisions, 51 mandals, 1049 villages, 1 Municipal Corporation, 2 municipalities 3

Nagara Panchayat and 962 gram Panchayats. Warangal district spreads an area of 12,846 kms and has population of 35,12,576 (2011 census) in which male and female were 17,59,281 and 17,53,295 respectively. The population of Scheduled Tribes (ST) in the district was 5, 30,656 of which male and female were 2, 68,976 and 2,61,680 respectively (census 2011). The ST population constitutes 15.12 per cent of the total population of the district. The district literacy rate is 65.11 per cent. The literacy rate among the SCs and STs are 61.79 per cent and 48.45 per cent. Tribals have been living in the remote and exclusive areas of thick forest, hill slopes, and plateaus and where there won't be any primary facilities. Their main occupation is agriculture and also collects forest produce, rearing of animals, hunting, making of basket and labour works etc. They are living far away from the towns and also they don't have proper transportation facilities to their villages. So, they cannot go to regular (urban) markets for selling and purchasing of commodities. Therefore, they are depends on weekly markets as a trading centre for tribals. Shandy is an important assembling centre to sell their agriculture and forest produce to get remunerative prices, with less transportation cost and purchase their essential commodities at cheaper rates. Tribals visit shandy not only for buying and selling but also social formal performance.

### Objectives of the study

1. To know the importance of shandy for tribals
2. To study the socio-economic profile of the tribals
3. To study the buying habits of tribals at shandy in Warangal district in Telangana

**Methodology:** The present study is based on both the primary and secondary data.

**Data collection** In the present study four shandies are selected for collecting of primary data, they are Katapur, Kothaguda, Gudur and Pasra of ITDA Agency areas and also Girijan Cooperative Corporation activities covered areas of Warangal district in Telangana state. : In the present study the shandy is a trading centre for tribals. The present study consist of 80 Samples was selected from shandies of Warangal district while given equal importance to all parameters. Out of 80 Samples, 20 samples are selected from each shandy.

**Primary data:** The present study is based on the primary data through well designed schedule of the buyers who visited on a shandy day. In each shandy 20 respondents were selected. A random sample was adopted for interview of the buyers who visited the shandies. The particulars are presented in the below tabulation.

**Table 1.1 Field visit in Warangal district of Telangana state**

| SL.No                          | Name of the Shandy | Day of visit | No of Sample collected |
|--------------------------------|--------------------|--------------|------------------------|
|                                |                    |              | Buyer                  |
| 1                              | Kothaguda          | Friday       | 20                     |
| 2                              | Katapur            | Sunday       | 20                     |
| 3                              | Gudem              | Wedness      | 20                     |
| 4                              | Pasra              | Tues         | 20                     |
| <b>Total no of respondents</b> |                    |              | <b>80</b>              |

Source: Field visit

**Size of the sample:** In the present study, the sample size is 80 respondents.

**Scope of the study:** the scope of the study is confined to determine buying habits and socio-economic position of tribal buyers who visited

in shandy in Warangal district of Telangana state. It covers the activities of the tribal buyers in the 'market and their expenditure pattern, the method of fixing price, whom to trade and the nature of transformation taking



place in the socio-economic lives of the tribals.

**Limitation of the study:** Tribal buyers of agency areas in Warangal district have been selected for this study, however, it is not covered each and every area in Warangal. The Primary data is collected as per the information given by the respondents of the study area.

**Importance of the shandy:** Tribals have been living in the remote and exclusive areas of thick forest, hill slopes, and plateaus and in the areas of lack of primary resources. Weekly Markets are very important for them from their point of view for quick trade and less time. In the absence of retail shops in tribals' locality, the villagers used to make the necessary purchases from the nearby weekly markets. Age-old traditional weekly market which have been in existence even in 21<sup>st</sup> Century, are the exchange centers of goods and Services, which flow from rural to urban, urban to rural and within the rural areas.

The functioning system of the weekly market is very large and popular and the pattern of this system are associated with producers of agricultural produce, traders of various manufacturers, artisans, service providers, wholesale buyers, facilitating agencies like transport organizations, catering agencies, monitoring and supervising organizations, local self-government and other agencies.

Local weekly markets or haat or shandy or shanthas are functioning in a traditional style of retailing in a particular day of the week. Petty traders' display their commodities on a makeshift arrangement in authorized places of village Panchayat authorities by paying of some fixed fee. Usually, these markets are organized on pavements of the roads. Commodities sold in these markets range from small objects of daily use of vegetables, fruits, cosmetics, readymade dresses (new & old), footwear, tobacco, kitchen items (cookerries), spices, food items, kirana items, garments, toys, and small electrical gadgets etc, available at cheaper prices when we compared to the prices of similar articles sold in established outlets or malls. The sellers are from Warangal, Narsampeta, Khammam, Mahabubabad, Hyderabad and also from nearby villages. Generally sellers set up stall

in the morning session and it open till the evening by arranging their items in a proper attractive display manner. The peak hours of the markets are between 2-6 pm only. The sellers have to pay a nominal fee of Rs.10-100 to local Gram Panchayat for using place of shandy. Majority of the sellers carry their stock by Auto Rickshaws, bicycle, bus and few of readymade dresses seller carry their stock in cars.

**Katapur shady:** Katapur village is located in thick and remote forest area of Eturunagaram, majority of population are tribals. Their housing conditions are semi pucca and huts, almost every house have electricity facilities but they are still not having sanitation facilities. They will visit shandy from surrounding villages' of Katapur such as Jaggaram, Bhupathipur, Damorvai, Kothuru, Bombaigdem and Pembapoor. Around 1500 buyers and 80 sellers are visiting this shandy. This shandy starts at afternoon and it remains open till evening but peak hours of the business are 3-5 pm only. Most of the buyers come to shandy by walk only. Vendors will attend from different towns such as Warangal, Eturunagaram, Mulugu, Manugur and also nearby villages by private vehicles like auto rickshaws, jeeps and bikes etc. Local Gram Panchayat collect fee of Rs.10-60 from each seller who has set of stall on shandy day. In this village, there is Telugu medium High School with Social Welfare hostel, Urdu medium Primary School and also a Library facilities provided by Integrated Tribals Development Agency. Here the tribals' main occupation is agriculture and collect of minor forest produce, rearing of animals and labour works. Major forest produce are honey, gum, cleaning nuts, hill brooms and sheekakai etc. The Girijan Cooperative Corporation is supplying essential commodities only one day in a month in village. But, they will purchase the forest produce seasonally from tribals and non-tribals through Credit- Cum Procurement Assistant.

**Kothaguda shandy:** Kothaguda village is located in thick and remote forest area of Narsampeta, majority of the buyers are scheduled tribes. In this village, there is School and College Education with Social Welfare hostel and also Youth development training centre and Skill development and

Employment generation programme facilities provided by Integrated Tribals Development Agency. Sellers come from Warangal, Narsampeta, Khammam, Hyderabad and also from nearby villages. Around 2500 buyers and 120 sellers are visiting this shandy. The business starts at morning and it remains open till evening. The peak hour of business is between 2-5 pm. Majority of the sellers belongs to backward classes, scheduled caste and only a few of the sellers are tribals. Tribal sellers are specially sell lambadies tribal traditional wears, baskets, bamboosticks and vegetables. Local Gram Panchayat collect fee of Rs.30-100 from each seller who has set of stall on shandy day. But gram Panchayat is not providing basic facilities such as lighting, drinking water, stalls and sanitation facilities at shandy. In Kothaguda weekly market seller are vending different types of business such as vegetables, fruits, Cookeries, food items, Spices, Readymade dresses, old readymade dress, tobacco, cosmetics and kirana stores etc. The readymade dress sellers are coming from Warangal and Hyderabad by private vehicles such as Cars, Auto Rickshaws in order to carry their goods to shandy. Readymade dress sellers get a huge profit margin. One of the sweets seller came from Rajasthan state and he established permanent stall at Kothaguda shandy.

**Gudur shandy:** Gudur shandy is covering around 10-15kms radius villages of Choudrugudem, Damaravancha, Eupoor, Matcharla, Marrimitta, Bhupathipeta, Ramulthanda etc. Around 3000 buyers and 150 sellers are visiting this shandy. Their housing conditions are pucca and semi pucca, almost every house has electricity facilities but they are still not having sanitation facilities. The shandy starts at forenoon and open it remains till evening but peak hours of business is 3-5 pm. The buyers come by Bus, Auto Rickshaws and walk. This shandy is bigger than Kothaguda shandy. In this weekly market seller offers different types of produce such as vegetable, fruits, Cookeries, food items, Spices, Readymade dresses, tobacco, cosmetics, kirana stores and agricultural inputs etc. In these shandy cattle markets are part of shandy (i.e. buying & selling of cattle).

**Pasra shandy:** It is located 81 KM towards East from the District head quarter of

Warangal. Around 2000 buyers and 90 sellers are visiting this shandy. This shandy starts at afternoon and it remains open till evening but peak hours of the business are 3-5 pm only. The buyers come by Bus, Auto Rickshaws and walk.

#### Socio-economic condition

1. 65.8 per cent of the buyers in the shandy are in the age group of between 26-45 years.
2. Majority of the buyers belongs to nuclear families.
3. It observed that majority tribal buyers were illiterates and few of them are literates.
4. Most of the tribal buyers have 2 to 3 children, and their children are going to School or College. It indicates that almost all the people are aware of the family planning, and they came to know the importance of education.
5. About 98 percent of tribal buyers are using electricity facilities, in their house. Since most of the tribal living the hilly and inaccessible areas.
6. Only 31.8 percent of tribal are using sanitation facilities.
7. The major source of drinking water for the tribals is public taps, well and hand pumps.
8. The tribals 97 per cent of buyer in the Self- help groups (SHG).
9. Most of the tribals possessing of assets of Television, Cycle and Mobile phone few of them have motor bikes. Only a less number of tribals don't have above assets.

#### Buying habits of tribals

Generally tribal men visit shandy along with wives, because females have better ideas on domestic requirements and better bargainer's. Normally tribals buy and sell their produce at bargaining price. In this situation buyers are paying more money to sellers. The traders cheat the tribal producers by offering very less price to their produce, even the tribal producers request for increase the price. Therefore, the traders will raise the price a little bit to make them satisfy. The tribals will happy for increasing the price by the traders. However, the private traders cheat the tribals somehow by not paying the reasonable price. The tribal buyers who come for selling their produce and buying things can buy the things with

the money they got. And the buyers who come for only purchase of things can buy will ready cash.

They move around the shandy to glimpse over the products they wish to buy enquire their prices at few shops for edible items as well as non-food items on priority basis. It is observed in the shandies that the tribals give lot of importance when they buy the things like readymade dresses (old & new), tobacco, cattle, etc after wards; they concentrate on their routine purchases. They also take much time and lot of care to purchase their priority items, on a certain occasions. It was

noticed that a tribal couple visited so many shops to purchase a sari and some other clothes took nearly one and half hours for the purchase. Another peculiar quality observed in the shandies is that the buyers do not purchase all their requirements from one shop, even if those items are available in that. For example, when a buyer, especially tribal has two or three types of vegetables to buy, he buys potato from one trader, brinjal from the second trader, tomato from the third and so on. In case of purchase of grocery and stationery items also such habits are observed.

**Table 1.2**

| Expenditure for each shandy |                  |            |
|-----------------------------|------------------|------------|
| Expenditure                 | No of respondent | Percentage |
| 100-500                     | 18               | 22.5       |
| 501-800                     | 46               | 57.5       |
| 801-1500                    | 10               | 12.5       |
| Above Rs.1500               | 6                | 7.5        |
| Total                       | 80               | 100        |

Source: Primary survey

Above table-1.2 indicates that 57.5 percent of tribals have incurred their shandy expenses between the ranges of Rs 501-800. It also observed that 22.5 percent of tribals have incurred the

shandy expenses between Rs 100-500 and 12.5 percent of tribals are range between Rs.801-1500. Only 7.5 percent tribals who have incurred their shandy expenses more than 1500.

**Table 1.3**

| Method of fixing selling and buying price by tribals |                  |         |
|--|------------------|---------|
| Description  | No of respondent | Percent |
| By agreement with other co-seller/buyer              | 8                | 10      |
| Accepting the price offered by traders               | 11               | 13.8    |
| Offered bargaining price                             | 46               | 57.5    |
| Pre-determined rate(fixed price                      | 15               | 18.7    |
| Total  | 80               | 100     |

Source: Primary survey

The table 1.3 indicates the methods of fixing the buying/selling price by tribals. Out of 80, respondents 57.5 percent of tribals' price fixing

through bargaining. It is also observed that 18.7 percent tribals adopted pre-determined price, 13.8 percent are accepting the price offered by traders.

**Table 1.4**

| From whom to purchase |                  |         |
|-----------------------|------------------|---------|
| Description           | No of respondent | Percent |
| Girijan Society       | 6                | 7.5     |
| Private traders       | 16               | 20      |
| Both of them          | 58               | 72.5    |
| Total                 | 80               | 100     |

Source: Primary survey

Tribal buyers purchase their commodities from Girijan Society as well as Private Traders. The table 1.4 shows that the Girijan Society and private traders are the persons, who bag the largest share 72.5 per cent. And the purchase from private traders is around 16 per cent and only 6 per cent purchase from Girijan Society.

### Conclusion

It is concluded that the main occupation of tribals is agriculture and also they collect forest produce, rearing of animals, hunting, making bamboo basket and labour works etc. They are living far away from the towns and also they don't have proper transportation facilities to their villages. Most of the tribal buyers have 2 to 3 children, and their children are going to School or College. It indicates that almost all the people are aware of the family planning, and they came to know the importance of education. It observed that majority of the tribal buyers are illiterates. Majority of the tribals housing conditions are semi pucca and huts, almost every house have electricity facilities but they are still not having sanitation facilities. Most of the tribals possessing of assets of Television, Cycle and Mobile phone few of them have motor bikes. Generally tribal men visit shandy along with wives, because females have better ideas on domestic requirements and better bargainer's. Normally tribals buy and sell their produce at bargaining price. In this situation buyers are paying more money to sellers. They move around the shandy to glimpse over the products they wish to buy enquire their prices at few shops for edible items as well as non-food items on priority basis. It is observed in the shandies that the tribals give lot of importance when they buy the things like

readymade dresses (old & new), tobacco, cattle, etc after wards; they concentrate on their routine purchases. The high rate of illiteracy is one of the root causes for the failure of many developmental programmes undertaken by the government, as the tribals are unable to realize the benefits of such programmes and understand the malpractices of private traders and moneylenders.

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# INTERNET ADDICTION AND ITS RELATIONSHIP WITH EMOTIONAL INTELLIGENCE AND METACOGNITION IN YOUNG ADULTS

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## Abstract:

Internet serves as an inexhaustible source of information and knowledge about everything that people can look for. The Internet has become one of the most popular media and young adults worldwide utilize it. **Objective:** The aim of this research was to assess Internet addiction and its relationship with Emotional Intelligence and metacognition in Young Adults. **Method:** **Sample:** The sample initially consisted of 200 young adults who were chosen through stratified sampling technique. After scoring on Internet addiction scale 110 young adults finally form the sample. Their age range between 17 to 22 years ( $M = 20.78$ ,  $SD = 3.8$ ). Venue of the study was different colleges of Daltonganj city in Jharkhand. **Tools:** Young's Diagnostic Questionnaire (YDQ1996), Emotional Intelligence scale developed by Anukool Hyde, Sanjyot Pethe and Upinder Dhar(2002) Metacognition Questionnaire (Wright, Hatton and Welles, 1997) were used as tools. **Statistical Analysis:** Statistical analysis was done with SPSS Version 17. Mean, SD, correlation was used as need basis. **Result: 1.** The results of the study indicated that there was significant negative correlation between Internet addiction and emotional intelligence and there was significant positive correlation between Internet addiction and metacognition except one domain i.e. internet addiction and self-awareness ( $-0.06$ ). **2.** Findings showed that High emotional intelligence group had comparatively low level of IAD. **3.** Findings showed that low emotional intelligence group had comparatively high level of IAD. **Conclusion:** For decreasing of addiction to internet it is advised to apply plans to foster and increase of emotional intelligence components and decrease addiction to internet.

**Key words:** Emotional intelligence, Internet, Internet addiction disorder, metacognition.

**Background:** The Internet has become around the world a major channel for communication. It represents an extremely rich source of information of various kinds, forms, content, veracity, prices and quality. Although there is no standardized definition of Internet addiction, there is acknowledgement among researchers that this phenomenon does exist. In the recent years, Young (2011) has defined Internet addiction as any online-related, compulsive behavior which interferes with normal living and causes severe stress on family, friends, loved ones, and one's work environment. Around 40% of the world population has an internet connection today. The number of internet users in India has reached 354 million by the end of June 2015. The latest figure indicates that India has more internet users than the population of the US and become the second largest country by the number of internet users after China. Men dominated internet usage with 61 percent to women's 39 percent. Average daily online usage in the country amounted to 5.1 hours

among internet users. The Internet has become one of the most popular media and young adults worldwide utilize it.

Along with all the benefits the Internet brings, problems of excessive use are also becoming apparent (Nalwa, 2003). Psychological and physical problems (sleep deprivation, excessive fatigue, decreased immune system, lack of proper exercise, poor personal hygiene and back or eye strain), social isolation and lack of real-life social relationships, familial (relationship problems with family, neglect of daily chores and increased family conflicts), academic problems (drop in grades, missed classes, decline in study habits) and other problems such as cyber bullying, sexual predators and exposure to pornographic materials (Gross, 2004) have all been identified as the consequences of excessive Internet use. It has been alleged by some academics that excessive Internet use can be pathological and addictive and that it comes under the more generic label of technological addiction

(Griffiths, 1996,). Internet overuse has high correlation to increased social isolation, low self-esteem (Tsai et al, 2009), aggression and impulsive behaviors, (Kim et al, 2008), male gender and neurotic personality characteristics (Tsai et al, 2009). Internet Addiction is related to neglect of other life areas, and is known to result in decreased work productivity and family time, strained relationships, decreased communication within the family, decreased sleeping time, reduced quality of meals, a narrowing range of interests, and the development or exacerbation of mental health problems (Nalwa & Anand, 2003;). Numerous studies on the psychologically addictive characteristics of Internet use have led to a growing concern amongst educators about the impact of the Internet on adolescents' and young adults well-being and a number of other studies have highlighted the danger that excessive Internet use may pose to students as a population group (Moore, 1995). This population is deemed to be vulnerable and at risk given the accessibility of the Internet and the flexibility of their schedules (Moore, 1995).

The term "emotional intelligence" (EI) was initially coined by Salovey and Mayer in 1990 and was conceptualized to include a group of mental abilities, such as, appraisal and expression of emotion, regulation of emotion and utilization of emotion. Mayer et al. (2004, p. 197) define EI as "the capacity to reason about emotions, and of emotions to enhance thinking. It includes the abilities to accurately perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional intellectual growth." Mayer and Salovey (1997) conceptualized EI in four dimensions: (1) appraisal of emotion in self, (2) appraisal and recognition of emotion in others, (3) regulation of emotion in self, and (4) use of emotion to facilitate performance. Engelberg and Sjöberg conducted the study, 2004 in Sweden. The study was conducted on 41 university students and Internet addiction was assessed using the MSCEIT. A correlation was seen between the two variables. According to the article, people scoring higher on the Internet Addiction Scale (Young, 1998) performed worse in emotion-decoding tasks. Similar results appeared in a study by Parker

et al., 2008. The Internet Addiction Scale (Young, 1998) negatively correlated with the Emotional Quotient Inventory Youth Version (EQ-i YV) (Bar-on & Parker, 2000). Results showed that 'stress management' and 'adaptability' were particularly important EI components for those addicted to the Internet. Studies have showed the relation between EI and Internet addiction. VesileOktan (2011) studied the predictive relationship between emotion management skills and Internet addiction. Emotion management skills are an important part of EI. Emotion management skills involve verbal and spontaneous expression of emotions, the ability to manage emotions and control negative physical reactions, coping and anger management. Researchers believe that the development of Internet addiction is associated with ability to control emotions and emotional reactions. According to research, the ability to regulate emotions and negative emotions can lead to addictive behavior (Brown et al, 2009). Moreover, it has been suggested that people acquired with emotional capabilities regulate emotions more effectively as well as have better mental health and social relations (Esmaili, Ahadi, Delavar and Shafiabadi, 2007). On the other hand, it is well established that negative emotional states and emotion irregularity can lead to a variety of addictive and compulsive behaviors (Beranuy et al, 2009). In everyday life, people have the notion that acknowledging and dealing effectively with emotions contributes to their wellbeing. On the other hand, ignoring them or not dealing with them properly can deteriorate their welfare, especially if it happens on a regular basis (Martins, Ramalho & Morin, 2010). In an article by (Bernadette Kun and Zsolt Demetrovics, 2011) the correlation between EI and addictions has been explored. Addicts were more vulnerable to emotion regulation problems than others. OCD shows a high correlation not only with the use of psychoactive substances but with behavioral addictions also (Grant, Mancebo, Pinto, Eisen, & Rasmussen, 2006) Internet addiction is a type of behavior addiction. The term metacognition refers our knowledge regarding our cognitive processes and how to use it optimally to reach learning goals (Byler and Snowman, 1993). In other words, metacognition is one's knowledge or awareness out of one's cognitive system or to

know how to learn. Metacognitive knowledge helps us consider our progression at the time of knowing and learning. Metacognition is a multifaceted concept. This concept includes knowledge, processes and strategies that evaluate, supervise and control cognition. Most theorists make a distinction between the two aspects of metacognition i.e. metacognitive beliefs and metacognitive supervision. Metacognitive knowledge is the information that people have concerning their own cognition and learning strategies in that these strategies influence them. Metacognitive supervision refers a range of executive functions such as attention, control, planning and errors detection in one's performance. The emergence of cognitive theories in psychopathology is led to increased interest in cognition characteristics and its regulation. Wells and Mateusz's Self-Regulation Execution Function (S-REF) is the first theory that has conceptualized the role of metacognition in the etiology and maintenance of psychiatric disorders (Brendrich, 2001).

In view of these observations the present study makes an attempt to explore how and to what extent the emotional intelligence and metacognition are associated with the Internet addiction disorder (IAD).

**Objectives:** Following were the objectives for the present study.

- To find out and examine the relationship between emotional intelligence and Internet addiction disorder (IAD) in young adulthood.
- To find out and examine the relationship between higher levels of emotional intelligence and lower levels of addiction to internet in young adulthood.
- To find out and examine the relationship between lower levels of emotional intelligence and higher levels of addiction to internet.in young adulthood.
- To find out and examine the relationship between metacognition and Internet addiction disorder (IAD) in young adulthood.

**Hypothesis:** For the purposes of the study, the following hypotheses were formulated.

- It was hypothesized that there would be significant relationship between

emotional Intelligence and Internet addiction.

- It was hypothesized that higher levels of emotional intelligence would be positively associated with lower levels of addiction to internet.
- It was hypothesized that lower levels of emotional intelligence would be positively associated with higher levels of addiction to internet.
- It was hypothesized that there would be significant relationship between meta cognition and Internet addiction.

**Method:** The research is a descriptive, correlative study.

**Sample:** - The sample consisted of 200 college students (110 male and 90 female) studying in different college of Palamau district who were chosen through Stratified sampling technique. Their age range was between 17 to 22 years. (M= 20.78, SD 3.8). After scoring on Internet addiction scale 110 subjects who have been identified as addicted to the Internet, from the results will form the final sample of the study. Normal range scores were excluded from the sample.

**Inclusion Criteria:**

- i. The age must be in the range of 17 to 22 years.
- ii. The subjects must be able to read, write and understand English.
- iii. The subjects should have been exposed to the Internet in the past 4 weeks.
- iv. Students from middle income group were included.

**Exclusion Criteria:**

- i. The students not cooperative were excluded.
- ii. Individuals using the Internet only for work or academic purpose will not be included.

**Measures:** Following assessment tools were used to measure personality traits and Internet addiction.

- a) **Young's Diagnostic Questionnaire (YDQ):** Young (1996) developed the Young's Diagnostic Questionnaire (YDQ) to measure IAD. It is a 20-item questionnaire, answered in a five-point Likert scale. The results are interpreted on the basis of 4 main categories. The normal range is for scores between 0-30, mild range for scores between 31-49 moderate range for scores between 50-79 and severe range for scores between 80-100.
- b) **Emotional Intelligence scale developed by Anukool Hyde, Sanjyot Pethe and Upinder Dhar(2002)**

Emotional Intelligence was measured with the help of 'Emotional Intelligence Scale' (Hyde, Pethe & Dhar, 2002). It is a 34 items scale based on (a) self-awareness (SA)(b) empathy (emp.) (c) self-motivation (SM) (d) emotional stability (ES) (e) managing relations (MR) (f) integrity (int.) (g) self-development (SD) (h) value orientation (VO) (i) commitment (comt) and (j) altruistic behaviour (AB). It is a 5 point rating scale ranging from 'strongly agree' to 'strongly disagree' with a minimum score of 1 and maximum score of 5 for every statement.

**Metacognition Questionnaire (Wright, Hatton and Welles, 1997):** It is a 20-item questionnaire. The subject specifies his/ her response to each question using four-point Likert scale (disagree, slightly agree, somewhat agree and totally agree). In the scoring criteria, the scores 3, 2, 1 and 4 have

been considered for the chosen options, respectively. This questionnaire has five subscales entitled positive beliefs, negative beliefs, uncontrollable beliefs, self-awareness and cognitive ability-related beliefs.

**Procedure:** A proper rapport was established and then students were exposed to above mentioned tools. The aim and the objective of the study will be explained to them. With their consent, the first test, Young's Internet Addiction Test, will be administered individually on them. After the first test, 110 subjects were identified as addicted to the Internet, 90 subjects were excluded having normal range scores.

Then Emotional Intelligence scale was administered on the subjects. After administration of questionnaire data were obtained and the response sheets were scored individually for each subject. The results are interpreted based upon 3 categories. Scores of 85 and above are interpreted as high. (n=40 out of 110) Those in the range of 52-84 are interpreted as normal (n=40 out of 110) and scores of 51 and below are interpreted as low. (n=30 out of 110).

**Statistical Analysis:** Statistical analysis was performed using the statistical package for social sciences (SPSS) version 17. The descriptive statistics like mean, SD, and Correlation Test. were used on need basis. The value of  $P < 0.05$  was considered statistically significant for group differences.

**Result and Discussion:** Result of the present study was presented in the following headings:

**Table 1:- Socio Demographic Characteristic of Students.**

| Characteristics       | No. of Students | Percentage |
|-----------------------|-----------------|------------|
| <b>Gender</b>         |                 |            |
| Male                  | 70              | 63%        |
| Female                | 40              | 37%        |
| <b>Age</b>            |                 |            |
| 17-22                 | 110             | 100%       |
| <b>Education</b>      |                 |            |
| undergraduate         | 110             | 100%       |
| <b>Subject</b>        |                 |            |
| Humanities            | 30              | 28%        |
| Social science        | 40              | 36%        |
| Science               | 40              | 36%        |
| <b>Marital Status</b> |                 |            |
| Unmarried             | 100             | 90%        |



|                  |    |     |
|------------------|----|-----|
| Married          | 10 | 10% |
| <b>Residence</b> |    |     |
| Rural            | 20 | 18% |
| Urban            | 90 | 82% |

The socio demographic characteristics of the study sample are summarized in above table. Out of the 110 students 63 % were male and 37 % were female. It was also found out that 90% of the respondents were unmarried and rest 10% was married. .It further indicates

that 18% were belonging to rural region and rest 82% were mainly from urban region. As far as faculties are concerned 36% were from social science, 36% were from science as well as 28% were from Humanities.

**Table: 2 Mean and SD of total sample**

| Sl.no | Variables                    | Mean   | SD    |
|-------|------------------------------|--------|-------|
|       | Internet addiction           | 41.4   | 13.6  |
| 1     | Self-awareness               | 16.45  | 5.4   |
| 2     | Empathy                      | 18.82  | 4.8   |
| 3     | Self-motivation              | 23.72  | 6.2   |
| 4     | Emotional stability          | 16.82  | 6.4   |
| 5     | Managing relation            | 17.12  | 4.4   |
| 6     | Integrity                    | 12.66  | 3.8   |
| 7     | Self-development             | 8.32   | 2.42  |
| 8     | Value orientation            | 8.12   | 2.76  |
| 9     | Commitment                   | 9.11   | 3.12  |
| 10    | Altruistic behaviour         | 8.88   | 2.36  |
|       | Total Emotional intelligence | 126.82 | 22.62 |

Above table showed the means and standard deviations for the total sample. The mean values for Internet Addiction, Self-awareness, Empathy ,Self-motivation, Emotional stability, Managing relation, Integrity, Self-

development, Value orientation, Commitment, Altruistic behaviour Total Emotional intelligence were 16.45,18.82, 23.72,16.82, 17.12, 12.66,8.32,8.12,9.11,8.88,and 126.82 respectively.

**Table: 3 Correlation Matrixes of Internet Addiction and emotional intelligence.**

| Sl.no | Domains                      | Internet addiction |
|-------|------------------------------|--------------------|
| 1     | Self-awareness               | ** - 0.29          |
| 2     | Empathy                      | ** - 0.31          |
| 3     | Self-motivation              | ** - 0.36          |
| 4     | Emotional stability          | ** - 0.28          |
| 5     | Managing relation            | ** - 0.39          |
| 6     | Integrity                    | ** - 0.32          |
| 7     | Self-development             | ** - 0.34          |
| 8     | Value orientation            | ** - 0.26          |
| 9     | Commitment                   | ** - 0.25          |
| 10    | Altruistic behaviour         | ** - 0.35          |
|       | Total Emotional intelligence | ** - 0.27          |

\*\*Significant at 0.01

\* significant at 0.05

As demonstrated in table 3 Internet addiction is, negatively correlated to all components of

emotional intelligence. The results indicate that Internet Addiction has a negative

relationship with Self-awareness (-0.29), Empathy, (-0.31), Self-motivation(-0.36), Emotional stability (-0.28), Managing relation(-0.39), Integrity(-0.32), Self-development(-0.34), Value orientation(-0.26), Commitment(-0.25), Altruistic behaviour(-0.35), as well as total Emotional intelligence were (-0.27) respectively. Thus, the hypothesis (H1) was reviewing the relationship between internet addiction and emotional intelligence in that the results of the study showed that there is significant relationship between internet addiction and emotional intelligence. Therefore, the first hypothesis is confirmed because having negative significant relationship.

According to the results of this study, all the components of emotional intelligence are significantly, negatively correlated to the internet addiction. Thus, the relationship between emotional intelligence and internet addiction is well-defined. Due to the significant biological, psychological, and social changes during adolescence, individuals have to face many challenges from family, school, and peer settings. These environmental stresses might pave the way for their problematic use of Internet (li et al, 2010). Experts have suggested that individuals with poor affect regulation abilities may struggle with regulating distressing emotions due to

difficulty identifying subjective emotional states, and a limited ability to communicate these feelings to others. As a result, these individuals are unable to obtain the help or comfort needed from others (Parker et al, 2008). frequent users tend to be lonely, to have deviant values, and to some extent to lack the emotional and social skills characteristic of high EI (Engelberg & Sjöberg, 2004). Addiction to the Internet shares some of the negative aspects of substance addiction and has been shown to lead to consequences such as failing school, family, and relationship problems (D. Ng & Wiemer-Hastings, 2005) and associated with a variety of negative developmental outcomes of children and adolescents such as depression, social isolation and especially time-disruption (li et al, 2010). The majority of the internet users tend to be isolated have different values, lack communication and emotional skills related to the emotional intelligence. Young argues that internet addiction disorder is more serious than impulse control (Jafari and Fatehizadeh, 2010). Moreover, adolescence and youth can be defined as shyness vs. aggression, uncontrollable vs. highly controllable, external problems vs. internal problems, for instance, social isolation, anxiety, depression and somatic complaints (Holtz and Appel, 2011).

**Table 4:- Relation of higher emotional intelligence with lower level of IAD.**

| Scale | Emotional intelligence |
|-------|------------------------|
| IAD   | .57                    |

As predicted a significant positive correlation was found between higher emotional intelligence and lower level of IAD. Here hypothesis was accepted because higher emotional intelligence is positively correlated with lower level of IAD. It means higher emotional intelligence inter correlated with

lower level of Internet addiction disorder. Emotional intelligence facilitates the thinking order according to the priority of the problematic issues. The higher a person's emotional intelligence, the more capable he is to cope with life stressors and problems (Besharat et al, 2010).

**Table 5:- Relation of Lower emotional intelligence with higher level of IAD.**

| Scale | Emotional intelligence |
|-------|------------------------|
| IAD   | .52                    |

As predicted a significant positive correlation was found between lower emotional intelligence and higher level of IAD. Here hypothesis was accepted because lower emotional intelligence is positively correlated with higher level of IAD. It means lower emotional intelligence inter correlated with higher level of Internet addiction disorder. Low emotional intelligence puts up a barrier for good interpersonal relationship and daily life stresses from which there no scape and the individual may overuses the internet.

**Table 6: Correlation Matrixes of Internet Addiction and metacognition dimensions.**

| Sl.no | Domains                           | Internet addiction |
|-------|-----------------------------------|--------------------|
| 1     | Cognitive trust                   | ** 0.42            |
| 2     | Positive belief                   | ** 0.36            |
| 3     | Negative belief                   | ** 0.28            |
| 4     | Self- awareness                   | - 0.06             |
| 5     | Cognitive ability-related beliefs | **0.26             |

\*\*Significant at 0.01

\* significant at 0.05

As demonstrated in table 6 there is a significant positive relationship between internet addiction and cognitive trust (0.42), there is a significant positive relationship between internet addiction and positive beliefs (0.36), there is a significant positive relationship between internet addiction and negative beliefs (0.28) and there is negative relationship but not significant between internet addiction and self-awareness (-0.06) and finally there is a significant positive relationship between internet addiction and cognitive abilities-related beliefs. (0.26). Thus, the hypothesis (H4) which stated that there would be a significant relationship of Internet Addiction with all components of metacognition was accepted except self-awareness.

**Conclusion:** Based on the findings, it is concluded that excessive Internet use may be detrimental to various aspects of young adulthood lives including the social, functional, physical, and psychological aspects. With continuing advances in computing and Internet power and availability, this issue is likely to become increasingly

prevalent. For decreasing of addiction to internet it is advised to apply plans to foster and increase of emotional intelligence components and decrease addiction to internet.

**Limitations:** There were several drawbacks of this research. The study was based on a small sample. A bigger sample would provide more reliable finding.. Also, a study can be done with control group.

**Implications:** The study adds to the existing literature on Internet addiction, emotional intelligence and metacognition in the Indian context. The study can provide a foundation of which other researchers may conduct further studies.

**Scope for further research:** As a result, further experimentation with a more comprehensive level of analysis is necessary to examine cause and effects of pathological Internet use. Although some researchers have suggested that people who have easier access to the Internet are more likely to become addicted (e.g., Davis et al., 1999), additional research is nevertheless needed to determine what factors may cause individuals to become addicted to the Internet. A larger sample population from the different metropolitan cities of India can provide a better understanding of the subject and its prevalence in India. Gender differences with regard to Internet addiction can be studied.

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## A STUDY ON BEHAVIOUR OF STOCK MARKET INVESTORS – A CASE STUDY WITH REFERENCE TO PURULIA DISTRICT IN WEST BENGAL

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### Abstract

This study aims to investigate the effect of demographic factors and perceived risk attitude on the individual investor behavior in stock market in Purulia on the basis of randomly selected 100 individual investors through a structured questionnaire. The research work reveals that people of ages between 38 years to 47 years investing most in the stock market, investors are educated and major of them are graduate and above in academic qualification, in occupation most of the investors are businessman having an annual income more than Rs. 100000 and they are experienced in this market. The study also discovers that heuristics, prospects, market dimension are strong in individual investor behaviour in stock market in Purulia. But herding dimension is not strong in the individual investor behaviour in stock market in Purulia. The analysis of the association between demographic factors and individual investor behaviour shows that age significantly influences heuristics, prospects and herding biases only but not markets bias. Marital status has no significant influence on any behavioural bias. Educational background influences only prospects and herding biases. Occupation influences only on heuristics and prospects biases. Experience and annual income have significant effect on the individual investor behavior on heuristics, prospects and herding biases only but not on markets bias. At the same time the analysis of the association between perceived risk attitude and individual investor behaviour indicates that having a fear to invest in stocks that have exhibited a sure gain significantly affect the individual investor behaviour in stock market in Purulia in prospects, markets and herding dimensions but not in heuristics dimension. Having hope when undertaking investment in stocks that have exhibited a sure loss significantly affect the individual investor behaviour in stock market in Purulia in prospects and herding dimensions only but not on heuristics and markets dimension. Cautious about stocks which show sudden changes in price or trading activity has no significant affect on the individual investor behaviour in stock market in Purulia on any dimensions. Usually have worry investing in stocks that have exhibited a past negative performance in trading and often not afraid to invest in stocks that have shown a past positive performance in trading significantly affect the individual investor behaviour on these three dimensions only and not on markets dimension. Always attracted to investing in Stocks significantly affect the prospects and markets biases of individual investor of stock market in Purulia district but not on heuristics and herding biases.

**Keywords:** Stock Market, Behavioral Finance, Demographic Factors, Perceived Risk Attitude.

**JEL classification:** G1, G02

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Behavioural finance has emerged as a new concept in the research area in recent times. Within this framework many countries in the world take effective steps to develop the capital market to achieve good economic growth. Under this concept, it is presumed that information structure and characteristics of capital market participants (individual/ retail investors) systematically influence their own decisions as well as market outcomes. For

example, in country like Purulia, the information content of the market and the change of economic climate systematically influence individuals' investment decisions as well as market outcomes. However, an investor's investment decisions in any one particular market, say for example stock market, tend to rely highly on their behaviour derived from psychological principles of decision making as only this psychological

principle of decision making can explain why people buy or sell particular stock. Therefore a better understanding of behavioural processes and outcomes is important for financial planners, companies, government, etc. Because an understanding of how investors generally respond to market movements will help them devising appropriate asset allocation strategies, future financial plans, required legislations and macroeconomic policy respectively.

In conventional financial theory, investors are assumed to be rational wealth-maximisers, following basic financial rules and on the basis of their investment strategies purely on the risk-return consideration they generally take their investment decision. Traditional economic theory assumes that people are rational agents who make decisions objectively to take advantage of the opportunities available to them. Investors also think of themselves as rational and logical. But at the time of investment investors' emotional inclinations, ingrained thought patterns, psychological biases, and other factors may affect their investment behaviour. **In this backdrop, our present study attempts to find out the answer to the question that is are behavioural biases influenced by demographic factors and perceived risk attitudes? And the study has been done on the individual investors of Purulia district.** The rest of the study is organized into four sub sections. Section 2 discusses review of some related literature to find out research gaps; section 3 discusses the data and methodology used in the study i.e. the research design; while section 4 presents the analysis and interpretation of the study; and finally, section 5 summarizes the result and concludes the study.

## 1. AN OVERVIEW OF THE EXISTING LITERATURE

Investor behaviour is an area of great interest of the researchers for analysing decision making process and the factors that influences on investment behaviour. A good number of researchers have completed and some others are doing their research work on this area. This section highlights some of the research works on this area. In their study, Warren, et, al (1990)<sup>1</sup> show that demographics are used to segment the market for financial and economic services but lifestyle

characteristics help in identifying individual investor's financial needs more precisely. Lifestyle dimensions also helps in differentiating between the investors investments such as stocks and bonds. The analysis revealed that those investors who has little investments they mostly concentrated on the stocks in bonds which can be described as volunteers whereas, those investors who had heavy investments didn't get involved in any community organization and volunteering. According to Nagy and Obenberger (1994)<sup>2</sup> accounting information or the classical wealth-maximization criteria is the most influencing group on the UAE investor behaviour; neutral information is the least influencing group on the UAE investor behaviour and two factors unexpectedly had the least influence on the behaviour of the UAE investors' behaviour, namely religious reasons and the factor of family member opinions Boye (2005)<sup>3</sup> concludes that there is significant reliance on intuition for investment decisions and this allows to a large extent cultural factors to dictate the choices that are made. This is because intuition and personal judgement are shaped by the personal characteristics of the individual. But these in turn are determined by the value systems and the cultural background of the individual. Cultural factors, such as uncertainty avoidance, time conception, cultural logic and decision rules as well as oral tradition seems to dictate how far into the future investors commit funds. Oral tradition in particular, seems to be very significant in determining how information for investment decision is passed on. For, most respondents' choices seemed to have been made on the information obtained from friends. Choice of banks, stock to invest and such other investment decisions are significantly influenced by friends. Andani and Al-hassan (2006)<sup>4</sup> focus on the determinants of capital structure and debt maturity among listed stock companies operating on the GSE in comparison with non-listed companies in Ghana. They wish to find out whether the financing decisions of companies differ significantly between listed companies and non-listed companies operating in Ghana. They take data from the annual financial reports of two samples of 19 listed and 16 non-listed companies for the period 2000-2006. They conclude that both listed and non-listed companies rely largely on external

finance particularly trade credit and short-term bank financing, long-term bank financing contribute little to the financing of the corporate sector especially among non-listed firms and there is a remarkable difference between equity finance for listed and non-listed companies. Maditinos, Sevic and Theriou (2007)<sup>5</sup> find that individual investors rely more on newspapers/media and noise in the market when making their investment decisions, while professional investors rely more on fundamental and technical analysis and less on portfolio analysis. The investment horizon seems to have a direct association with the relative importance of the techniques that professionals use for stock analysis. Also, the use of specific techniques seems to have a different impact on the performance of professionals. The findings of Ravichandran (2008)<sup>6</sup> are that, in the current scenario, investing in stock markets is a major challenge ever for professionals. Derivatives acts as a major tool for reducing the risk involved in investing in stock markets for getting the best results out of it. The investors should be aware of the various hedging and speculation strategies, which can be used for reducing their risk. Awareness about the various uses of derivatives can help investors to reduce risk and increase profits. Though the stock market is subjected to high risk, by using derivatives the loss can be minimized to an extent. Al-Tamimi and Al Anood Bin Kalli (2009)<sup>7</sup> have examined the financial literacy level of UAE individual investors and the factors that influence their investment decision and they find that the financial literacy is far from the needed level. The UAE investors are more knowledgeable about the benefits of diversification while they are least knowledgeable about the type of UAE financial markets indices. The financial literacy level is found to be affected by income level, education level, and workplace activity. A significant difference in the level of financial literacy is found as well between the respondents according to their gender. Specifically, women have a lower level of financial literacy than men. The top four most influencing factors on investment decision are religious reasons, reputation of the firm, perceived ethics of the firm, and diversification purpose, whereas the least four influencing factors are rumours, family member opinions, ease of obtaining borrowed

funds, and friend recommendations. Financial literacy affects significantly the investment decisions of the individual investors. Specifically, financial literacy has a negative effect on each of the five categories that affect the investment decision, with the exception of the accounting information category. The effect of financial literacy on the accounting information category was positive but statistically insignificant. Kabra, et, al.(2010)<sup>8</sup> have made a research work to study the factors that influenced the investment risk tolerance and decision making process on the basis of gender and age, taking 196 investors working in the government and private sectors in Purulia. Regression analysis and Factor analysis are used as statistical method. They have concluded that the investor's age and gender affect their risk taking capacity. Patidar (2010)<sup>9</sup> intends to analyse the behaviour, attitude of investors towards stock market and also to study the decision process of investors of Dhar district of Madhya Pradesh in Purulia during the month of April to July, 2010. The sample size for this survey is 80. They find that as per the age-wise classification, the investors in the age group of below 35 years are actively participating in the speculation trade and the age group above 55 hesitate to take risk and are not at all interested in the share market. Professional people are not interested to invest their money in the share market. Investors falling under income group below Rs.20, 000 show more interest in investing their earnings into the share market. Mostly, investors are investing their money through share brokers. Dawar and wadhwa (2011)<sup>10</sup> have undertaken an empirical study to identify the factors influencing investor's behaviour in Punjab on 275 investors living in Jalandhar. Correlation analysis and Independent Sample T test are used as statistical tools. Neutral information, accounting information, self-image/ firm-image coincidence, classical wealth maximization criteria, social relevance, advocate recommendation and personal financial needs are found to influence individual investor behaviour in Punjab. Jagtap and Malpani (2011)<sup>11</sup> have intended to identify the major factors that affect retail investors' decision before investing in an equity market, the sources of information that affect investors' decision before investing in a capital market, and also to help retail investor

for generating profit against influencing factors like psychological, social, economical and political factors. They find performance of company, nature of industry, company's global exposure highly affect investors' decision while investing in equity market. Factors like newspapers, television, annual report published by company's itself and internet highly affect investors' decision but some investors' also rely on brokers' advice before investing in equity market. Psychological, social, economical and political factors relatively affect each other & these factors also affect investor's decision while investing in equity market. They conclude that none of the factor solely affects the investor decision but all factors are highly dependent on each other. Dharmaja, et al. (2012)<sup>12</sup> have made a research work taking 200 investors in Purulia to study the various factors influencing the investment behaviour of individual investors. They have used Mean score values, Chi-square test as statistical tools. They conclude that majority of the respondents are influenced by the accounting information of the companies and advocate recommendation is the least influencing group. They have also made some suggestions for further understanding of the investor behaviour.

Jain and Mandot (2012)<sup>13</sup> explore relationship between level of risk and demographic factors of investors' confined to Rajasthan state. On the basis of cross analysis by applying Correlation analysis they identify that most of the investors' primary objective of investment is to earn regular income and expected rate of return differs from individual to individual based on their level of market knowledge and risk taking ability. This paper further reveals that there is a negative correlation between marital status, gender, age, educational qualification and occupation of the investors and their risk taking ability. At the same time there is a positive correlation between income level and investment knowledge of the investors with their risk taking ability. They also say that there is no relation between city and risk taking ability.

Bennet and Selvam (2013)<sup>14</sup> investigate the sentiments of Indian equity investors, especially in Tamil Nadu, India. They show that sample investors felt that they will stay invested in the Indian Stock Market, and also plan to increase their investments in

the Indian Stock Market in the next 12 months. They find that during the period of the post global crisis, Investors' Participation is influenced by one of the stock specific factor, namely, financial characteristics. The financial characteristics comprise of the various financial ratios pertaining to a company and now-a-days investors take into consideration these aspects before they specifically invest in any particular stock. Finally, they conclude that the overall stock specific factors do not have much influence on investors' sentiment in India. Elankumaran and Ananth (2013)<sup>15</sup> have investigated on 525 respondents using descriptive analysis, cronbach alpha method, multivariate analysis called principal component method of factor analysis with varimax rotation to identify the major factors those have greater influence on the behaviour of commodity market investors and also to evaluate the investors' perception about extent of influence of each major factor on behaviour of investors towards commodity market. There are multiple factors that have greater influence on the behaviour of commodity market investors in India. According to them the main factors that have such greater influence are: information asymmetry, objective knowledge, high return and low risk. The extent of influence of all these four factors on the commodity market investors' behaviour is found to be significant with 95 per cent confidence level. Rakesh (2014)<sup>16</sup> aim to understand the behaviour of individual investor in stock market, specifically their attitude and perception in respect of the stock market. He also attempts to find the factors affecting the investment behaviour of individual investors such as their awareness level and duration of investment. The study reveals that the respondents assimilate the objectives of saving, the factors influencing the saving and the sources of information for decision making. The annual income and the annual saving are given importance by the respondents, because the level of income decides the level of savings. The investors are fully aware about the stock market and they feel that market movements affect the investment pattern of investors in the stock market. Lodhi (2014)<sup>17</sup> has made a study to examine the impact of financial literacy, accounting information, openness to experience and information asymmetry on individual investors' decision making through



the empirical research of the people living in Karachi city. He says that financial literacy and risk taking are in positive correlation which proves that the financial literacy of a person increases his risk taking capability. He also finds that as investors' experience will increase he will invest in less risky instruments; it may be fixed deposits or high pay dividend stocks. Study also proves statistically that accounting information and risk aversion are in direct relationship that is along with experience, as person's accounting information increases he prefers to invest in less risky investments. It may be investor accepts to get lower but is not ready to suffer huge loss. Usually old age people or the retired people are found with this concept. Survey statistics show high response who say that information asymmetry leads to adverse selection of investments. To overcome this problem, hypothesis is tested and results indicate that information asymmetry can be lower by analyzing more and more financial statements. The more and detail, investor will study the financial statements of the desired company; better will be his investment decision. Ngoc (2014)<sup>18</sup> aims to investigate behavioural factors influencing the decisions of individual investors at the Securities Companies in Ho Chi Minh City in Vietnam. He collects data for this research from 188 responses from individual investors, accounting for the response rate of 63%. There are five behavioural factors of individual investors at the Ho Chi Minh Stock Exchange: Herding, Market, Prospect, Overconfidence-gamble's fallacy, and Anchoring-ability bias. The herding factor includes behavioural dimensions: following the decisions of the other investors (buying and selling, choice of trading stocks, volume of trading stocks). The market factor consists of dimensions: price changes, market information. The prospect factor consists of dimensions: loss aversion, regret aversion, and mental accounting. The heuristic dimensions are grouped into two factors: overconfidence-gamble's fallacy and anchoring-ability bias. He recommends that investors should consider carefully before investment, but should not care too much about the prior loss for later investment. Besides, the investors should not reduce their regret in investment by avoiding selling decreasing stocks and selling increasing ones. From the literature review it is observed

that a good number of studies have been made to determine the factors influencing investment behaviour. Undoubtedly, the above mentioned research studies have a great contribution in this field. But the output of a research work depends on various important factors like choice of countries, variable selection, the time period studied, methodology used, etc. It is difficult to generalize the results because each market is unique in terms of its own rules, regulations, and type of investors. The present study under the title "Are Behavioural Biases Influenced by Demographic Factors and Perceived Risk Attitudes? A Study on Individual Investors of Purulia District" is an endeavour to overcome these limitations through the empirical analysis to come to a valid conclusion.

## 2. OBJECTIVE OF THE STUDY

Objective always provides the route and direction to a study to achieve its ultimate goal. Given the background previously provided, the principal objective of the present study is to find whether behavioural biases are influenced by demographic factors and perceived risk attitude of individual investors in stock market. The principal objective can be decomposed into the following specific objectives

- To analyse the demographic factors of individual stock market investors of Purulia district.
- To examine the perceived risk attitude of individual stock market investors of Purulia district.
- To study the behavioural biases of individual stock market investors of Purulia district.
- To explore the effect of demographic factors on behaviour of individual stock market investors of Purulia district.
- To find out the effect of perceived risk attitude on behaviour of individual stock market investors of Purulia district.

### 3. DATA AND METHODOLOGY

#### 3.1 Variables under Study

In the present study the demographic factors and perceived risk attitude are considered as independent variables and investment behaviour is considered as dependent variables.

##### 3.1.1 Demographic Factors

Demographic factors of an investor indicate investor's gender, age, marital status, education, income, occupation etc. Every investor is unique in all aspects due to such demographic factors. So, he can't rely on the decisions already taken by others. Earlier studies conclude that women invest their asset portfolios more conservatively than their male counterparts. Women's investment has historically been lower than men's for several reasons, including Social and various demographic concerns. In making any investment decision, occupation and financial literacy have a major role.

##### 3.1.2 Perceived Risk Attitudes

Perceived risk attitude addresses a person's judgment (belief and opinion) towards taking or avoiding risk when making decisions under uncertainty. Investing is clearly risky and people routinely have to make decisions under uncertainty due to incomplete information. Depending on the amount of information an investor has regarding various stocks on the stock market determines one's risk perception. The perceived degree of uncertainty by individuals affects their decisions regarding consumption, saving and investing. Perceptions encompass psychological and emotional aspects, which subsequently guide judgment and decision making. And this makes perceived risk attitudes of investors to be more subjective rather than objective to risky situations. Therefore, the attitudes we form and express are likely to be influenced both by emotions and a more "logical" cognitive assessment.

##### 3.1.3 Investment Behaviour

Investing in various types of assets is an increasing activity that attracts people from all walks of life irrespective of their occupation, economic status, education and family background. When a person has more money than he requires for current consumption, he would be coined as a potential investor. The investor who is having

extra cash could invest it in securities or in any other assets like gold or real state or could simply deposit it in his bank account. The companies that have extra income may like to invest their money in the extension of the existing firm or undertake new venture. All of these activities in a broader sense mean investment. The investment behaviour of individual investors is somewhat different from that of institutional investors. Individuals tend to invest relatively more in non-tradable assets such as real estate, hedge funds, or structured products. The term institutional investor is generally used to describe an organization that invests on behalf of others, such as a mutual fund, pension fund, or charitable organization. According to Gerald Appel (2006), investor behaviour is one that an investor displays in searching for purchasing, using, evaluating, and disposing of goods, services, ideas, or experience to satisfy their needs and desires. Individual investor behaviour is influenced by four types of biases such as heuristics biases, prospect biases, market biases and herding biases. Heuristics are defined as the rules of thumb, which makes decision making easier, especially in complex and uncertain environments (Ritter, 2003, p.431) by reducing the complexity of assessing probabilities and predicting values to simpler judgments (Kahneman & Tversky, 1974, p.1124). Prospect theory describes some states of mind affecting an individual's decision-making processes including regret aversion, loss aversion and mental accounting (Waweru et al., 2003, p.28). Waweru et al. (2008, p.36) identifies the factors of market that have impact on investors' decision making: price changes, market information, past trends of stocks, customer preference, over-reaction to price changes, and fundamentals of underlying stocks. Herding effect in financial market is identified as tendency of investors' behaviours to follow the others' actions.

#### 3.2 Statistical Tools

To test the association between the independent variable and dependent variable the study uses chi-square test. It is a non-parametric test which is used most frequently to test the statistical significance.

$$X^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i}$$

Where,  $O_i$  = Observed Frequency

$E_i$  = Expected Frequency

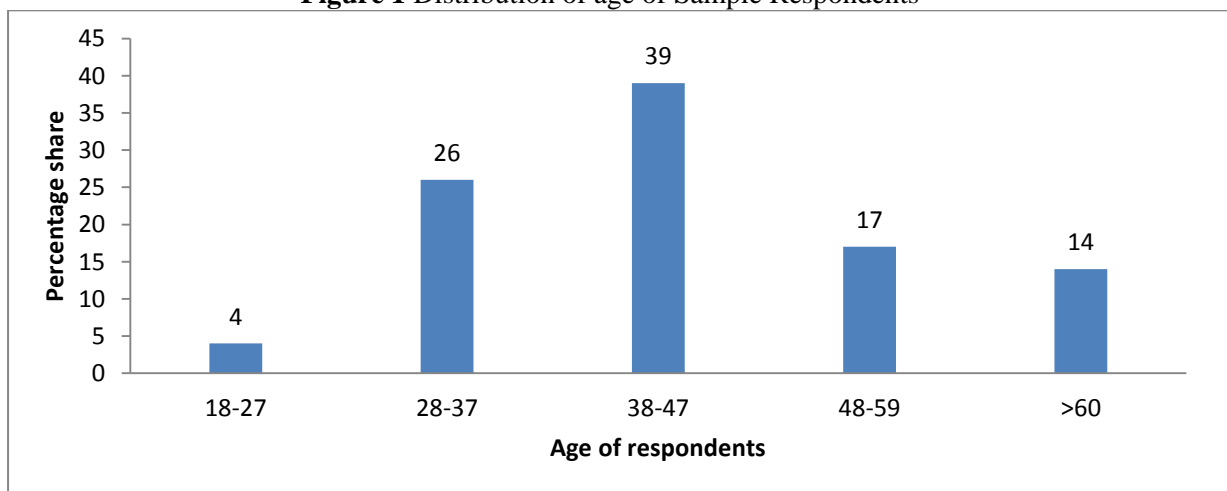
R = Number of Rows

C = Number of Columns

n = Number of Variables

$E = (\text{Row Total} * \text{Column Total}) / \text{Grand Total}$

**Figure 1** Distribution of age of Sample Respondents



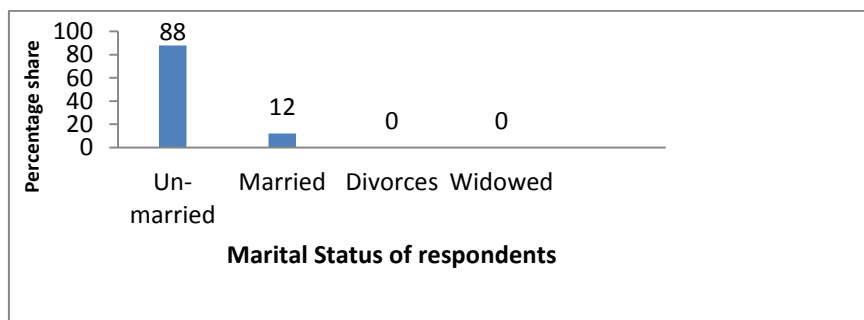
#### 4. ANALYSIS AND INTERPRETATION

##### 4.1 Demographic Factors

First, it is found that 4% of respondents are of the age between 18 years to 27 years, 26% are between 28 years to 37 years, 39% are between 38 years to 47 years, 17% are between 48 years to 59 years and 14% are above 60 years. It is observed that people of between ages of 38 years to 47 years invest most in the stock market (Figure 1).

Second, out of the 100 sample respondents it is found that 88% of investor are un-married, 12% are married, divorces and widowed are less interested. It is found that most of the investors in the stock market are un-married at purulia district. (Figure 2)

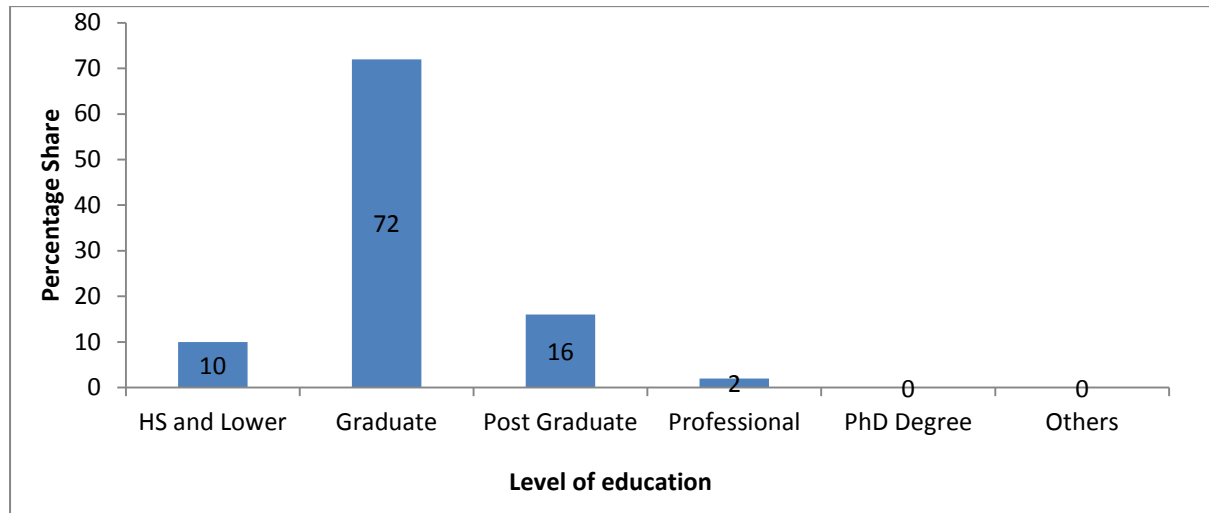
**Figure 2** Distribution of Marital Status of Sample Respondents



Third, out of 100 sample respondents it is found that 72% are graduate, 16% are Post Graduate 10% are HS and Lower, 2% are Professional and 0% are having Ph. D. degree.

We can say that most of the investors in the stock market in Purulia are educated. (Figure 3)

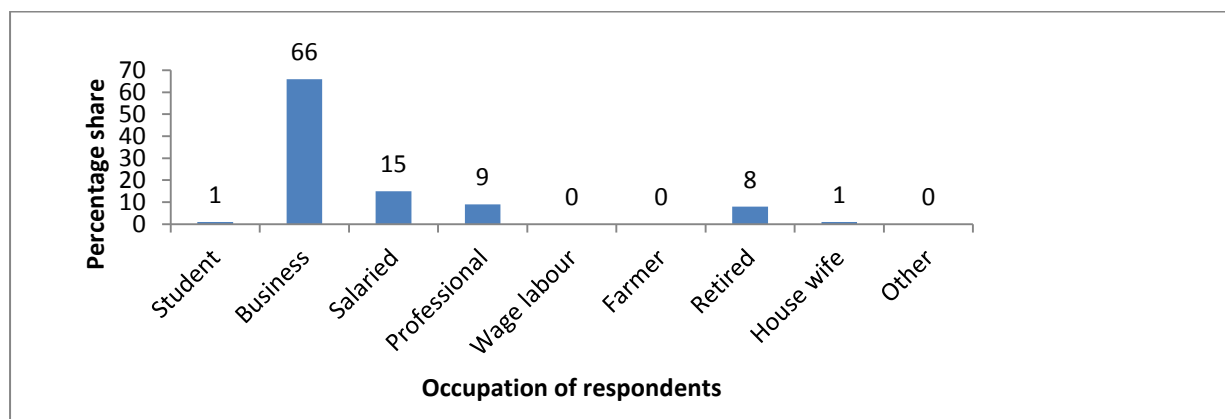
**Figure 3** Distribution of level of education of Sample Respondents



Fourth, it is found that wage labor, farmer and others are less interested to invest in this segment, businessmen are of 66%, salaried peoples are of 15%, professionals are of 9%,

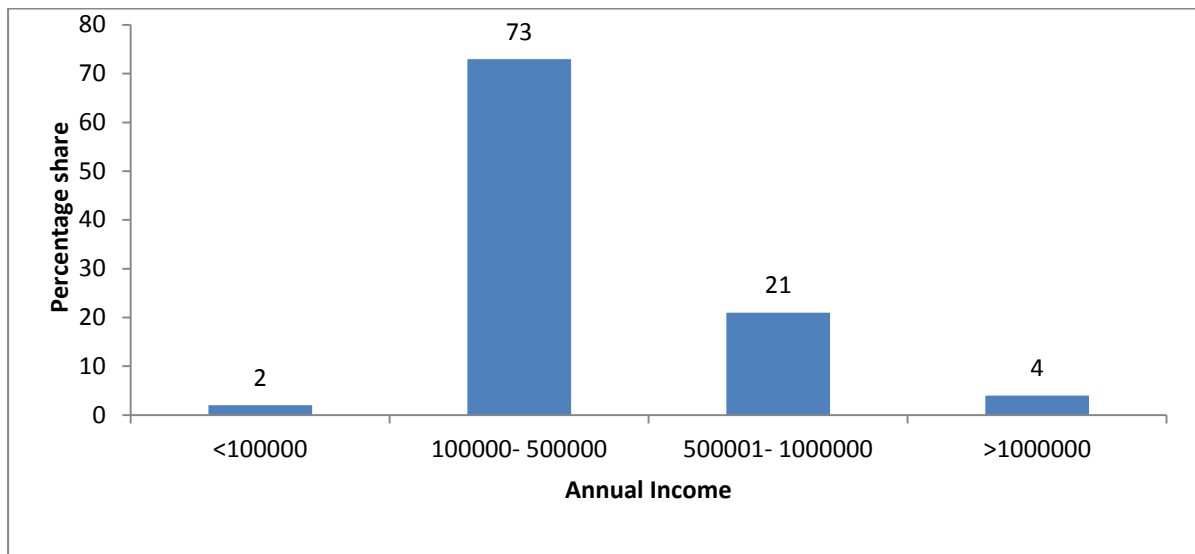
house wife is of 1%, retired are of 8% and student is of 1%. It is observed that most of the investors in the stock market at Purulia are businessman in occupation. (Figure 4)

**Figure 4** Distribution of occupation of Sample Respondent is



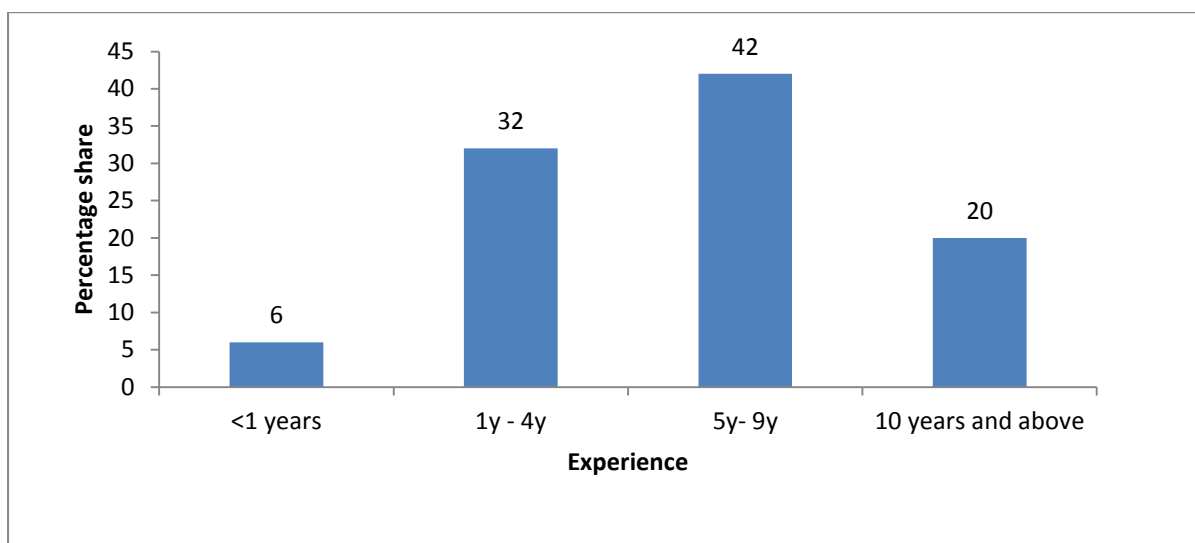
Fifth, out of the sample respondents it is found that 2% of investor are of annual income lower than 100000, 73% of investors are of annual income band from 100000 to 500000, 21% are of 500001 to 1000000,

percentage of investor of annual income more than 1000000 are 4%. It is observed that most of the investors in the stock market at Purulia are of an annual income band from 100000 to 500000. (Figure 5)

**Figure-5** Distribution of annual income of Sample Respondents

Sixth, it is found that 6% are less than 1 year, 32% are from 1 year to 4 years, 42% are between 5 years to 9 years and 20% are having 10 years and above years of experience. It is

observed that most of the investors in the stock market in Purulia are experienced in this field. (Figure 6)

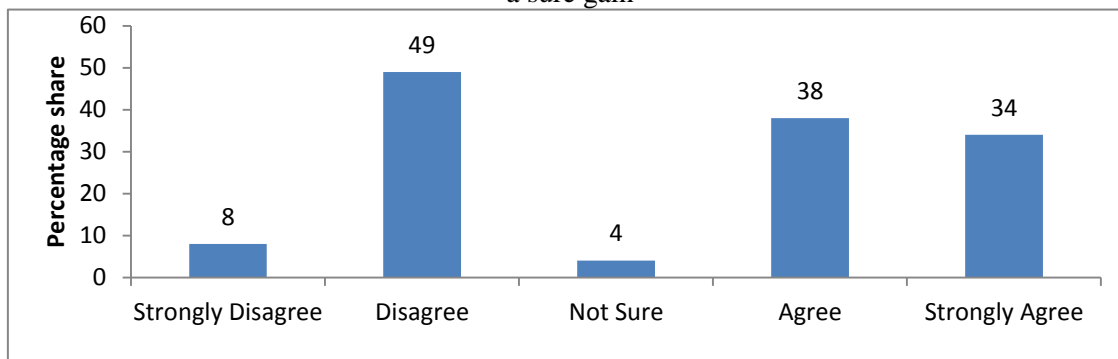
**Figure- 6** Distribution of experience of Sample Respondents

#### 4.2 Perceived Risk Attitude of Sample Investors

First, out of the 100 sample respondents 8% strongly disagree that they have a fear to invest in stock that have a sure gain, 49%

disagree, 4% not sure, 38% agree and 1% strongly agree that they have a fear to invest in stock that have a sure gain. It indicates that the most of the investors have a fear to invest in stocks that have a sure gain. (Figure 7)

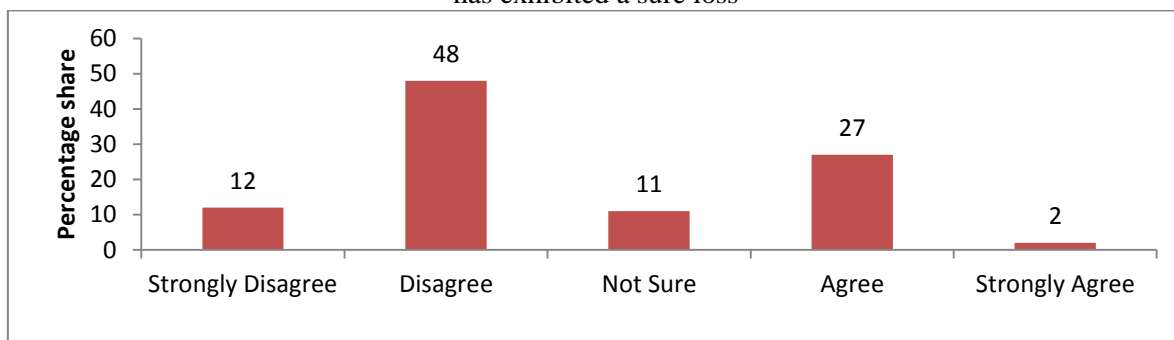
**Figure-7** Distribution of sample respondents on the basis of having a fear to invest in stocks that have a sure gain



Second, it is found that 12% strongly disagree that they are hopeful undertaking investment in stocks that has exhibited a sure loss, 48% disagree, 11% not sure, 27% agree and 2% strongly agree that they are hopeful

undertaking investment in stocks that has exhibited a sure loss. It shows that most of the individual investors are not hopeful undertaking investment in stocks that has exhibited a sure loss. (Figure 8)

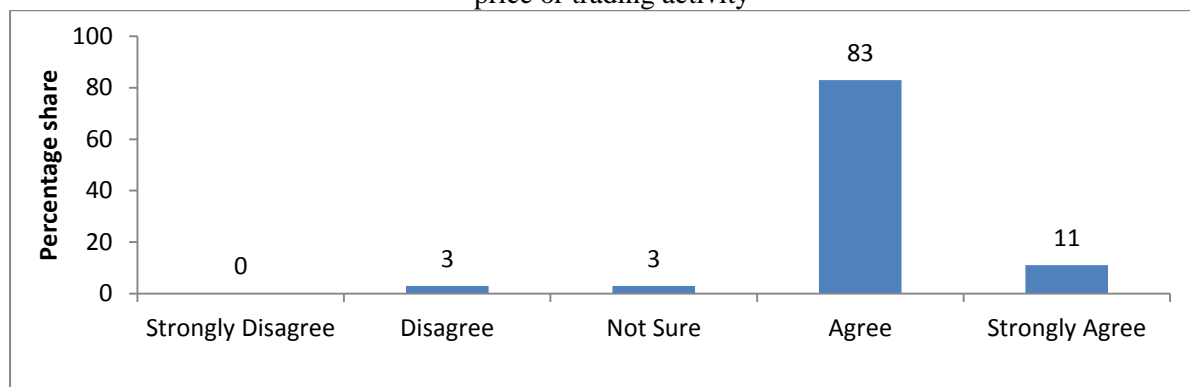
**Figure-8** Distribution of sample respondents not hopeful when undertaking investment in stock that has exhibited a sure loss



Third, it is found that less of the sample respondents strongly disagree that they are cautious about stocks which show sudden changes in price or trading activity, 3% disagree, 3% not sure, 83% agree and 11%

strongly agree that they are cautious about stocks which show sudden changes in price or trading activity. It indicates that most of the individual investors are cautious. (Figure 9)

**Figure- 9** Distribution of sample respondents cautious about stocks which show sudden changes in price or trading activity



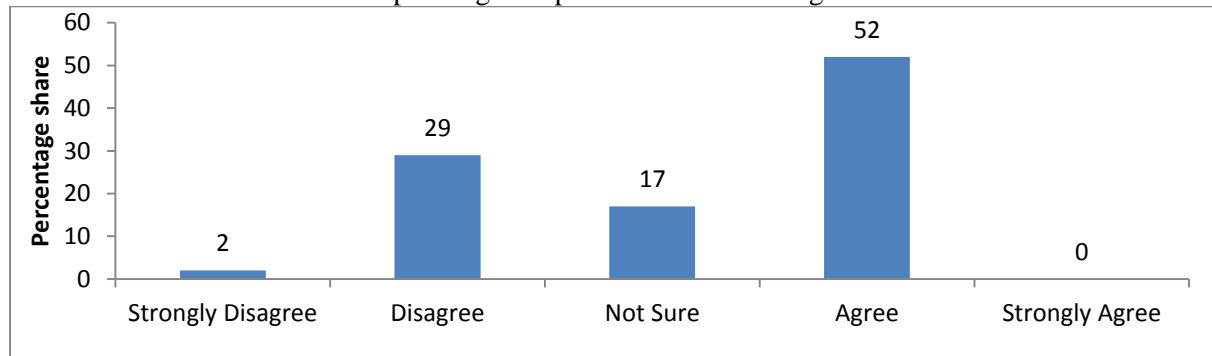
Fourth, it is found that 2% strongly disagree that they usually have worry investing in

stocks that have had a past negative performance in trading, 29% disagree, 17%

not sure, 52% agree and 0% strongly agree that they usually have worry investing in stocks that have had a past negative performance in trading. It indicates that most

of the individual investors usually have worry investing in stocks that have had a past negative performance in trading. (Figure 10)

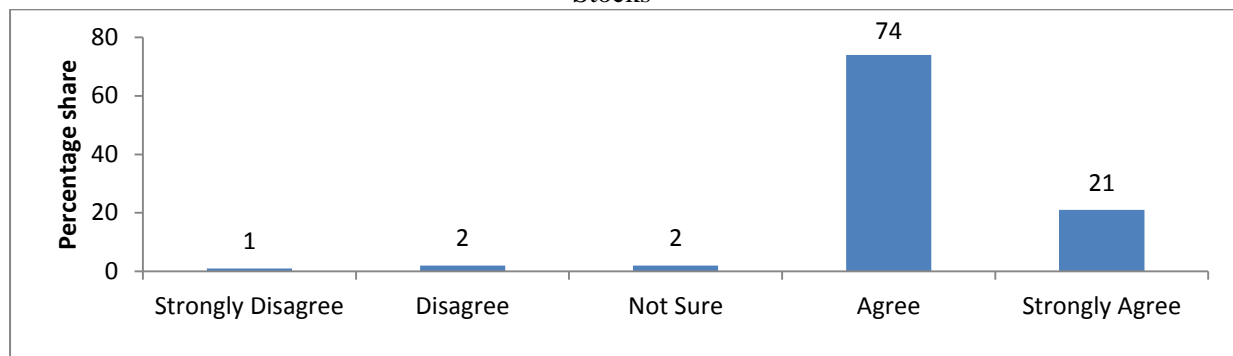
**Figure -10** Distributions of sample respondents usually have worry investing in stocks that have had a past negative performance in trading.



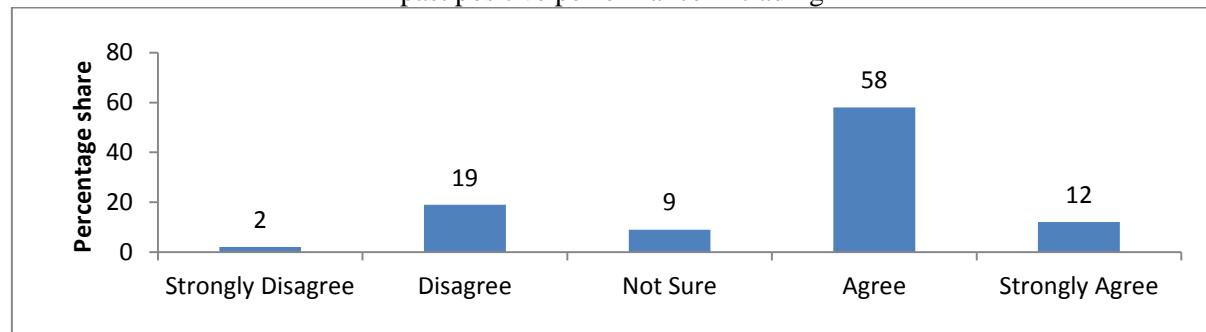
Sixth, out of the 100 sample respondents, it is found that 1% strongly disagree that they are always attracted to investing in Stocks, 2% disagree, 2% not sure, 74% agree and 21%

strongly agree that they are always attracted to investing in stocks. It shows that most of the individual investors are always attracted to investing in stocks. (Figure 11)

**Figure-11** Distribution of sample respondents on the basis of always not attracted to investing in Stocks



**Figure-12** Distribution of sample respondents often not afraid to invest in stocks that have shown a past positive performance in trading



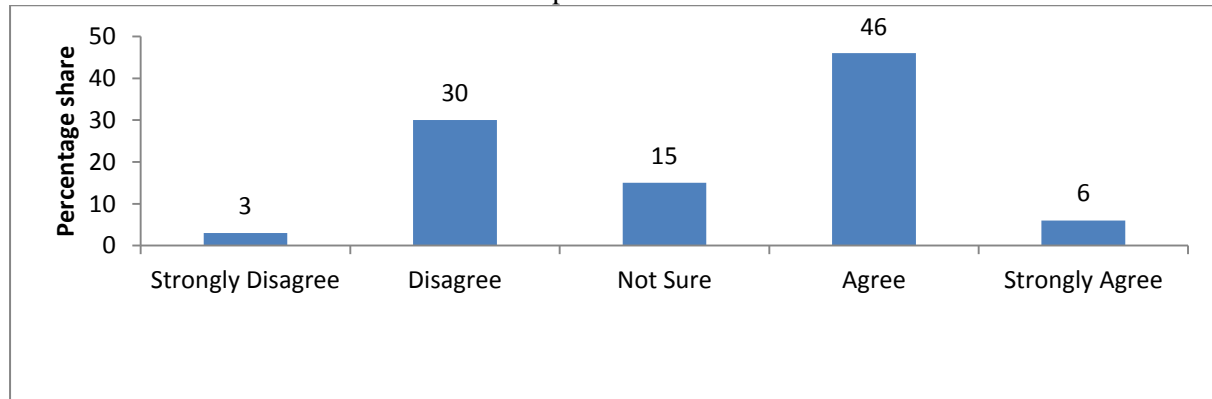
Seventh, it is found that 2% of the sample respondents strongly disagree that they are often not afraid to invest in stocks that have

shown a past positive performance in trading, 19% disagree, 9% not sure, 58% agree and 12% strongly agree that they are often not

afraid to invest in stocks that have shown a past positive performance in trading. The result indicates that most of the individual investors are often not afraid to invest in stocks that have shown a past positive performance in trading. (Figure 12) Eight, out of the sample respondents, it is found that 46% agree that they feel regret of a drop in the

price of a stock they have purchased, 6% strongly agree, 30% disagree, 3% strongly disagree and 15% are not sure that they feel regret of a drop in the price of a stock they have purchased. It is found that most of the sample respondents agree in that respect of that they feel regret of a drop in the price of a stock they have purchased. (Figure-13)

**Figure-13** Distribution of sample respondents feel regret of a drop in the price of a stock they have purchased

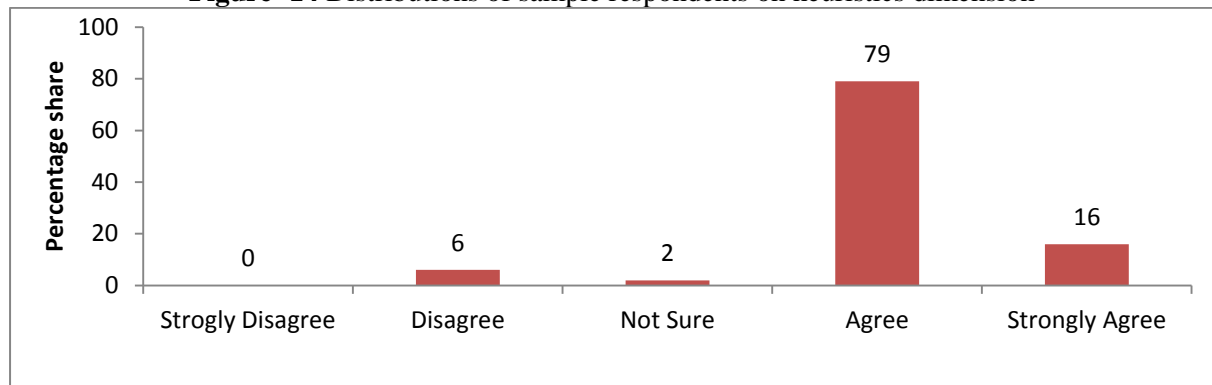


#### 4.3 Behaviour of Individual Investor in Stock Market in Purulia

First, out of 100 randomly taken sample respondents it is found that 16% strongly agree that they rely on the previous experience for making a further investment in stock market. 79% agree that they rely on previous

experience, 2% are not sure about their behaviour whether they rely or not and 6% also disagree that they rely on. We can say that there is a heuristics bias on the Purulian individual investor behaviour in stock market at Purulia. (Figure 14)

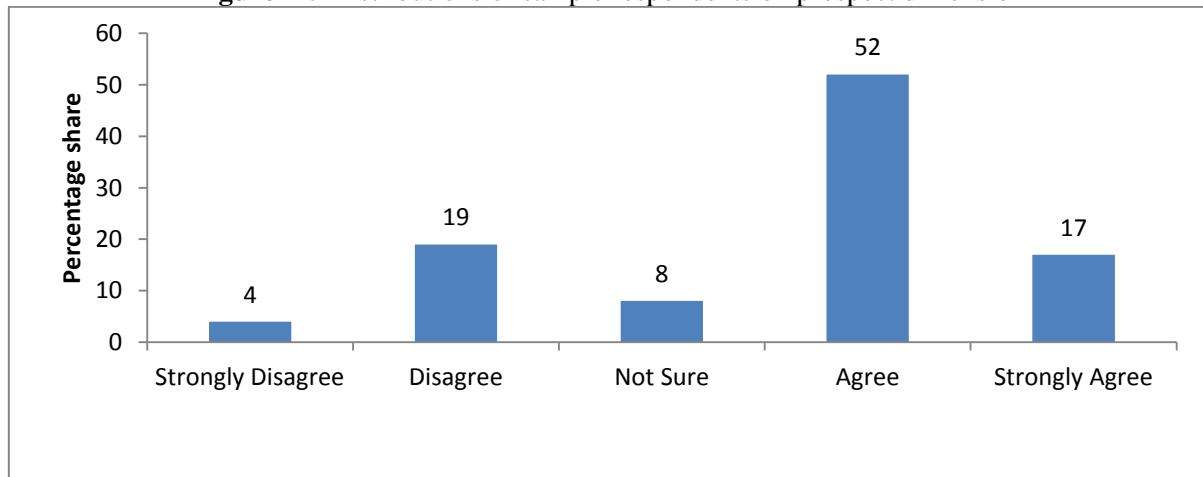
**Figure -14** Distributions of sample respondents on heuristics dimension



Second, from the survey it is found that 17% of the sample respondents strongly agree that they always prefer holding the looser stocks (that have decreased in value) and selling winners (that have increased in value). 52% agree, 19% disagree, 8% are not sure and 4% of the respondents strongly disagree that they

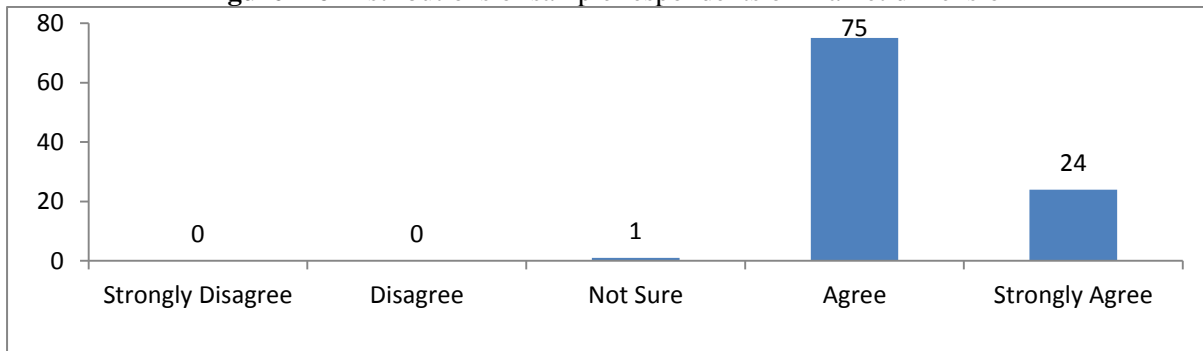
always prefer holding looser stocks and selling winners. It indicates that there is some prospect bias in the individual investor behaviour in stock market at Purulia district. (Figure 15)



**Figure -15** Distributions of sample respondents on prospect dimension

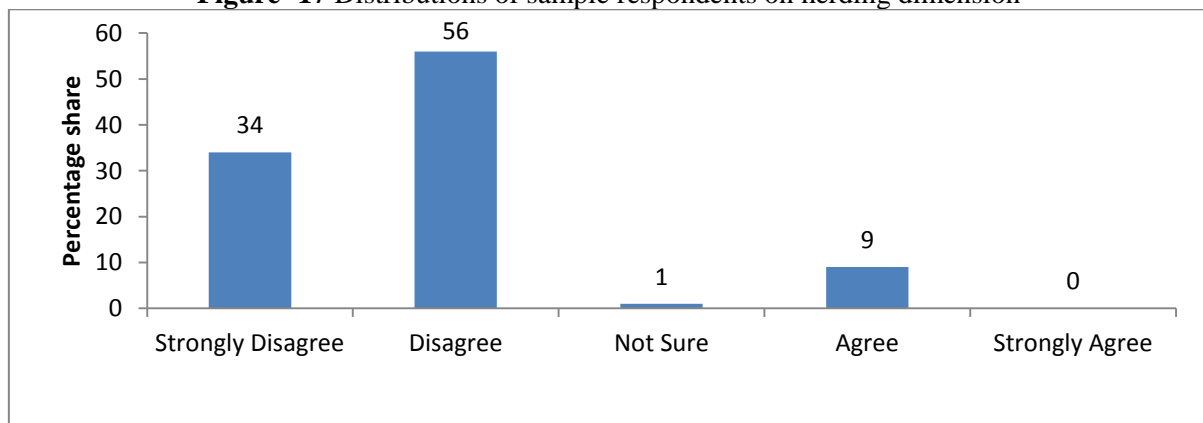
Third, out of randomly taken 100 sample respondents 75% agree that market information is important for their investment in stock market, 24% strongly agree, 8% and another 1% not sure that market information is

important for their investment in stock market. It indicates that there is some effect of market bias on the individual investor behaviour in stock market at Purulia district. (Figure 16)

**Figure -16** Distributions of sample respondents on market dimension

Forth, from the survey at Purulia district it is found that 56% disagree, 34% strongly disagree in respect of that they often blindly imitate buying and selling decisions of others when making investment decision of stocks,

9% agree and 1% is not sure that they often blindly imitate buying and selling decisions of others when making investment decision of stock. (Figure 17)

**Figure -17** Distributions of sample respondents on herding dimension

#### 4.4 Association between demographic factors and individual investor behaviour in stock market in Purulia.

**Figure- 18** Test of Association between Demographic Factors and Individual Investor Behaviour by Chi- Square

| Demographic Factors    | Investor Behaviour |           |              |           |            |           |              |           | Level of Significance (5%) |
|------------------------|--------------------|-----------|--------------|-----------|------------|-----------|--------------|-----------|----------------------------|
|                        | Heuristics         |           | Prospects    |           | Market     |           | Herding      |           | DOF                        |
|                        | Cal. Value         | Tab Value | Cal. Value   | Tab Value | Cal. Value | Tab Value | Cal. Value   | Tab Value |                            |
| Age                    | <b>25.70</b>       | 9.49      | <b>22.56</b> | 9.49      | 4.93       | 9.49      | <b>50.69</b> | 9.49      | 4                          |
| Marital Status         | 0.71               | 7.81      | 0.03         | 7.81      | 0.14       | 7.81      | 1.35         | 7.81      | 3                          |
| Educational Background | 2.63               | 11.07     | <b>12.93</b> | 11.07     | 0.39       | 11.07     | <b>89.01</b> | 11.07     | 5                          |
| Occupation             | <b>17.89</b>       | 15.51     | <b>24.20</b> | 15.51     | 5.72       | 15.51     | 14.16        | 15.51     | 8                          |
| Experience             | <b>12.08</b>       | 7.81      | <b>39.96</b> | 7.81      | 1.39       | 7.81      | <b>66.80</b> | 7.81      | 3                          |
| Annual Income          | <b>19.80</b>       | 7.81      | <b>11.21</b> | 7.81      | 3.80       | 7.81      | <b>22.73</b> | 7.81      | 3                          |

Source: as calculated from Primary Data

The above table shows that in case of age, calculated value of chi-square is more than table value in respect of heuristics, prospects and herding dimensions of investor behaviour. So, null hypothesis, there is no effect of demographic factors on the individual investors behaviour in stock market in Purulia, is rejected and we can say that there is impact of age on the individual investor behaviour in stock market in Purulia heuristics, prospects and herding dimensions. But age has no significant effect on markets dimension as calculated value of chi-square is lower than the table value of chi-square.

From the above table we can say that in case of marital status, calculated value of chi-square is lower than table value in respect of heuristics, prospects, market and herding dimensions. So, Null hypothesis is accepted in all dimensions of investor behaviour so, we can say that there is no impact of marital status on the individual investor behaviour in stock market in Purulia in case of heuristics, prospects, market and herding dimensions. In case of educational background, calculated value is more than table value in respect of prospects and herding behaviour, but in respect of heuristics and markets calculated

value is lower than the table value. So, we can say that educational background has an effect on prospects and herding behaviour. But, there is no affect of education on heuristics and markets. The above table also indicates that in case of occupation, calculated value is greater in respect of heuristics and prospects dimensions but in respect of markets and herding dimensions calculated value is lower than table value, so it indicates that occupation significantly affect individual investor behaviour in respect of heuristics and prospects behaviour but it does not significantly affect individual investor behaviour on markets and herding dimensions. In case of experience and annual income calculated value of chi-square is greater than the table value in case of heuristics, prospects and herding dimensions only. So, the null hypothesis is rejected and we can say that experience and annual income significantly affect the individual investor behaviour in stock market in Purulia on heuristics, prospects and herding dimensions but not on markets dimension as calculated value of chi-square is lower than the table value.

**Figure - 19** Test of Association between Perceived Risk Attitude and Individual Investor Behaviour by Chi- Square

| Perceived Risk Attitude  | Investor Behaviour |           |              |           |              |           |              |           | Level of Significance (5%) |
|--|--------------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|----------------------------|
|  | Heuristics         |           | Prospects    |           | Market       |           | Herding      |           | DOF                        |
|  | Cal. Value         | Tab Value | Cal. Value   | Tab Value | Cal. Value   | Tab Value | Cal. Value   | Tab Value |                            |
| Have a fear to invest in stocks that have a sure gain.   | 3.36               | 3.84      | <b>28.72</b> | 3.84      | <b>6.32</b>  | 3.84      | <b>15.47</b> | 3.84      | 1                          |
| Hopeful when undertaking investment in stocks that have exhibited a sure loss.                     | 2.15               | 3.84      | <b>81.59</b> | 3.84      | 0.41         | 3.84      | <b>24.21</b> | 3.84      | 1                          |
| Cautious about stocks which show sudden changes in price or trading activity.                      | 1.83               | 3.84      | 2.87         | 3.84      | 0.06         | 3.84      | 0.63         | 3.84      | 1                          |
| Usually have worry investing in stocks that have exhibited a past negative performance in trading. | <b>90.96</b>       | 3.84      | <b>48.67</b> | 3.84      | 1.09         | 3.84      | <b>9.13</b>  | 3.84      | 1                          |
| Always attracted to investing in Stocks  | 0.28               | 3.84      | <b>11.71</b> | 3.84      | <b>19.19</b> | 3.84      | 0.52         | 3.84      | 1                          |
| Often not afraid to invest in stocks that have shown a past positive performance in trading.       | <b>12.28</b>       | 3.84      | <b>41.78</b> | 3.84      | 2.36         | 3.84      | <b>4.24</b>  | 3.84      | 1                          |

Source: as calculated from Primary Data

**4.5 Association between perceived risk attitude and individual investor behaviour in stock market in Purulia.**

In case of having hope when undertaking investment in stocks that have exhibited a sure

loss the calculated value of chi-square is more than the table value in respect of prospects and herding dimensions. So, the null hypothesis, perceived risk attitude does not influence the individual investor behaviour in stock market

in Purulia, is rejected in these cases. It indicates that having hope when undertaking investment in stocks that have exhibited a sure loss significantly affect the individual investor behaviour in stock market in Purulia in prospects and herding dimensions only but not on heuristics and markets dimension as the calculated value of chi-square is less than the table value of chi-square in these two cases.

From the above table, we can say that cautious about stocks which show sudden changes in price or trading activity has no significant affect on the individual investor behaviour in stock market in Purulia on any dimensions as calculated value of chi-square is lower than the table value on all dimensions.

In case of usually have worry investing in stocks that have exhibited a past negative performance in trading and often not afraid to invest in stocks that have shown a past positive performance in trading the calculated value of chi-square is greater than the table value of chi-square in case of heuristics, prospects and herding dimensions. So, we can say that have worry investing in stocks that have exhibited a past negative performance in trading and often not afraid to invest in stocks that have shown a past positive performance in trading significantly affect the individual investor behaviour on these three dimensions only and not on markets dimension as the calculated value of chi-square is lower than the table value in this case.

From the table we can say that always attracted to investing in Stocks significantly affect the prospects and markets behaviour of individual investor of stock market in Purulia district but not on heuristics and herding behaviour as the calculated value of chi-square is greater than the table value of chi-square only in case of prospects and markets dimensions but reverse in case of the rest two.

## 5. CONCLUDING OBSERVATIONS

This study investigates the effect of demographic factors and perceived risk attitude on the individual investor behaviour in stock market in Purulia district. Existing financial and economic literatures advocate a significant effect of demographic factors and perceived risk attitude on the individual and institutional investor behaviour in stock market and in other commodity market. However, some literatures give some

contradictory findings on this aspect. These contradictions are the principal motivation behind conducting this research study in Indian context.

As per analysis of the association between demographic factors and individual investor behaviour we see that in case of age, calculated value of chi-square is more than table value in respect of heuristics, prospects and herding dimensions of investor behaviour. So, null hypothesis, there is no effect of demographic factors on the individual investors behaviour in stock market in Purulia, is rejected and we can say that there is impact of age on the individual investor behaviour in stock market in Purulia heuristics, prospects and herding dimensions. But age has no significant effect on market dimensions as calculated value of chi-square is lower than the table value of chi-square. In case of marital status, calculated value of chi-square is lower than table value in respect of heuristics, prospects, market and herding dimensions. So, Null hypothesis is accepted in all dimensions of investor behaviour so, we can say that there is no impact of marital status on the individual investor behaviour in stock market in Purulia in case of heuristics, prospects, market and herding dimensions. In case of educational background, calculated value is more than table value in respect of prospects and herding behaviour, but in respect of heuristics and markets calculated value is lower than the table value. So, we can say that educational background has an effect on prospects and herding behaviour. But, there is no affect of education on heuristics and markets. In case of occupation, calculated value is greater in respect of heuristics and prospects dimensions but in respect of markets and herding dimensions calculated value is lower than table value, so it indicates that occupation significantly affect individual investor behaviour in respect of heuristics and prospects behaviour but it does not significantly affect individual investor behaviour on markets and herding dimensions. In case of experience and annual income calculated value of chi-square is greater than the table value in case of heuristics, prospects and herding dimensions only. So, the null hypothesis is rejected and we can say that experience and annual income significantly affect the individual investor behaviour in stock market in Purulia on heuristics,

prospects and herding dimensions but not on markets dimension as calculated value of chi-square is lower than the table value.

As per analysis of the association between perceived risk attitude and individual investor behaviour we find that having a fear to invest in stocks that have exhibited a sure gain the calculated value of chi-square is more than the table value in respect of prospects, markets and herding dimensions only. So, the null hypothesis, perceived risk attitude does not influence the individual investor behaviour in stock market in Purulia, is rejected in these cases. It indicates that having a fear to invest in stocks that have exhibited a sure gain significantly affect the individual investor behaviour in stock market in Purulia in prospects, markets and herding dimensions but not in heuristics dimension as the calculated value of chi-square is less than the table value of chi-square. In case of having hope when undertaking investment in stocks that have exhibited a sure loss the calculated value of chi-square is more than the table value in respect of prospects and herding dimensions. So, the null hypothesis, perceived risk attitude does not influence the individual investor behaviour in stock market in Purulia, is rejected in these cases. It indicates that having hope when undertaking investment in stocks that have exhibited a sure loss significantly affect the individual investor behaviour in stock market in Purulia in prospects and herding dimensions only but not on heuristics and markets dimension as the calculated value of chi-square is less than the table value of chi-square in these two cases. Cautious about stocks which show sudden changes in price or trading activity has no significant affect on the individual investor behaviour in stock market in Purulia on any dimensions as calculated value of chi-square is lower than the table value on all dimensions. In case of usually have worry investing in stocks that have exhibited a past negative performance in trading and often not afraid to invest in stocks that have shown a past positive performance in trading the calculated value of chi-square is greater than the table value of chi-square in case of heuristics, prospects and herding dimensions. So, we can say that have worry investing in stocks that have exhibited a past negative performance in trading and often not afraid to invest in stocks that have shown a past positive performance in

trading significantly affect the individual investor behaviour on these three dimensions only and not on markets dimension as the calculated value of chi-square is lower than the table value in this case. Always attracted to investing in Stocks significantly affect the prospects and markets behaviour of individual investor of stock market in Purulia district but not on heuristics and herding behaviour as the calculated value of chi-square is greater than the table value of chi-square only in case of prospects and markets dimensions but reverse in case of the rest two.

The findings of this study reveal that there is effect of demographic factors and perceived risk attitude on individual investor behaviour in stock market in Purulia. The study would help different interested parties to take care of the factors influencing the behaviour for proper planning and decision making. This study suggests some future research to enhance our understanding about the effect of demographic factors and perceived risk attitude on the investor behaviour. Further research studies could either eliminate some of the limitations or expand the scope of investigation in this study. The possible extension of this study is to consider the institutional investors also besides the individual investor, the use of larger sample size and the more diversity of the respondents. But these are beyond the aim of this present study. These are left for further research.

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## AN EVALUATION OF JHARKHAND RURAL LIVELIHOOD DEVELOPMENT PROGRAM

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### Abstract:

Poverty is a complex and multidimensional phenomenon. Rural areas of Jharkhand are not well developed due to Illiteracy, poverty, malnutrition, unemployment and social evils like Witch Hunting, and Hadia addiction. Rural economy of the state is undeveloped – depends largely upon undeveloped agriculture and forest products. In order to develop rural sector of the state, development of self-employment and rural industries are crucial. Most of the villagers are not well educated and skilled enough to meet the needs of market today. Villagers of the state migrate to neighboring cities and metro in search of job and survive as daily wages laborers. In this course large number of villagers also get victim of Women/human trafficking. Innocent villagers are easily lured by clever human traffickers and are sold in Metro cities. News of sexual exploitation of tribal girls quite often hit the news headlines. In order to improve the socio-economic conditions of the villagers, the central government and state government both have taken many initiatives.

The mandate of the Ministry of Rural Development (MoRD), GoI is rural poverty alleviation through programmes directly targeted at the rural poor households. National Rural Livelihood Mission (NRLM) has an ambitious mandate. It aims to reach out to all the rural poor families (BPL families) and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Formation of self-help groups is a first step towards self – employment and economic independence. The Rural Development Department of Government of Jharkhand (GoJ) has established a separate and autonomous society named as “Jharkhand State livelihood Promotion society”(JSLPS) which works as a nodal agency for effective implementation of livelihood promotion in the state.

In this paper I have studied the activities and performance of ‘Jharkhand State livelihood Promotion society’ and also evaluated the performance of JSLPS in meeting its objectives.( 2015)

**Key Words: National Rural Livelihood Mission (NRLM), Jharkhand State Livelihood Promotion Society (JSLPS)**

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### Introduction

JSLPS is the nodal agency for implementation of National Rural Livelihood Mission (NRLM) Project in state of Jharkhand. NRLM has an ambitious mandate conceivably, the largest poverty reduction programme for poor in the world, The national Rural Livelihoods Mission aims at reaching nearly 70 million rural households of India, It aims to reach out to all rural poor families and link them to sustainable livelihoods opportunities. It will nurture them till they come out of poverty and enjoy a decent quality of life. Foster collaboration between relevant

departments at State and District level for poverty alleviation of disadvantaged groups in the state and partnership with civil societies, NGOs or/and any other resource agencies. Jharkhand State Livelihood Promotion Society (JSLPS) was formed as an autonomous society in the year 2009 within the Rural Development Department, Government of Jharkhand. The society is created to serve as a special purpose vehicle for smooth implementation of poverty reduction schemes and programmes in the state.

The main objectives of JSLPS

### Objectives:

1. To alleviate the poverty in the state, especially among the disadvantaged groups
2. To contribute to the lives of the rural poor throughout the state through empowerment and fostering strong self-managed grass root institutions and support investments for the groups of the poor.
3. To bring in convergence among various poverty reduction and empowerment programs/schemes.
4. To evolve strategies and approaches for the empowerment of the poor through social mobilization and institution building for community participation.
5. To build support and service structures for providing social and technical guidance to the poor in their overall social progress and livelihood development.
6. Establish models for participatory social and economic development of the rural poor in conformity with all these objectives and prove their relevance, sustainability and suitability of replication.
7. To facilitate knowledge and experience sharing among stakeholders including – government departments, technical institutions, relevant autonomous agencies of the government, civil society organizations, non-governmental organizations, private sectors, community based organization and research agencies.
8. To strengthen and form producer cooperatives/ groups/companies around key commodities non-farm products and services and expanding poor people's participation in existing commodity cooperatives & producer groups/companies.
9. Support development of new ideas and innovative programs.
10. Foster collaboration between relevant departments at State and District level for poverty alleviation of disadvantaged groups in the state and

partnership with civil societies, NGOs or/and any other resource agencies.

11. Provide technical and other advisory support to government and stakeholders.

### IMPORTANT ACTIVITIES OF JSLPS

**Mobilization:** Ensures that states adopts saturation approach, where at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. The society has adopted differential strategies for social inclusion and mobilization of all identified BPL households into functionally effective and self-managed institutions, with particular focus on inclusion of vulnerable sections like scheduled castes, scheduled tribes, disabled, landless, migrant labor, isolated communities and communities living in disturbed areas. Using participatory vulnerability assessment and ranking methodology it would identify the poorest and the most vulnerable among the BPL households. Both men and women from identified households would be organised into institutions of the poor (including farmers' organisations, producers' cooperatives etc.) for addressing livelihood issues. These aggregates would graduate into higher level institutions supported by community resource persons (CRP), which will ensure the processes of inclusion and mobilization.

**Financial Inclusion:** Experience from large scale projects shows access to repeat finance, at affordable price, for desired amount and customised repayment terms is crucial for poor and vulnerable group of the society, to meet their consumption, exit debt trap and investment in livelihood assets. Based on the eligibility criteria, the Society provides financial support to the institutions of poor with intent to inject financial resources into the institutions of poor for meeting their credit needs for both for consumption purposes and also for investment in livelihoods promotion. This fund are eventually a corpus /capital resource for institutions of the poor. The poorest and the most vulnerable groups are given priority for capital subsidy. Largely this fund is used for on-lending to the SHGs for providing financial assistance to meet their livelihoods other essential needs. JSLPS



provides sub vision to the rural poor in order to access credit at 7% rate of interest to make their investment more viable. Sub vision is performance linked on a long term engagement with banks over the entire credit cycle.

Banks have a critical role in providing services including opening savings accounts for community groups, SHGs and their federations; deposit savings; provide credit and remittances. JSLPS is developing strategic partnerships with major banks and insurance companies at various levels, to create enabling conditions for banks/insurance companies and the poor for a mutual rewarding relationship (both supply and demand side of rural finance value chain). On the demand side JSLPS aims that financial literacy, counseling services on savings, credit and insurance and trainings on micro-investment Planning are embedded in capacity building of all SHGs. 'Bank Mitras' (customer relationship managers selected from among the community) will be positioned in banks for improving quality of banking and insurance services to poor clients. On the supply side, JSLPS forges partnerships with banks for reaching out to all poor, leveraging IT mobile technologies and institutions of poor and youth as business facilitators and business correspondents. JSLPS aims to ensure universal coverage of micro-insurance services, particularly to cover life, health and asset risks of the poor and vulnerable households, by seeking convergence with the insurance schemes of Government of India.

**Livelihood Promotion :** JSLPS envisages that the poor move gradually on the continuum from consumption → debt swapping → enhancement of existing livelihoods → diversification. Major focus of JSLPS is to stabilize and promote existing livelihoods portfolio of the poor, in farm and in non-farm sectors. JSLPS looks at the entire portfolio of livelihoods of each household and facilitate support for the activities at the individual/household level, or in a collective, or at both levels. As agriculture is the mainstay livelihoods activity for a large proportion of the rural poor, JSLPS lays special focus on sustainable agriculture and allied activities like animal husbandry, non-timber forest produce and fisheries.

The JSLPS Livelihoods Promotion is:

- 'Vulnerability reduction' and 'livelihoods enhancement' through deepening/enhancing and expanding existing livelihoods options and tapping new opportunities within the key livelihoods that are virtually universally practiced like agriculture, livestock, fisheries, forest produce collection;
- Mahila Kisan Sashaktikaran Pariyojana
- Infrastructure and Marketing Support Fund for Livelihoods
- 'Skilled wage employment' – building skills for the job market outside;
- Skill Development and Placements
- 'Enterprises' – nurturing self-employed and entrepreneurs (for micro-enterprises).
- Self –Employment

#### **Skill Development- Aajeevika Skills:**

skilling projects that make the most of the industrial & commercial environment of the state and optimally develop local resources for skilling. Aajeevika- National Rural Livelihood Mission (NRLM) is an initiative launched by Ministry of Rural Development (MoRD), Government of India in June 2011. The Aajeevika Skill Development Programme (ASDP) is a sub-mission under NRLM.

It has evolved out of the need to:

- cater to the occupational aspirations of the rural youth who are poor and
- to diversify incomes of the rural poor.

ASDP gives young people from poor communities an opportunity to upgrade their skills and enter the skilled work force in growing sectors of the economy. Training and placement schemes are run in partnership with public, private, nongovernment and community organizations. Strong relationships are being built with industry associations and employers'. The target is to skill and place 50 lakhs youth in the formal sector by 2017.

#### **Key Features:**

- Provides customized residential and non residential training

- Minimum 624 hours of training with modules on trade specific skills, IT and soft skills.
- Special programs for Jammu and Kashmir, Minorities and Most critical Left wing Extremist Districts
- Implemented under the supervision of the central and state governments
- 75% assured placement above minimum wages
- Post placement support
- Food and transport support during training

### PROJECTS:-Sanjivani-

Women in every household play a role of central pillar and it has been seen that improvement of status of women in family reflects overall improvement of family. SHGs movement centred women is tried and tested model and successful approach of fight against poverty. State need a cadre of trained and motivated rural women who herself seen menace of poverty and fought it successfully who can train other rural local women be one like her. With this vision Sanjivani project is initiated by State government in 29 blocks of 13 Districts of Jharkhand under the banner of Jharkhand State Livelihood Promotion Society, Rural Development Department, and Government of Jharkhand. The main goal of Sanjiwani is to empower the women of poor family by bringing them in SHG fold to ensure sustainable livelihood as well as to increase their reach for their entitlements and their participation in decision making process. Objectives are as follows:

- In selected villages ensure universal coverage of families under SHG fold.
- Capacity Building of SHGs in the programme villages with the help of Community Resource Person.
- To cover all SHG members under existing social security net.
- Supporting SHG to undertake livelihood activities of their choice to enhance their current income.

Geographical coverage of Sanjivani Project is as follows:

### District/Blocks

- Ranchi-Ormanjhi, Chanhoh, Burhmu, Ratu, Nagri, Angara, Silli, Sonahatu, Rahe
- Hazaribagh-Chauparan
- Bokaro- Kasmar, Chandankiyari
- Lohardaga- Kudu
- Gumla- Sisai
- Dumka-Shikaripara, Masalia
- Latehar-Chandwa, Manika, Garu, Barwadih, Latehar
- Giridih-Peertanr, Jamua
- Chatra- Simaria
- East Sighbhum-Dhalbhumgarh, Patamda
- Ramgarh-Gola
- West Sighbhum-Chakradharpur
- Saraikela- Kharsawan Kharsawan

### Key Strategies:

- At least one woman from every poor household to be included in SHG group.
- Community Resource persons to be selected by Community/ SHG members.
- Develop a cadre of CRPs and to train them intensively under Sanjivani project for capacity building of SHGs.
- Community resource person will capacitate SHG members while staying in the village and understanding the need of the SHG members.
- Formation and capacity building of SHGs.
- Monitoring and Evaluation of SHGs progress at regular interval.
- Village organisations (VOs) of SHGs to be developed.
- Ensuring women's active participation in Mahila Gram Sabha to strengthen Main Gram Sabha.
- To capacitate SHGs and to link them with financial institutions for loan facilities to undertake livelihood activities of their choice.
- To ensure benefit of social safety net provided under the different Government programme to all SHG members.

- To initiate the group activities to be undertaken by the SHGs.

### PROGRESS IN INTENSIVE BLOCKS

The program started by putting its first foothold in eight blocks across three Intensive Districts of Pakur, West Singhbhum and Ranchi. Presently, a total of 17 blocks from nine districts are currently being developed as Resource Blocks. Services of externally Community Resource Persons (CRPs) from two National Resource Organisations (NRO) namely - Society for Elimination of Rural Poverty (SERP), Andhra Pradesh (A.P) and Bihar Rural Livelihood Promotion Society (BRLPS), Bihar are being taken to undertake systematic Social Mobilisation Process and create a pool of local community resource persons. Apart from

Resource Block strategy, in FY 2015-16 Jharkhand SRLM is developing additional selected 63 blocks as intensive blocks by using its own internal community resources either from existing resource blocks or with women SHG federations under Home Grown Model (HGM) or partnership model. The list of districts and blocks is in annexure - I. Currently, the State Rural Livelihood Mission (SRLM) has presence in total of 49 blocks under intensive strategy. Other than the above 80 blocks, NRLM has its interventions through DRDA which are categorised as non-intensive blocks. It is envisaged that by the end of 2021-22, outreach of SRLM would increase to all villages of the State with a total of around 2.92 lakh SHGs. The indicative phasing plan of NRLM in Jharkhand is depicted below

### National Rural Livelihood Mission (NRLM) PROGRESS REPORT FY 2015-16 (Upto December, 2015)

**Table 1: Proposed districts and block intensive plan of Jharkhand SRLM**

| Phase       | Time-Period | No. of districts | No. of blocks |
|-------------|-------------|------------------|---------------|
| Phase -I    | 2012-13     | 3                | 7             |
| Phase -II   | 2013-14     | 12               | 40            |
| Phase -III  | 2014-15     | 12               | 40            |
| Phase -IV   | 2015-16     | 20               | 80            |
| Phase -V    | 2016-17     | 20               | 120           |
| Phase -VI   | 2017-18     | 20               | 160           |
| Phase -VII  | 2018-19     | 24               | 200           |
| Phase -VIII | 2019-20     | 24               | 259           |

**Table 2: NRML Intensive Blocks Progress report as on 25 December 2015**

| S.No | Indicators                       | Status as on March 2015 | Annual Target (2015-16) | Achievements (2015-16) | Cumulative achievement till November 2015 since inception |
|------|----------------------------------|-------------------------|-------------------------|------------------------|---|
| A.1  | Total No. of Districts           | 12                      | 08                      | 0                      | 12  |
| 2    | <b>Office setup</b>              |                         |                         |                        |   |
| 2.1  | SMMU( No. of Offices             | 1                       | 0                       | 0                      | 1   |
| 2.2  | DMMU( No. of offices)            | 10                      | 0                       | 0                      | 10  |
| 2.3  | BMMU(No. of offices)             | 26                      | 40                      | 18                     | 44  |
| 3    | <b>Program outreach</b>          |                         |                         |                        |   |
| 3.1  | Total No. of blocks entered      | 40                      | 40                      | 9                      | 49  |
| 3.2  | No. of villages entered          | 2312                    | 1506                    | 866                    | 3178  |
| 3.3  | Number of SHGs supported by SRLM | 16942                   | 14107                   | 6125                   | 23070   |

|                      |  |         |          |         |           |
|----------------------|--|---------|----------|---------|-----------|
| 3.4                  | Total families supported by SRLM   | 211427  | 175914   | 83365   | 294789    |
| 3.5                  | No. Vos formed   | 831     | 1137     | 228     | 1059      |
| 3.6                  | No. of CLF formed  | 0       | 40       | 26      | 26        |
| 4                    | Financial Inclusion  |         |          |         |           |
| 4.1                  | No. SHGs with Bank account   | 13122   | 14268    | 6913    | 20035     |
| 4.2                  | No. SHGs that have received RF   | 11119   | 12099    | 6162    | 17281     |
| 4.3                  | Amount of RF disbursed ( Rs. Lakh)   | 1666.20 | 1814.85  | 915.15  | 2581.35   |
| 4.4                  | No. of SHGs that have received CIF   | 7458    | 11912    | 6277    | 13735     |
| 4.5                  | Amount of CIF disbursed (Rs. In Lakh)  | 3783.18 | 5956.00  | 4253.08 | 8036.26   |
| 4.6                  | Total amount of RF/CIF disbursed (Rs. In lakh  | 5449.38 | 7770.85  | 5168.23 | 10617.65  |
| 4.7                  | No. of SHGs credits linked to banks  | 1808    | 7702     | 3627    | 5435      |
| 4.8                  | Estimated amount credit limit leveraged from banks (Rs. Lakh)                              | 1014.5  | 1458     | 1915.44 | 2929.94   |
| 4.9                  | Total amount of saving generated by SHGs ( In Rs. Lakh)                                    | NA      |          |         | 3999.54   |
| 4.10                 | Cumulative amount of interloaning generated by SHGs ( in Rs lakh)                          | NA      |          |         | 13,182.80 |
| 5                    | Livelihood includes coverage in Non- intensive Blocks)                                     |         |          |         |           |
| 5.1                  | No. of farmers practicing SCI  | 58,459  | 1,00,000 | 28,000  | 86459     |
| 5.2                  | No. of farmers practicing CMSA   | 322     | 2400     | 555     | 877       |
| 5.3                  | No. of farmers with goat interventions   | 6383    | 10,000   | 8427    | 8427      |
| 5.4                  | Number of livelihood community cadres development-AKM & APS                                | 864     | 1709     | 552     | 1416      |
| Livelihood Non- Farm |  |         |          |         |           |
| 5.6                  | No. of Micro Enterprise consultants developed  | 112     | 143      | 112     | 112       |
| 5.7                  | No. of Micro Enterprise support  | 494     | 1800     | 855     | 1349      |
| MKSP                 |  |         |          |         |           |
| 5.8                  | No of villages covered under MKSP  | 336     | 434      | 372     | 708       |
| 5.9                  | No. of farmers under MKSP interventions  | 15095   | 12192    | 7300    | 22305     |
| 5.10                 | No. of farmers taken lac cultivation   | 1600    | 10000    | 9541    | 9541      |
| 5.11                 | No. of farmers covered under agriculture and livestock interventions                       | NA      | 10000    | 9541    | 9541      |
| Skill & Placement    |  |         |          |         |           |
| 6.11                 | Number of youths completed training under Skills programme (DDU-GKY                        | NA      | 20574    | 1024    | NA        |
| 6.2                  | No. of youths including undergoing and completion of training under skill program (DDU-GKY | NA      | 26003    | 3143    | NA        |
| 6.3                  | No. of youths get placed under skill development Pprogram (DDU-GKY)                        | NA      | 10614    | 475     | NA        |

**Table 3- PHYSICAL PROGRESS IN NON- INCENTIVE AREAS FOR FY 2015-16 UPTO DECEMBER 2015**

| Indicator   | Status as on March, 2015 since inception | Annual target | Achievement | Cumulative Achievement |
|---|--|---------------|-------------|------------------------|
| 1. Amount of revolving fund disbursed ( in Rs Lakh) | 1202.72                                  | 1034.40       | 392.35      | 1595.07                |
| 2. No. SHG received RF                              | 8259                                     | 7144          | 2645        | 10904                  |
| 3. No. of SHGs credit linked to banks               | 4297                                     | 21132         | 3957        | 8254                   |
| 4. Amount of credit leveraged from banks(Rs. lakh)  | 2140.89                                  | 10537.00      | 1983.42     | 4124.31                |

**Table 4- District Wise**

| District          | No. of SHGs to be disbursed<br>Revolving Fund |             |   | Bank Credit linkage |                |                     |                | No. of SHGs<br>trained |             |
|-------------------|---|-------------|---|---------------------|----------------|---------------------|----------------|------------------------|-------------|
|                   | Target  | Achievement | Amount<br>disbursed<br>(Rs. In<br>Lakh) | Target              |                | Achievement         |                |                        |             |
|                   |   |             |   | Amt( in<br>lakh Rs) | No. of<br>SHGs | Amt( in<br>lakh Rs) | No. of<br>SHGs | Target                 | Achievement |
| Bokaro            | 395   | 46          | 6.70                                    | 450.00              | 900            | 78.57               | 126            | 285                    | 0           |
| Chatra            | 300   | 19          | 2.85                                    | 589.00              | 1178           | 369.50              | 738            | 400                    | 90          |
| Deoghar           | 396   | 207         | 32.25                                   | 897.00              | 1793           | 35.50               | 71             | 204                    | 202         |
| Dhanbad           | 240   | 39          | 5.85                                    | 624.00              | 1247           | 00                  | 00             | 200                    | 00          |
| Dumka             | 499   | 365         | 54.75                                   | 695.00              | 1389           | 66.50               | 133            | 519                    | 391         |
| E. Singhbhum      | 314   | 218         | 32.70                                   | 504.00              | 1007           | 171.50              | 343            | 770                    | 387         |
| Garhwa            | 385   | 59          | 8.85                                    | 296                 | 591            | 145.00              | 290            | 233                    | 141         |
| Giridih           | 383   | 136         | 20.40                                   | 731.00              | 1461           | 3.00                | 6              | 350                    | 0           |
| Godda             | 275   | 237         | 33.00                                   | 294.00              | 588            | 176.60              | 316            | 560                    | 519         |
| Gumla             | 226   | 79          | 11.85                                   | 374.00              | 747            | 32.00               | 64             | 210                    | 143         |
| Hazaribagh        | 587   | 149         | 22.35                                   | 1119.00             | 2237           | 157.06              | 307            | 153                    | 0           |
| Jamtara           | 200   | 136         | 20.40                                   | 290.00              | 579            | 39.00               | 78             | 350                    | 165         |
| Khunti            | 100   | 45          | 6.75                                    | 117.00              | 233            | 8.25                | 16             | 720                    | 108         |
| Koderma           | 271   | 111         | 16.65                                   | 386.00              | 772            | 36.17               | 82             | 380                    | 66          |
| Latehar           | 220   | 72          | 10.60                                   | 231.00              | 462            | 31.00               | 62             | 200                    | 36          |
| Lohardaga         | 223   | 126         | 18.90                                   | 151                 | 302            | 33.50               | 74             | 175                    | 46          |
| Palamau           | 342   | 107         | 16.05                                   | 919                 | 1837           | 8.50                | 17             | 529                    | 234         |
| Ramgarh           | 300   | 00          | 0.00                                    | 422                 | 844            | 94.77               | 248            | 150                    | 106         |
| Ranchi            | 400   | 104         | 15.60                                   | 744                 | 1488           | 430.00              | 856            | 800                    | 683         |
| Sahibganj         | 360   | 88          | 12.60                                   | 143                 | 285            | 23.50               | 49             | 450                    | 70          |
| S. Kharsawan      | 262   | 92          | 13.60                                   | 158                 | 315            | 32.50               | 65             | 450                    | 300         |
| Simdega           | 226   | 107         | 13.75                                   | 139                 | 277            | 8.00                | 16             | 500                    | 303         |
| West<br>Singhbhum | 200   | 103         | 15.90                                   | 300                 | 600            | 000                 | 0              | 450                    | 0           |
| Jharkhand         | 7144  | 2645        | 392.35                                  | 10573               | 21132          | 1983.4              | 3957           | 9038                   | 3990        |

**Conclusion & Suggestions**

JSLDP has to generate significant livelihood and provision of other rural services through SHG groups in Jharkhand. But in most of the districts targets are not achieved in 2015. In Many districts targets are not even half achieved. I found that making it mandatory to be a part of SHG for access to various services has excluded many needy people from this system. Not everyone in the rural areas of Jharkhand may be a member of SHG group and not everyone would like to be

a member of such group due to lack of awareness, training and more importantly entrepreneurship skills. So, Quality education and relevant training both must available for one and all. The nexus between banks and micro finance agents is a serious problem in the state- banks try to achieve their targets for financial inclusion, loan payment etc. These agents receive commission from the SHG groups. In order to achieve the targets the banks have given loans arbitrarily to the SHG groups via micro finance agents. These kinds

of loans are not used in creation of income generating activity and so there will be default in loan repayment. After this the poor SHG members are targeted by banks for loan repayment. So it is important to check the misuse of this scheme at the ground level. There are lot of cases where SHG have been disintegrated or taken over by elites among the poor. The highhandedness of elites in the group should be checked otherwise the poor will be alienated. So it will be better that JSLDP focus on household as primary target of the programme. Rural economy of Jharkhand is very diverse, many segments are there within the rural low income group and also across broader rural economy. So it is important that a range of services are provided to different group as per their need and necessity. For this the scheme should be very flexible even at the village level. JSLDP has not given serious attention to value added agriculture and rural MSMEs (Micro, small and medium enterprises) – which, according to the experience of most the countries play an important role in enabling and sustaining inclusive growth in rural areas of Jharkhand. MSMEs are the growth engines of emerging and developing economies and they need targeted intervention. One thing that JSLDP can focus on is developing vibrant ecosystem for agro & forest products based MSMEs. JSLDP should be focused on areas that could bring impact livelihoods of large number of rural (both tribal as well as non-tribal) people of Jharkhand. Moreover design of JSPDL looks far too academic and as top down approach. This is the main reason for the failure of earlier projects like IRDP and SGSY. So it is important that the programme must be focused on ground level realities.

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# THE ROLE OF OPEN EDUCATIONAL RESOURCES (OER) FOR ENHANCING EQUALITY IN EDUCATIONAL OPPORTUNITY FOR THE DOWNTRODDEN PEOPLE

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## Abstract:

We are all aware that Education smoothen the path of equal opportunity. But as we all know due to different constraints, it is yet not possible to reach education to the periphery of every community. This requires a shift in the availability of resource materials and pedagogy used in the current education system. Open Educational Resources (OER) are the teaching and learning materials that are freely available online for everyone to use, whether you are an instructor, student or self-learner. The main aim of this paper is to promote open education resource(OER) for imparting easily accessible, affordable and quality education leading to the equality of educational opportunity for the downtrodden community of the whole world and hence a sustainable development. The focus of the paper is on the benefits that OER integration in education that can provide collaboration and knowledge sharing among geographically distributed students.

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**Introduction:** The open educational resources (OER) have different working definitions. The term was firstly coined at UNESCO's 2002 Forum on Open Courseware and designates "teaching, learning and research materials in any medium, digital or otherwise, that reside in the public domain or have been released under an open license that permits no-cost access, use, adaptation and redistribution by others with no or limited restrictions. Open licensing is built within the existing framework of intellectual property rights as defined by relevant international conventions and respects the authorship of the work". William and Flora Foundation OER as:"Teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and re-purposing by others. Open educational resources include full courses, course materials, modules, textbooks, streaming videos, tests, software, and any other tools, materials, or techniques used to support access to knowledge".

The Organisation for Economic Co-operation and Development (OECD) defines OER as: "digitised materials offered freely and openly for educators, students, and self-learners to use and reuse for teaching, learning, and research. OER includes learning content, software tools to develop, use, and distribute content, and implementation resources such as open licences". By way of comparison, the Commonwealth of Learning has adopted the widest definition of Open Educational Resources (OER) as 'materials offered freely and openly to use and adapt for teaching, learning, development and research'. Wiki Educator project suggests that OER refers "to educational resources (lesson plans, quizzes, syllabi, instructional modules, simulations, etc.) that are freely available for use, reuse, adaptation, and sharing'.

Given the diversity of users, creators and sponsors of open educational resources, it is not surprising to find a variety of use cases and requirements. For this reason, it may be as helpful to consider the differences between

descriptions of open educational resources as it is to consider the descriptions themselves. One of several tensions in reaching a consensus description of OER (as found in the above definitions) is whether there should be explicit emphasis placed on specific technologies. For example, a video can be openly licensed and freely used without being a streaming video. A book can be openly licensed and freely used without being an electronic document. This technologically driven tension is deeply bound up with the discourse of open-source licensing.

There is also a tension between entities which find value in quantifying usage of OER and those which see such metrics as themselves being irrelevant to free and open resources. Those requiring metrics associated with OER are often those with economic investment in the technologies needed to access or provide electronic OER, those with economic interests potentially threatened by OER, or those requiring justification for the costs of implementing and maintaining the infrastructure or access to the freely available OER. While a semantic distinction can be made delineating the technologies used to access and host learning content from the content itself, these technologies are generally accepted as part of the collective of open educational resources.

Since OER are intended to be available for a variety of educational purposes, most organizations using OER neither award degrees nor provide academic or administrative support to students seeking college credits towards a diploma from a degree granting accredited institution. In open education, there is an emerging effort by some accredited institutions to offer free certifications, or achievement badges, to document and acknowledge the accomplishments of participants.

### **History of Open Educational Resource:**

The term learning object was coined in 1994 by Wayne Hodgins and quickly gained currency among educators and instructional designers, popularizing the idea that digital materials can be designed to allow easy reuse in a wide range of teaching and learning situations.

The OER movement originated from developments in open and distance learning (ODL) and in the wider context of a

culture of open knowledge, open source, free sharing and peer collaboration, which emerged in the late 20th century.

The MIT Open Courseware project is credited for having sparked a global Open Educational Resources Movement after announcing in 2001 that it was going to put MIT'S's entire course catalog online and launching this project in 2002. In a first manifestation of this movement, MIT entered a partnership with Utah state University, where assistant professor of instructional technology David Wiley set up a distributed peer support network for the OCW's content through voluntary, self-organizing communities of interest. The term "open educational resources" was first adopted at UNESCO's 2002 Forum on the Impact of Open Courseware for Higher Education in Developing Countries. In 2005 OECD's Centre for Educational Research and Innovation (CERI) launched a 20-month study to analyse and map the scale and scope of initiatives regarding "open educational resources" in terms of their purpose, content, and funding. The report "Giving Knowledge for Free: The Emergence of Open Educational Resources" published in May 2007, is the main output of the project, which involved a number of expert meetings in 2006.

One of the first OER resources for K-20 education is Curriki. A nonprofits organization, Curriki provides an Internet site for open source curriculum (OSC) development, to provide universal access to free curricula and instructional materials for students up to the age of 18 (K-12). By applying the open source process to education, Curriki empowers educational professionals to become an active community in the creation of good curricula. Kim Jones serves as Curriki's Executive Director.

In August 2006 WikiEducator was launched to provide a venue for planning education projects built on OER, creating and promoting open education resources (OERs), and networking towards funding proposals. Its Wikieducator's Learning4Content project builds skills in the use of MediaWiki and related free software technologies for mass-collaboration in the authoring of free content and claims to be the world's largest wiki training project for education. By 30 June 2009 the project facilitated 86 workshops training 3,001 educators from 113 different



countries.

In 2011-12, academicians from the University of Mumbai, India created an OER Portal with free resources on Micro Economics, Macro Economics, and Soft Skills – available for global learners. Another project is the Free Education Initiative from the Saylor Foundation, which is currently more than 80% of the way towards its initial goal of providing 241 college-level courses across 13 subject areas. The Saylor Foundation makes use of university and college faculty members and subject experts to assist in this process, as well as to provide peer review of each course to ensure its quality. The foundation also supports the creation of new openly licensed materials where they are not already available as well as through its Open Textbook Challenge.

In 2006, the African Virtual University (AVU) released 73 modules of its Teacher Education Programs as open education resources to make the courses freely available for all. In 2010, the AVU developed the OER Repository which has contributed to increase the number of Africans that use, contextualize, share and disseminate the existing as well as future academic content. The online portal serves as a platform where the 219 modules of Mathematics, Physics, Chemistry, Biology, ICT in education, and teacher education professional courses are published. The modules are available in three different languages – English, French, and Portuguese, making the AVU the leading African institution in providing and using open education resources (OER).

In Norway the Norwegian digital Learning Arena (NDLA) is a joint county enterprise offering open digital learning resources for upper secondary education. In addition to being a compilation of open educational resources, NDLA provides a range of other online tools for sharing and cooperation. At project start-up in 2006, increased volume and diversity were seen as significant conditions for the introduction of free learning material in upper secondary education. The incentive was an amendment imposing the counties to provide free educational material, in print as well as digital, including digital hardware.

Founded in 2007, the CK-12 Foundation is a California-based non-profit organization

whose stated mission is to reduce the cost of, and increase access to, K-12 education in the United States and worldwide. CK-12 provides free and fully customizable K-12 open educational resources aligned to state curriculum standards and tailored to meet student and teacher needs. The foundation's tools are used by 38,000 schools in the US, and additional international schools.

In March 2015, Eliademy.com launched the crowd sourcing of OER courses under CC licence. The platform expects to collect 5000 courses during the first year that can be reused by teachers worldwide.

### **What is Equal Educational opportunity (EEO)?**

Equalization of educational opportunities was recognized as one of the major goals of UNESCO educational policy. Indian National policy resolution (1968) calls for strenuous efforts to correct regional imbalances and minimise inter-group disparities in the educational sphere. The national policy on education (1986) lays special emphasis on the removal of disparities and equalization of educational opportunity by attending to the specific needs of those who have been denied equality so far. Indian society is one of the most in egalitarian society, the basis of disparities being mainly caste, gender, and ethnicity and place residence (ibid). The article 46 of the Indian constitution states that "The state has the right to promote the educational interest of the weaker sections of the country and that, through free ship and scholarship". In general equal opportunity means, opportunity of healthy living, pollution free environment, safe drinking water, place for living safe, secure with peace. To grab all the above fundamental facilities education is the best weapon to be used. But the alarming fact is that after the 60 years of independence we not yet able to create equality of educational opportunity. Innovative use of OER can potentially solve this problem.

Education is the driving force of economic and social development in any country. Considering this, it is necessary to find ways to make education of good quality, accessible and affordable to all, using the latest technology available. The last two decades have witnessed a revolution caused by the rapid development of Information and

Communication Technology (ICT). ICT has changed the dynamics of various industries as well as influenced the way people interact and work in the society. Internet usage in home and work place has grown exponentially. OER has the potential to remove the barriers that are causing the problems of low rate of education in any country. It can be used as a tool to overcome the issues of cost, less number of teachers, and poor quality of education as well as to overcome time and distance barriers.

India has a billion-plus population and a high proportion of the young and hence it has a large formal education system. The demand for education in developing countries like India has skyrocketed as education is still regarded as an important bridge of social, economic and political mobility.

### **The challenges before the Equality of Education opportunity:**

**Shortage of fund-**Access of education completely depends on fund .From admission to study material everywhere student have to arrange bulk amount of fund .If it be the case in private stakeholders providing education then the case become more complicated.

**Access to education-** Access has two aspects, physical and social. Physical access has to do with the availability of a school in the vicinity i.e. if 20 per cent of the habitations are without schools their children are denied access to primary schooling .This problem is compounded in the hilly areas or in different terrains where the official norm of one kilometre distance may not actually be walk able especially for girls if they have to walk through thick forest lonely or uninhabited areas.

**Quality of education-** This includes infrastructure, teacher and the processes quality. Quality of education differs in case of metro city in compare with remote village. Private enterprises establishing school ,college ,university never extend their hands for enlighten the remote areas .

**Discrimination with girl children –** Discrimination in terms of state and household expenditure on girls the distinction between the production and reproduction function of education further complicates the situation because families reinforce this discrimination

by using daughter as domestic help .thereby preventing them from enrolling in schools.

**Backward community taboo -** Early marriage for the girl child in the backward community also create discrimination for achieving education .Also tribal community people thought that expenditure for educating girl child is wastage of money.

There exist drawbacks in general education in India as well as all over the world like lack of learning materials, teachers, remoteness of education facilities, high dropout rate etc.

### **Role of Open Educational Resource (OER) enhancing Equal Educational Opportunity (EEO):**

1. OER means school is at your hand. No need of school bus, no traffic jam. All the study material can be accessed any time anywhere.
2. Education mainly suffer in quality when it cross from urban to rural ,when it cross developing to developed.OER gives quality study materials to all irrespective of village ,town.
3. OER is a platform which discrimination for girl child, lower caste pupil and low income group.
4. Generally people of lower income group cannot able to attain school in daytime because they engaged to earn bread and butter. Access of OER materials is available anytime.

### **Conclusion:**

The future of open education resources emerged as a Massive Open Online Courses (MOOC). The first MOOCs emerged from the Open educational resources (OER) movement. The term MOOC was coined in 2008 by Dave Cormier. A massive open online course is an online courses aimed at unlimited participation and open access via the web. In addition to traditional course materials such as filmed lectures, readings, and problem sets, many MOOCs provide interactive user forums to support community interactions between students, professors. Different university is presently using MOOC platform for their different course and provides certificates by taking very small amount of fees.OER has only demerits that

by using the materials students are not certificates for completion but MOOC has finally erase that demerits also.

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# THE EUROPEAN FINANCIAL CRISIS: CAUSES, EFFECTS AND POSSIBLE SOLUTIONS

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## Abstract

The European sovereign debt crisis occurred during a period of time in which several European countries faced the collapse of financial institutions, high government debt and rapidly rising bond yield spreads in government securities. The European sovereign debt crisis started in 2008, with the collapse of Iceland's banking system, and spread to primarily to Greece, Ireland and Portugal during 2009. The debt crisis led to a crisis of confidence for European businesses and economies, which feared the collapse of the euro and financial contagion, and by the International Monetary Fund (IMF). Ratings agencies downgraded the debt of several eurozone countries, with Greek debt at one point being moved to junk status. As part of the loan agreements, countries receiving bailout funds were required to meet austerity measures designed to slow down the growth of public sector debt.

## The European Financial Crisis---Causes, Effects and Possible Solutions

The European debt crisis (often also referred to as the Eurozone crisis or the European sovereign debt crisis) is a multi-year debt crisis that has been taking place in the European Union since the end of 2009. Several eurozone member states (Greece, Portugal, Ireland, Spain and Cyprus) were unable to repay or refinance their government debt or to bail out over-indebted banks under their national supervision without the assistance of third parties like other Eurozone countries, the European Central Bank (ECB), or the International Monetary Fund (IMF).

In several countries, private debts arising from a property bubble were transferred to sovereign debt as a result of banking system bailouts and government responses to slowing economies post-bubble. The structure of the eurozone as a currency union (i.e., one currency) without fiscal union (e.g., different tax and public pension rules) contributed to the crisis and limited the ability of European leaders to respond.<sup>2</sup> European banks own a significant amount of sovereign debt, such that concerns regarding the solvency of banking

systems or sovereigns are negatively reinforcing.<sup>3</sup>

As concerns intensified in early 2010 and thereafter,<sup>4</sup> leading European nations implemented a series of financial support measures such as the European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM). The ECB also contributed to solve the crisis by lowering interest rates and providing cheap loans of more than one trillion euro in order to maintain money flows between European banks. On 6 September 2012, the ECB calmed financial markets by announcing free unlimited support for all eurozone countries involved in a sovereign state bailout/precautionary programme from EFSF/ESM, through some yield lowering Outright Monetary Transactions (OMT).<sup>5</sup>

Return to economic growth and improved structural deficits enabled Ireland and Portugal to exit their bailout programmes in July 2014. Greece and Cyprus both managed to partly regain market access in 2014. Their bailout programme is scheduled to end in March

<sup>2</sup> Heard on Fresh Air from WHYY (4 October 2011). "NPR-Michael Lewis-How the Financial Crisis Created a New Third World-October 2011". Npr.org. Retrieved 7 July 2012.; Koba, Mark (13 June 2012). "CNBC-Europe's Economic Crisis-What You Need to Know-Mark Thoma-June 13, 2012". Finance.yahoo.com. Archived from the original on 2012-06-15. Retrieved 30 January 2014.

<sup>3</sup> Seth W. Feaster; Nelson D. Schwartz; Tom Kuntz (22 October 2011). "NYT-It's All Connected-A Spectators Guide to the Euro Crisis". The New York Times (New York: Nytimes.com). Retrieved 14 May 2012.

<sup>4</sup> George Matlock (16 February 2010). "Peripheral euro zone government bond spreads widen". Reuters. Retrieved 28 April 2010.; "Acropolis now". The Economist. 29 April 2010. Retrieved 22 June 2011.

<sup>5</sup> "Eurozone unemployment at record high in May". CBS News. 1 July 2013. Retrieved 6 July 2013.

2016. Spain never officially received a bailout programme. Its rescue package from the ESM was earmarked for a bank recapitalization fund and did not include financial support for the government itself.

The crisis had significant adverse economic effects and labour market effects, with unemployment rates in Greece and Spain reaching 27%,<sup>6</sup> and was blamed for subdued economic growth, not only for the entire eurozone, but for the entire European Union. As such, it can be argued to have had a major political impact on the ruling governments in 9 out of 19 eurozone countries, contributing to power shifts in Greece, Ireland, France, Italy, Portugal, Spain, Slovenia, Slovakia, and the Netherlands.

### Causes

The eurozone crisis resulted from a combination of complex factors, including the globalisation of finance; easy credit conditions during the 2002–2008 period that encouraged high-risk lending and borrowing practices; the financial crisis of 2007–08; international trade imbalances; real estate bubbles that have since burst; the Great Recession of 2008–2012; fiscal policy choices related to government revenues and expenses; and approaches used by states to bail out troubled banking industries and private bondholders, assuming private debt burdens or socializing losses.

In 1992, members of the European Union signed the Maastricht Treaty, under which they pledged to limit their deficit spending and debt levels. However, in the early 2000s, some EU member states were failing to stay within the confines of the Maastricht criteria and turned to securitizing future government revenues to reduce their debts and/or deficits, sidestepping best practice and ignoring international standards.<sup>7</sup> This allowed the sovereigns to mask their deficit and debt levels through a combination of techniques, including inconsistent accounting, off-balance-sheet transactions, and the use of complex currency and credit derivatives structures.<sup>8</sup>

<sup>6</sup> "How Europe's Governments have Enronized their debts," Mark Brown and Alex Chambers, Euromoney, September 2005

<sup>7</sup> Paul Belkin, Martin A. Weiss, Rebecca M. Nelson and Darek E. Mix "The Eurozone Crisis: Overview and Issues For Congress", Congressional Research Service Report R42377, February 29, 2012.

<sup>8</sup> *ibid*

From late 2009 on, after Greece's newly elected government stopped masking its true indebtedness and budget deficit, fears of sovereign defaults in certain European states developed in the public, and the government debt of several states was downgraded. The crisis subsequently spread to Ireland and Portugal, while raising concerns about Italy, Spain, and the European banking system, and more fundamental imbalances within the eurozone".<sup>9</sup>

The under-reporting was exposed through a revision of the forecast for the 2009 budget deficit from "6–8%" of GDP (no greater than 3% of GDP was a rule of the Maastricht Treaty) to 12.7%, almost immediately after Pasok won the October 2009 national elections. Large upwards revision of budget deficit forecasts due to the international financial crisis were not limited to Greece: for example, in the United States forecast for the 2009 budget deficit was raised from \$407 billion projected in the 2009 fiscal year budget, to \$1.4 trillion, while in the United Kingdom there was a final forecast more than 4 times higher than the original.<sup>10</sup> In Greece the low ("6–8%") forecast was reported until very late in the year (September 2009), clearly not corresponding to the actual situation.

The fact that the Greek debt exceeded \$400 billion (over 120% of GDP) and France owned 10% of that debt, struck terror into investors at the word "default". Although market reaction was rather slow—Greek 10-year government bond yield only exceeded 7% in April 2010—they coincided with a large number of negative articles, leading to arguments about the role of international news media and other actors fuelling the crisis.

### Evolution of the crisis

The European debt crisis erupted in the wake of the Great Recession around late 2009, and was characterized by an environment of overly high government structural deficits and accelerating debt levels. When, as a negative repercussion of the Great Recession, the relatively fragile banking sector had suffered large capital losses, most states in Europe had to bail out several of their most affected banks with some supporting recapitalization loans, because of the strong linkage between their

<sup>9</sup> "Budget 2009 in figures". BBC News. 22 April 2009.

Retrieved 6 January 2014.

<sup>10</sup> *ibid*

survival and the financial stability of the economy. As of January 2009, a group of 10 central and eastern European banks had already asked for a bailout.<sup>11</sup> At the time, the European Commission released a forecast of a 1.8% decline in EU economic output for 2009, making the outlook for the banks even worse.<sup>12</sup> The many public funded bank recapitalizations were one reason behind the sharply deteriorated debt-to-GDP ratios experienced by several European governments in the wake of the Great Recession. The main root causes for the four sovereign debt crises erupting in Europe were reportedly a mix of: weak actual and potential growth; competitive weakness; liquidation of banks and sovereigns; large pre-existing debt-to-GDP ratios; and considerable liability stocks (government, private, and non-private sector).<sup>13</sup>

In the first few weeks of 2010, there was renewed anxiety about excessive national debt, with lenders demanding ever-higher interest rates from several countries with higher debt levels, deficits, and current account deficits. This in turn made it difficult for four out of eighteen eurozone governments to finance further budget deficits and repay or refinance existing government debt, particularly when economic growth rates were low, and when a high percentage of debt was in the hands of foreign creditors, as in the case of Greece and Portugal.

The states that were adversely affected by the crisis faced a strong rise in interest rate spreads for government bonds as a result of investor concerns about their future debt sustainability. Four eurozone states had to be rescued by sovereign bailout programs, which were provided jointly by the International Monetary Fund and the European Commission, with additional support at the technical level from the European Central Bank. Together these three international

organizations representing the bailout creditors became nicknamed "the Troika".<sup>14</sup>

To fight the crisis some governments have focused on raising taxes and lowering expenditures, which contributed to social unrest and significant debate among economists, many of whom advocate greater deficits when economies are struggling. Especially in countries where budget deficits and sovereign debts have increased sharply, a crisis of confidence has emerged with the widening of bond yield spreads and risk insurance on CDS between these countries and other EU member states, most importantly Germany. By the end of 2011, Germany was estimated to have made more than €9 billion out of the crisis as investors flocked to safer but near zero interest rate German federal government bonds (bunds). By July 2012 also the Netherlands, Austria, and Finland benefited from zero or negative interest rates. Looking at short-term government bonds with a maturity of less than one year the list of beneficiaries also includes Belgium and France. While Switzerland (and Denmark) equally benefited from lower interest rates, the crisis also harmed its export sector due to a substantial influx of foreign capital and the resulting rise of the Swiss franc. In September 2011 the Swiss National Bank surprised currency traders by pledging that "it will no longer tolerate a euro-franc exchange rate below the minimum rate of 1.20 francs", effectively weakening the Swiss franc. This is the biggest Swiss intervention since 1978.

Despite sovereign debt having risen substantially in only a few eurozone countries, with the three most affected countries Greece, Ireland and Portugal collectively only accounting for 6% of the eurozone's gross domestic product (GDP), it has become a perceived problem for the area as a whole, leading to speculation of further contagion of other European countries and a possible break-up of the eurozone. In total, the debt crisis forced five out of 17 eurozone countries to seek help from other nations by the end of 2012.<sup>15</sup>

<sup>11</sup> "FT: "Banks ask for crisis funds for eastern Europe" 22 Jan 2009". Financial Times. Retrieved 14 October 2014.

<sup>12</sup> Ibid; "The Euro's Three Crises". Jay C. Shambaugh, Georgetown University (Brookings Papers on Economic Activity, Spring 2012): 157–231. Spring 2012. JSTOR 23287217.

<sup>13</sup> P.E. Petrakis, P.C. Kostis, D. Valsamis (2013) «European Economics and Politics in the Midst of the Crisis; From the Outbreak of the Crisis to the Fragmented European Federation», New York and Heidelberg: Springer, ISBN 978-3-642-41343-8, p.274.

<sup>14</sup> Ventura, Luca; Aridas, Tina (December 2011). "Public Debt by Country | Global Finance". Gfmag.com. Retrieved 19 May 2011.

<sup>15</sup> Ventura, Luca; Aridas, Tina (December 2011). "[Public Debt by Country | Global Finance](#)". Gfmag.com. Retrieved 19 May 2011.

In mid-2012, due to successful fiscal consolidation and implementation of structural reforms in the countries being most at risk and various policy measures taken by EU leaders and the ECB (see below), financial stability in the eurozone has improved significantly and interest rates have steadily fallen. This has also greatly diminished contagion risk for other eurozone countries. As of October 2012 only 3 out of 17 eurozone countries, namely Greece, Portugal, and Cyprus still battled with long-term interest rates above 6%. By early January 2013, successful sovereign debt auctions across the eurozone but most importantly in Ireland, Spain, and Portugal, shows investors believe the ECB-backstop has worked. In November 2013 ECB lowered its bank rate to only 0.25% to aid recovery in the eurozone. As of May 2014 only two countries (Greece and Cyprus) still need help from third parties.<sup>16</sup>

### **Proposed long-term solutions**

#### **European fiscal union**

The crisis is pressuring the Euro to move beyond a regulatory state and towards a more federal EU with fiscal powers. Increased European integration giving a central body increased control over the budgets of member states was proposed on 14 June 2012 by Jens Weidmann President of the Deutsche Bundesbank, expanding on ideas first proposed by Jean-Claude Trichet, former president of the European Central Bank. Control, including requirements that taxes be raised or budgets cut, would be exercised only when fiscal imbalances developed. This proposal is similar to contemporary calls by Angela Merkel for increased political and fiscal union which would "allow Europe oversight possibilities".<sup>17</sup>

#### **European bank recovery and resolution authority**

European banks are estimated to have incurred losses approaching €1 trillion between the outbreak of the financial crisis in 2007 and 2010. The European Commission approved

some €4.5 trillion in state aid for banks between October 2008 and October 2011, a sum which includes the value of taxpayer-funded recapitalizations and public guarantees on banking debts. This has prompted some economists such as Joseph Stiglitz and Paul Krugman to note that Europe is not suffering from a sovereign debt crisis but rather from a banking crisis.

On 6 June 2012, the European Commission adopted a legislative proposal for a harmonized bank recovery and resolution mechanism. The proposed framework sets out the necessary steps and powers to ensure that bank failures across the EU are managed in a way that avoids financial instability. The new legislation would give member states the power to impose losses, resulting from a bank failure, on the bondholders to minimize costs for taxpayers. The proposal is part of a new scheme in which banks will be compelled to "bail-in" their creditors whenever they fail, the basic aim being to prevent taxpayer-funded bailouts in the future. The public authorities would also be given powers to replace the management teams in banks even before the lender fails. Each institution would also be obliged to set aside at least one per cent of the deposits covered by their national guarantees for a special fund to finance the resolution of banking crisis starting in 2018.<sup>18</sup>

#### **Eurobonds**

A growing number of investors and economists say Eurobonds would be the best way of solving a debt crisis, though their introduction matched by tight financial and budgetary co-ordination may well require changes in EU treaties. On 21 November 2011, the European Commission suggested that eurobonds issued jointly by the 17 euro nations would be an effective way to tackle the financial crisis. Using the term "stability bonds", Jose Manuel Barroso insisted that any such plan would have to be matched by tight fiscal surveillance and economic policy coordination as an essential counterpart so as to avoid moral hazard and ensure sustainable public finances. Germany remains largely opposed at least in the short term to a collective takeover of the debt of states that have run excessive budget deficits and borrowed excessively over the past years,

<sup>16</sup> Ventura, Luca; Aridas, Tina (December 2011). ["Public Debt by Country | Global Finance"](#). Gfmag.com.

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<sup>17</sup> [Debtocracy \(international version\)](#). [ThePressProject](#). 2011. Archived from [the original](#) on 27 January 2014. Retrieved 18 July 2012.

<sup>18</sup> *ibid*

saying this could substantially raise the country's liabilities.<sup>19</sup>

### European Monetary Fund

On 20 October 2011, the Austrian Institute of Economic Research published an article that suggests transforming the EFSF into a European Monetary Fund (EMF), which could provide governments with fixed interest rate Eurobonds at a rate slightly below medium-term economic growth (in nominal terms). These bonds would not be tradable but could be held by investors with the EMF and liquidated at any time. Given the backing of all eurozone countries and the ECB, "the EMU would achieve a similarly strong position vis-à-vis financial investors as the US where the Fed backs government bonds to an unlimited extent". To ensure fiscal discipline despite lack of market pressure, the EMF would operate according to strict rules, providing funds only to countries that meet fiscal and macroeconomic criteria. Governments lacking sound financial policies would be forced to rely on traditional (national) governmental bonds with less favourable market rates.

The econometric analysis suggests that "If the short-term and long-term interest rates in the euro area were stabilized at 1.5% and 3%, respectively, aggregate output (GDP) in the euro area would be 5 percentage points above baseline in 2015". At the same time, sovereign debt levels would be significantly lower with, e.g., Greece's debt level falling below 110% of GDP, more than 40 percentage points below the baseline scenario with market-based interest levels. Furthermore, banks would no longer be able to benefit unduly from intermediary profits by borrowing from the ECB at low rates and investing in government bonds at high rates.<sup>20</sup>

### Debt write-off financed by wealth tax

According to the Bank for International Settlements, the combined private and public debt of 18 OECD countries nearly quadrupled between 1980 and 2010, and will likely continue to grow, reaching between 250% (for Italy) and about 600% (for Japan) by 2040. A BIS study released in June 2012 warns that budgets of most advanced economies, excluding interest payments, "would need 20

consecutive years of surpluses exceeding 2 per cent of gross domestic product—starting now—just to bring the debt-to-GDP ratio back to its pre-crisis level". The same authors found in a previous study that increased financial burden imposed by ageing populations and lower growth makes it unlikely that indebted economies can grow out of their debt problem if only one of the following three conditions is met:

- government debt is more than 80 to 100% of GDP;
- non-financial corporate debt is more than 90 percent;
- private household debt is more than 85% of GDP.

The first condition, suggested by an influential paper written by Kenneth Rogoff & Carmen Reinhart has been disputed due to major calculation errors. In fact, the average GDP growth at public debt/GDP ratios over 90% is not dramatically different from when debt/GDP ratios are lower.

The Boston Consulting Group (BCG) adds that if the overall debt load continues to grow faster than the economy, then large-scale debt restructuring becomes inevitable. To prevent a vicious upward debt spiral from gaining momentum the authors urge policy makers to "act quickly and decisively" and aim for an overall debt level well below 180% for the private and government sector. This number is based on the assumption that governments, nonfinancial corporations, and private households can each sustain a debt load of 60% of GDP, at an interest rate of 5 per cent and a nominal economic growth rate of 3 per cent per year. Lower interest rates and/or higher growth would help reduce the debt burden further.<sup>21</sup>

### Debt write-off based on international agreement

In 2015 Hans-Werner Sinn, president of German Ifo Institute for Economic Research, called for a debt relief for Greece. In addition, economists from London School of Economics suggested a debt relief similar to the London agreement. In 1953, private sector lenders as well as governments agreed to write off about half of West Germany's outstanding debt; this was followed by the beginning of Germany's

<sup>19</sup> "Long-term interest rate statistics for EU Member States". ECB. 13 November 2012. Retrieved 13 November 2012.

<sup>20</sup> *ibid*

<sup>21</sup> "Crisis in Euro-zone—Next Phase of Global Economic Turmoil". Competition master. Archived from the original on 2010-05-25. Retrieved 30 January 2014.



"economic miracle" (or Wirtschaftswunder). According to this agreement, West Germany had to make repayments only when it was running a trade surplus that is "when it had earned the money to pay up, rather than having to borrow more, or dip into its foreign currency reserves. Its repayments were also limited to 3% of export earnings." As LSE researchers note, this had the effect that, Germany's creditors had an incentive to buy the country's goods, so that it would be able to afford to pay them.<sup>22</sup>

### Taxes on capital, position of Thomas Piketty

According to the French economist Thomas Piketty, author of the best-selling book, *Capital in the Twenty-First Century* (2013), there are three methods for reducing the debt of European countries: taxes on capital, inflation and austerity. According to Piketty, the worst solution is austerity for both efficiency and justice arguments. Next comes inflation, which devaluates nominal assets (for example cash) but not 'real' economic assets (such as real estates or business capital); inflation would therefore penalize those who do not invest their money properly in favour of 'real' property holders. Finally, Piketty favours taxes on capital and describes an example: in the simplified case of a flat tax (as opposed to progressive tax which is higher on larger fortunes) of 15 percent on private wealth, the state would gain nearly a year's worth national income allowing for an immediate reimbursement of public debt.<sup>23</sup>

### Conclusion

Nobody is quite sure what is going to happen next, but almost everyone agrees that it isn't going to be pretty. Unless and until certain drastic measures are taken by the governments of the different European nations, the entire continent would be heading for a severe economic collapse.

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**IMPORTANT DATES**

| ISSUES           | LAST DATE FOR THE PAPER<br>SUBMISSION | PUBLICATION DATE |
|------------------|---------------------------------------|------------------|
| First Quarterly  | 1 January                             | 1 February       |
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