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DIGITALISED FINANCIAL INCLUSION IN INDIA: THE PATH TOWARDS DIGITALLY AND FINANCIALLY EMPOWERED ECONOMY

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Abstract

Digitalized financial inclusion is one of the innovative and effective mechanisms which help to provide financial services to unreached and uncovered people in India. Providing financial services to the underprivileged people is a part of financial system of the country that promotes socio economic development. Therefore, there is a need of understanding the impact of digitalized financial inclusion in India with respect to the application of modern communication technology. As of 31 December 2018, India had a population of 130 crore people, 123 crore Aadhaar digital biometric identity cards, 121 crore mobile phones, 44.6 crore smartphones, 560 million internet users up from 481 million users (2017) and 51 per cent growth in e-commerce. The cash payments are still most popular means of payment for about 67% of the country's population. Only 10% of Indian population uses debit or credit cards and money transfer via expensive and informal channel such as hawalas is common. In this context, the innovative DFS (Digitalized Financial Services) needs to be adopted as a big opportunity to realize digitalized financial inclusion. By 2020, it is estimated that the mobile will have the potential to serve about 250 million people for financial services in India. In order to transform the entire ecosystem of public services through the use of information technology, making financial transactions electronic & cashless, enabling citizen participation in digital & financial space with the help of mobile phone and bank accounts, the Government of India and Central bank are striving to take the nation forward – Digitally, Financially and Economically.

Keywords: Digital Payment, Financial Inclusion, Digitalized Financial Inclusion, DFS, Empowerment, E-Commerce.

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Commuter's Perception On Service Quality Of Bengaluru Metro Rail Corporation:An Emperical Study

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Abstract

Services are people centric, humanistic and subjective and the outcome of service mainly depends on its quality. Service quality is the comparison of perceived expectation of a service with perceived performance. This empirical study attempts to understand the dimensions of service quality in the context of BMRC. Bengaluru Metro is a rapid transit system serving the city of Bengaluru. To ensure reliability and safety in train operations, it is equipped with most modern communication technology and train control system. It offers number of benefits to commuters such as long-distance travel, safe travel, high speed and hassle-free travel. The present study is conducted using SERVQUAL model to find and analyze commuter's perception on six service quality dimensions – Reliability, Responsiveness, Tangibility, Empathy, Assurance and Security and to identify level of commuter's satisfaction on services provided by BMRC. The study is carried out by using structured questionnaire. Convenience sampling with 191 respondents were taken for data collection.

Keywords: Commuter's perception, Service Quality, BMRC, SERVQUAL

Introduction:

Intra-city mobility affects the well-being of city dwellers and quality of urban life. A highly sophisticated and sustainable mass transit system is key to facilitate such mobility. A major concern in public transit is to keep improving level of service quality and make it more appealing to commuters. Therefore, commuter's expectations need to be met by public transit providers which can be achieved with the framework that allows managers to monitor the perceptions about the service. SERVQUAL developed by Parusuraman is one such framework that helps to measure the dimensions of service quality and capture customer's perceptions.

Namma Metro also known as Bengaluru Metro is a rapid transit system serving the city of Bangalore. It is the fourth longest metro in India. It also contains first underground metro line in South India. The metro network consists of two colour-coded lines, with a total length of 42.3 kilometers serving 40 stations. The system has mix of underground, street level and elevated stations using standard-gauge tracks. The metro has an average daily ridership of 400,000 passengers. By 2023, the system is expected to complete its phase 2 network and provide connectivity to the city's important tech hubs of Electronic city and Whitefield.

The BMRC Limited, a joint venture of Government of India and Government of Karnataka, built and operates the Namma Metro. Services operate daily between 5.00 a.m to 23.00 p.m with a headway varying between 4-20 minutes. The trains are composed of three to six cars. The power output is supplied by 750-volt direct current through third trial. Namma Metro was the second rail transport in India to use 750 V DC third rail traction, the first being the Kolkata Metro.

Transport plays a very important role in the economic development of the country by creating employment opportunities and sustaining economic activities. Transport is the channel of social and economic interaction involving the physical movement of people and goods. The quest for service quality has been an essential strategic component for service firms like

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Original Research Paper | Commerce

INDIA INC IN THE POST IND AS PHASE

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RACT With the IFRS-convergent Ind AS having already arrived in the country, it is but natural on the part of the various associated stakeholder categories to be curious of the outcome of the implementation of the new vo important categories associated with India Inc are the companies that are required to comply with the new regime ractising finance professionals who have been advising the said companies. The researcher interacted with 30 s and 30 practising finance professionals for the purpose. Expectedly, the comments of the practising finance als dwelt more on the micro-level implications of the Ind AS while that of the companies dwelt on the micro as well as el implications of Ind AS, perhaps more of the former than of the latter, for obvious reasons. However, both the ... in various degrees that the carve-outs defined in Ind AS may affect the acceptability of Ind AS financial s at the global level. This is something all the stakeholder categories should look into for obvious reasons. ... should be looked into is the comment of the companies that the options available for alternative accounting s under Ind AS impact the comparability of financial statements. Both the categories admit that Ind AS tation has affected corporate governance and control processes significantly and this is a good tiding. Teething re to be expected when a new system is put in place, but they will sort themselves out sooner rather than later, believes cher.

KEYWORDS : Carve-outs, Comparability, Corporate Governance, Ifrs-convergent Ind As

DUCTION

an companies with a net worth of INR 500 crores mandated to implement the new accounting from 1st April 2016, aka Ind AS or IFRS-convergent was hoped that the migration to IFRS would help to become more investor friendly, foreign and since superior corporate governance practices and nsparency levels would be triggered by the IFRS-nt Ind AS regime. After all, global investors, e and present, would be in a better position to d and interpret the IFRS-based financials.

MENT OF THE PROBLEM

the new regime has been implemented, albeit in is time a review of the implementation and its impact rious stakeholders of India Inc was made. The ings, if any, in its implementation and the problems compliant companies had to encounter, could be and addressed appropriately as a result.

W OF LITERATURE

llowing paragraphs, the existing literature on the reviewed:

reviewed the disclosures made by 75 randomly cted companies in their FY 2017 consolidated cials (ICAI, 2018). The review revealed that the panies had generally complied with the disclosure irements mandated by Ind AS, leading to improved lity and greater coverage of the disclosures. A good ber of the companies had furnished line-by-line nciliations of *Equity and Total Comprehensive* to meet nderlying rationale of *Ind AS 101, First Time Adoption dian Accounting Standards*, (to furnish sufficient rmation to help users understand the material stments to the Balance Sheet and Statement of Profit Loss). However, in a few cases, the carrying amount of *ngible Assets and Borrowings* reported in the nciliations were wanting in some respects.

AS-compliant entities have to follow the new Ind AS Revenue from Contract with Customers from April 1, 8 (Sumit, 2018). This standard will impact all panies, in various degrees depending on the strial sector they belong to, existing contracting practices and their existing accounting policies. But there is a sweetener - revenue will be recognised in the same way across the globe as it is a substantially converged standard. But the flip side is that the requirement of immediate adoption has left little time for implementation. It is going to be tougher for the Phase II entities that have lately transitioned to Ind AS and hence will have to transition once again to the new Ind AS 115, beginning April 1, 2018.

3. India Inc has broken by breaking new ground, aligning its accounting practices with International Financial Reporting Standards (IFRS) (Siddharth, 2017). It has adopted a new set of accounting standards called 'Indian Accounting Standards' or 'Ind AS'. Compliance with Ind AS is mandatory from April 1, 2016 for companies with a net worth exceeding INR 500 crore as of 31 March 2014. These are classified as "Phase 1 companies". Their group entities namely subsidiaries, associates and joint ventures are also reckoned as Phase 1 companies for the purpose and hence have to comply with Ind AS. There are more than 1,000 such corporate groups in India that are part of this first phase of transition – a transition from the existing Indian Generally Accepted Accounting Principles (GAAP) to Ind AS. By March 31, 2020 more than 10,000 corporate groups outside the financial services and insurance sector and more than 12,000 groups in the financial services and insurance sector, including non-banking financial companies, have to migrate to Ind AS.
4. An analysis of the first financial results released by entities under Ind AS, for the quarter ended June 30, 2016 and representing ten key sectors of the economy, revealed a common thread: 10 key areas of Ind AS had impacted their earnings for the comparative period. The veracity levels varied across the (Siddharth, 2017) sectors, though. The measurement of financial instruments was one area where transition to Ind AS had had a pervasive impact across sectors. Further, the manufacturing sector apparently was the most affected sector, as a result of the transition.
5. An analysis by Deloitte's Global Manufacturing competitive index (Deloitte Touche Tohmatsu Limited and US Council on Competitiveness, 2016) and India brand equity foundation's manufacturing sector among nations

Small Enterprises	184	15.3967	15.3967
Medium Enterprises	74		16.2973
Significance		.335	.094
Means are displayed ...			
a Uses Harmonic Mean Sample Size = 129.980			
b The group sizes are unequal ...			

Inference:

there is a significance difference among mean effectiveness of Micro, Small and Medium Enterprises. 'F' value 6.185 found to be significant at .002 levels. The mean effectiveness of Micro, Small and Medium Enterprises are 14.79, 15.39 and 16.29 respectively. Further, Schiff post of test revealed that there is no significant difference between micro and small similarly small and medium Enterprises. In other words only mean difference of Micro Enterprises found to be significant.

3.0 Findings:

1. To know the solvency, liquidity and profitability of the enterprises and to assess whether the enterprises **effectively utilize bank finance**, many ratios have been computed, in which around 37% of MSMEs were having less than standard ratio in case of debt-equity and debt to total assets. In the case of return on capital employed and return on investment around 20% of MSMEs were having less than 20% of returns. This shows unfavorable financial leverage of the enterprise.
2. While observing the short term solvency or liquidity of the enterprises, we found that more than 50% of the enterprises do not have sufficient funds to meet working capital requirements. This will have adverse effect on business operation when the payment of current liability is made.
3. Similarly observation on the Net Profit to Turnover ratio around 64% of the MSMEs earnings on turnover was less than 10%, In terms of net profit to turnover Medium enterprises have good returns as compared to Micro, Small Enterprises. Around 43% of MSM units have utilized 20%-30% of their earnings for interest on debt. It affects the enterprise's capacity to maintain a uniform dividend policy during difficult trading period that may occur.

4.0 Suggestions drawn from findings of the study:

4.1: MSMEs:

1. Estimate adequate financial requirements and to access regular information on various credit schemes of Government and Commercial Banks.
2. Develop effective lines of communication with Commercial Banks, Government agencies, customers, parental companies, business development institutions and associations.
3. Develop financial planning documents, budget and cash flow projections that lay out long term financial requirements using capital structure model, capital budgeting techniques, financial ratios, financial trend analysis which helps in estimation of finance to be required for the business and assess how much funds can be raised through equity and debt.
4. Maintain proper books of accounts that lay out the financial net worth/financial position by applying financial tools like cash flow statement, fund flow statement, financial ratios and others would be in a better position to evaluate the viability of the enterprises.
5. Develop the attitude of repayment of bank loan on time, which helps in gaining the confidence of bankers to lend additional loan facilities and other qualitative services.
6. MSMEs have to develop the attitude of financial, marketing and managerial competency which enables them to face challenges and ability to run the business effectively.

4.2: Regulatory Measures

1. Introduce system of single window clearance.
2. Encourage Large Scale Industries to empower MSMEs as ancillaries in manufacturing processes with incentives to Large Scale Industries in direct proportion to work allocation
3. Provide proper infrastructure facilities solely in the domain of the government so that utilization of bank loans and capacity of the enterprise is maximized
4. Create awareness among the entrepreneurs about many financial schemes, services of business development institutions like National Small Industrial Corporation of India (NSIC), Technology Business Incubation (TBI) , Council of Scientific Research (CSIR), Indian Institute of Technology(IIT), National Research and Development Corporation (NRDC), National Institute Design (NID) and other institutions.
5. Chamber of Commerce and Industry to organize regular Entrepreneurial meet to elicit their views, if any issues relating to inadequate finance that can be taken with the appropriate authorities to find remedies.
6. Government procuring policy of buying at least 20% of annual purchase from MSMEs by public Sectors in letter and spirit.
7. Form a Committee to ascertain reasons for unfavorable financial leverage of the enterprise as regards debt-equity and debt to total assets ratios.
8. Enhance working capital limit.

4.3: Bankers:

1. Convene the entrepreneurs meet regularly to educate them about the financial schemes of Government as and when policies are introduced by the Government to boost up MSMEs.
2. While sanctioning loan to MSMEs, bank should understand the need of finance by considering the nature of business, products demand and place of business established which helps them to meet their different financial requirements.
3. Collect feedback from the MSM entrepreneurs, in order to understand the need of finance and prepare credit proposals in a scientific manner.
4. Give importance to non-financial services such as counseling, technical, marketing support and organizing seminars to provide latest information about various financial schemes and its benefits.
5. Explore measures to reduce transaction cost and dilute rigid procedures to a reasonable level without compromising the security net of the bank providing the loan.
6. Creating separate potal for MSME on bank website and place all the information to MSMEs as suggested by RBI.

5.0 CONCLUSION

In light of the findings, the study concludes that finance is the important components for MSMEs. Even RBI has made the guidelines to commercial banks to achieve 20% year on growth in credit to MSMEs and 60% of the total advances to Micro enterprises, still MSMEs are facing the financial constraints. Hence the commercial banks to assess the adequate requirement of finance especially for Micro and Small Enterprises on the basis nature and type of business accordingly extend credit facilities to MSMEs in an hassle free manner. Similarly Entrepreneurs have to formulate financial plan that lay out adequate financial requirements to run the business effectively and also analyses the financial performance through various financial tools to assess the effective utilization of owned and borrowed funds.

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ORIGINAL RESEARCH PAPER

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THE IMPACT OF BANK FINANCING ON THE FINANCIAL PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES)

Management

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ABSTRACT

Financing Micro, Small and Medium Enterprises [MSMEs] has received much attention in the present scenario due to the Government policy from 'Made in India' to 'Make in India" and 'Start up India'. This policy has been encouraging entrepreneurs to startup their enterprises. Which helps in development of economy in the way of rural and urban industrialization, generating employment opportunities and entrepreneurial development. Finance is the most important component to run the enterprises. According to research studies stated that lack of adequate access to bank credit is the key factor stifling the growth of MSMEs. The paper sought to determine the adequate bank finance improves the financial performance of MSMEs. The study suggests that commercial banks should develop a credit policies which meets diverse, expected credit and working capital requirements of MSMEs in hassle free manner. The study also suggest the entrepreneurs should formulate financial planning which helps in estimation of finance which required for the business, assess how much funds can be raised through equity and debts and their effective utilizations.

KEYWORDS

1.1 INTRODUCTION: MSMEs mainly relies on bank finance for funding its operation , As per the RBI report 95% of the total advances to MSMEs have been provided by commercial banks in which Public Sector Banks (71%), Private Banks (18%) and foreign Banks (6%). Regional Rural Banks, Urban and State Cooperative Banks comprise remaining 5% of commercial Banks lending. Even though, banking sector is the main intermediary in providing financial assistance to MSMEs but average share of bank financing for MSMEs in India is about 20% and thereby credit flow to the sector is not found to be adequate which is evident from the various studies and Reserve Bank reports. There is a total finance requirement of INR 32.5 trillion in the MSME sector, at present scenario only 22% or 7 trillion of the total MSME debt financing from the formal finance sector, in that 85% or 5.9 trillion of credit supply to MSME sector by scheduled commercial bank and rest of the formal debt flow from Non-Banking Finance Companies, Regional Rural Banks, Urban Cooperative Banks and Financial Institutions (ASSOCHAM). Credit flow to MSMEs has been identified from the empirical evidence that there is a **credit gap** between demands and supply of finance to MSMEs. In order to fill this gap, Government of India and Reserve Bank of India encouraged banks to support MSMEs for meeting their financial requirements in a single window clearance and make provision for adequate finance in the Banking policy. Apart from this Banks can also adopt innovative lending policy and strategies to meet the financial requirements of MSMEs and also help in promoting MSMEs globally competitive.

1.2 An Overview of MSME sector in India:

Micro, Small and Medium enterprises are emerged as a highly **vibrant and dynamic sector** for developing economies like India, over the last five decades this sector is not only playing a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also by contributing to industrialization of rural & backward areas, thereby, reducing regional imbalances and assuring more equitable distribution of national income and wealth (Ministry of MSMEs).

Definition of Micro, Small and Medium Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Category	Investments[plant &machinery]	Service[turnover]
Micro Enterprises	Less than Rs.25lakh	Less than Rs.10lakh
Small Enterprises	Less than Rs. 5crore	Less than Rs. 2crore
Medium Enterprises	Less than Rs. 10crore	Less than Rs. 5crore

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs). Government of India

1.3 Objectives of the Study:

- To analyze the financial performance of MSMEs by using financial ratios
- To determine the impact of bank financing on the financial performance of MSMEs.

1.4 Research Methodology: the data for the study is secondary in nature. The secondary data has been collected from the financial statement of the MSMEs which borrowed loan from Banks. A sample of 500 companies selected for the purpose of the study. 242 enterprises belonged to Micro, 184 Small enterprises and the remaining 74 are Medium enterprises. In the study T-test used to determine the relationship between financial ratios and MSMEs and ANOVA test was employed for significant difference in Micro, Small and Medium Enterprises with respect to financial performance.

1.5 Conceptual Model and Hypothesis:

Leverage	Leverage represented by Debt to Equity ratio and debt total Assets Ratio.
Profitability	Profitability represented by Return on Capital Employed and Return on Investment
Liquidity	Liquidity represented by Current Ratio
Efficiency	Efficiency represented by Debt to Total Assets, Interest coverage ratio.

Hypothesis Development:

Bank finance significantly impact on the financial performance of MSMEs.

1.6 Literature Review:

'Financing bright ideas' by Angew (2003). The paper focused on the definitions; Bank financing refers to provision of credit facilities by financial institutions for business activities. Financial performance refers to the degree to which financial objectives of a firm are being accomplished.

'The effect of bank financing on the financial performance of small and medium – sized enterprises in Nairobia country' by Akinyi Susan Irene (2012). The study recommended that the Commercial Banks reform the term of bank financing to increase SMEs access to access credit from financial institutions and Management of SMEs should intensify SMEs size so as to enhance their financial performance.

'Voluntary disclosure of Financial Ratios; CNX Nifty Companies' by CMA Dr. M. Sriram (2016). The paper highlighted on Financial Ratios are considered as one of the important tool of analysis. The inclusion of which in the annual report shall reduce the information asymmetry. Investors and Analysts use ratios for comparability purposes, standardization of the method of calculations will help them compare the performance of the companies sector-wise and decide the best investment vehicle.

'Credit impact on performance of Micro, Small and Medium Enterprises in Telgana' by Prabhakar Gampala (2018). The study concludes that the credit programs formulated by state and central government has to consider field level reality and financial institutions which are serving these programs have to treat MSEs as medium and large enterprises. Then only the introduced credit programs can get success and influence more on performance oriented development of the MSEs.

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A COMPARITIVE STUDY ON THE MANAGEMENT, DEVELOPMENT AND INTEGRATION OF CORPORATE SOCIAL RESPONSIBILITY-WITH SPECIAL REFERENCE TO BRAND REPUTATION

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Abstract

Brand strategy is market oriented and value oriented and it takes into account Competition. Companies should become brands, that is to say champions with a vision. One such strategy is CSR. CSR (Corporate Social Responsibility) is not a static concept—it is a moving, evolving target. It is a replacement for the governmental role and responsibility in meeting challenges of sustainable developments is a matter intrinsically ingrained in the Constitution of India which envisages an economic development that does not result in the concentration of wealth. It is also means of production to the common detriment and that material resources of the community are also distributed as best to sub- serve the common good.

Sustainability is increasingly viewed as a desired goal of development and environmental management. Sustainable development within business promotion is expanding rapidly in several directions. The interpretation of corporate responsibility by the companies should be the call of law on the environmental factors.

This paper concentrates on the management, development and integration of sustainable requirements into product and services by rationalising and harmonising the dimensions of corporate responsibility and sustainable requirements by the companies to retain their brand reputation.

Key Words

CSR, Corporate Sustainability, Ecological strategy, Competitiveness, Economy.

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Original Research Paper Commerce

IMPACT OF THE COUNTRY'S TRANSFER PRICING REGIME ON INDIAN BUSINESSES

MS Harini

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ABSTRACT The issue of transfer pricing has grabbed the headlines for quite some time now. Multinational companies in India have been quite vocal about what they call the ambiguity and inconsistency that characterize the assessment of businesses by the Indian TP regime. They allege that the regime is aggressive and at times intransigent in its assessment. At the same time, India is not the only country that is blamed by multinationals for the so-called obdurate TP regime. Conversely, India is not the only country that claims that multinationals take advantage of the difference obtaining in taxation rates across countries and get away paying little or no tax. Eventually, close to a hundred countries where the TP regime operates have put in place a Base Erosion and Profit Sharing (BEPS) mechanism which they believe will usher in some transparency in transfer pricing – the latter is simply the price of goods and services determined by a company when two of its subsidiaries transact. According to one school of thought, India and Canada are the countries that have put in place the most aggressive transfer pricing regime in the world. However experts believe that BEPS is not the proverbial panacea that can address all TP-related issues. At best it may ensure a higher level of transparency. Expecting anything beyond this is unwise. An investigation conducted by this researcher has led her to conclude that the country should not slacken the pace of its TP reforms. It should pursue them in a sustained manner. In the case of start-ups, for example, light-touch regulation is called for given the plight they are in. A 10-year block should be permitted in their case so they can claim exemption from income tax for three successive years. They should also be exempted from paying MAT, among other things. The regulator would do well not rush into implementation of Section 92CE of the Income Tax Act (ITA).

KEYWORDS : BEPS, Income Tax Act, Minimum Alternate Tax, Transfer pricing

1.1 Introduction

The process of aligning the country's transfer pricing (TP) system with international best practices is on. In its budget for 2016-17, the government initiated measures that would reduce litigation. The following year's budget has envisaged even more TP reforms to minimise litigation and ensure conformity with international best practices. This should speed up foreign investment inward, direct or otherwise. With India trying to grow rapidly, consolidating existing foreign investments and drawing fresh investments should be taken seriously. Transfer pricing rules gain even more relevance in the circumstances. The ever rising inter-company dealings in volume terms and value terms also warrant path-breaking reforms in TP.

1.2 Statement of the problem

One can confidently state, going by the reforms in the TP area, that the country has been proactive in improving transparency and ensuring superior adherence to international best practices in the TP area. All the same, going by the budgetary announcement made by the government in FY 2017 and FY 2018, concerning TP reforms, one does get the impression the government is not chasing the said reforms with all its heart and soul. The problems that lead to this fits-and-starts approach on the part of the government have to be identified and addressed. This is what the present study seeks to achieve.

1.3 Review of literature

1. Shuchi, Ray and Amit Dattani aver that a vital pillar in the transformation process is tax reforms (Shuchi & Amit, 2016). On the transfer pricing-related announcements carried by the Union Budget 2016-17, the researchers comment that the announcements are taxpayer-friendly. The announcements seek to minimise, tax litigation and address the trust deficit between taxpayers and tax authorities. The modification of the entire scheme of penalty by defining different categories of misdemeanour and laying down graded penalty is timely. This will clip the discretionary power of the tax officers.
2. India's transfer pricing regime has been revamped with a view to minimising litigation (Deloitte Touche Tohmatsu, 2016). The much-awaited rules on the application of multiple-year data and the range concept has been notified too. From an audit perspective, a risk-based approach has been introduced, superseding the transaction-based methodology that was adopted for selection of transfer pricing cases for audit. The Indian government's enhanced focus on the mutual agreement procedure for resolving tax disputes led to the finalisation of 180 cases in the last two years.
3. Ashwin Vishwanathan believes that the Indian transfer pricing law does not furnish guidance on aspects like intangibles and intra-group services (Ashwin, 2016). Recalling that extensive work has been undertaken as part of the OECD BEPS project, he hopes that the recommendation that inter-company profit allocation be aligned with value creation will become part of local law through appropriate amendments. Citing allegations that transfer pricing for specified domestic transactions imposes an onerous compliance burden on taxpayers, he states that the threshold of INR. 20 crore for applicability of these provisions is on the low side. He suggests that the threshold be raised to INR. 100 crore to ease the burden on small taxpayers. He recommends that tax neutral transactions be kept out of the purview of these rules. It would promote voluntary compliance too.
4. Even as the action plan to address Base Erosion and Profit Sharing (BEPS) is being hammered out, multinationals are bracing for some turbulent times in India (Sachin Dave, 2015). For some time now, the issue of transfer pricing, which is the price of goods and services determined by a company when two of its subsidiaries transact, has been engaging the attention of many multinationals operating in India. The multinationals believe that the stance of the Indian revenue authorities has been rather aggressive on the issue. Many countries though assert that multinationals take advantage of the difference in taxation rates obtaining across countries and do not pay the taxes they are bound to pay. However, under BEPS, multinationals have to reveal their profits and the taxes they pay on their profits, in each country. BEPS is set to ring in some transparency, but it has a flip side to it – it could lead to a lot of problems, according to experts.

1.4 Research gap

The reviewed literature has not adequately dealt with the proactivity or reactivity that is inherent in the government's efforts to speed up the TP reforms. Nor has it identified and examined adequately the pros and cons of the reforms being undertaken by the government in the TP area. It is this gap the present study seeks to bridge.

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शारदा

वार्षिकपत्रिका

प्रधानसम्पादकः

आचार्यः ए. पि. सच्चिदानन्दः

सम्पादकौ

डा. गणेश ईश्वर भट्टः

डा. सूर्यनारायणभट्टः

राष्ट्रियसंस्कृतसंस्थानम्

(भारतशासनमानवसंसाधनविकासमन्त्रालयाधीनः मानितविश्वविद्यालयः)

राष्ट्रियमूल्याङ्कनप्रत्यायनपरिषदा 'ए' श्रेण्या प्रत्यायितम्

राजीवगान्धीपरिसरः

शृङ्गेरी - ५७७ १३९

२०१५-१६

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शेषलक्षणाधिकरणम्

विद्याशेखरः के एस्
शोधच्छात्रः

अथ परमकारुणिको भगवान् जैमिनिः धर्मजिज्ञासार्थं द्वादशलक्षणीं रचयामास । तत्र तृतीयाध्यायस्य प्रतिज्ञाधिकरणे शेषिभावस्य अशाब्दस्य तद्विचारभूतोऽयम् अध्यायो नारम्भणीयमिति चेत् अन्वयान्तर्गतशेषशेषित्वस्यापि क्रियाकारक तदन्वयवत् शाब्दत्वात् आरम्भणीयं शेषशेषिविचारभूतोध्यायः इति ।

शेष परार्थत्वात् ॥ ३-१-२ ॥

षोडशाध्याय्यां- "शेषस्य स्वरूपलक्षणहेतू न स्तः, स्तो वा" इति संशयः । अविनाभावादीनाम् अतिव्याप्त्यादिदोषदुष्टत्वात् न स्वरूपलक्षणहेतू स्त इति प्राप्ते ब्रूमः-परार्थत्वादुक्तत्वात् परार्थत्वात्मको लक्षणहेतू स्त इति ।

शेषलक्षणमात्रोक्तावर्थात्स्याच्छेषिलक्षणम् ।
अतः शेषः परार्थत्वादित्युक्तं शेषलक्षणम् ॥

शेषशब्दस्य अनेकादि अधिकाद्यर्थवचनत्वात् इह अङ्गगुणधर्मादि परायवाचित्वपरिग्रहार्थं तुविशेषाभिधानं परार्थत्वादिति ।

अत्रेदमुच्यते - प्रथमं तावत् कः शेष इति शेषस्वरूपं केन हेतुना शेष इति शेषशब्दप्रवृत्तिनिमित्तं च उच्यते अविनाभावादीनाम् इति । अविनाभावप्रयोज्यत्वाधिक – विधानविध्यन्तविहितत्वोपादककारकत्वानामिति अर्थः । अतिव्याप्त्यादि इति । तथाहि बीजादिना विना अङ्कुरादिः न सम्भवति इति बीजादि अङ्कुरादेः शेष इति । एवं प्रयाजादिना विना अग्नेयादि न सम्भवततीति प्रयाजादिः अग्नेयादेः शेष इत्यविनाभावः शेषत्वमिति । घटश्च मृत्पिण्डदण्डचक्रादिभिः इति तेषां शेषत्वेन ज्ञायन्ते ।

केचित्मन्यन्ते तदुक्तम् रूपरसादिष्वतिव्याप्तेः । अन्ये तु प्रयाजादीनाम् आग्नेयादि प्रयोज्यत्वात् प्रयोज्यत्वं शेषत्वम् । यथा सेनादीनां राजप्रयोज्यत्वात् राजशेषत्वम् इत्याहुः । तदपि अयुक्तं पुरोडाशकपालादिषु प्रयोज्येष्वतिव्याप्तेरिति ।

अन्ये पुनराहुः आग्नेयादिभ्यो अधिकं प्रयाजादिकं विधीयत इति प्रयाजादीनां शेषत्वमिति तदतिमन्दम् । प्रधानेष्वेवातिव्याप्तेः प्रधानन्तु अङ्गादधिकं विधीयत इति ।

अन्ये तु प्रधानं विधाय पुनः यद्विधीयते स शेषः यथा प्रयाजादिरिति विध्यन्तविहितत्वं शेषत्वमित्याहुः । तदप्ययुक्तं विध्यादिविहितेषु शाखाच्छेदनादिष्वतिव्याप्तेरिति ।

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A STUDY OF WORKING CAPITAL MANAGEMENT

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ABSTRACT
Working capital in simple terms means the amount of funds that a company requires for financing its day to day operations. It is the primary duty of the finance manager to manage the current assets of the unit so that the functioning of the unit is not hampered and the production goes on smoothly. Working capital refers to the investment made by the business unit in short term assets such as cash, stock, receivables, advances made to suppliers. Net current assets or net working capital refers to the current assets less current liabilities. Symbolically, it can be shown as: Net working capital = Current assets – current liabilities. Working capital is considered the life line of a successful business enterprise. Without sufficient working capital, a business cannot run smoothly and successfully. Working capital can be said to be the lifeline of a business enterprise. Just as a human body would be incapacitated without adequate and proper supply of blood, so would a business unit suffer without adequate and timely provision of working capital. Hence the study of working capital assumes all the more importance in studying the performance of the unit, more so because of the major role it plays in the day to day working of the business enterprise.

Introduction

An industrial unit needs finance to set up/ upgrade/ expand/ production facilities, viz. acquire land, buildings, plant and equipment, collectively known as fixed assets ; and to meet working capital needs, viz. acquire raw materials, meet expenses of production, stock finished goods, extend credit to customers and retain sufficient cash to meet day to day needs, collectively termed as current assets. The distinction between fixed assets and current assets is that while the former acts as a catalyst, facilitating productive endeavor without itself undergoing any marked change in the short term, the latter gets constantly converted from one form to another, i.e. cash to inventory to receivables and back to cash during the manufacturing cycle of an enterprise. Current assets generally form a significant part of the total financial investment of an industrial unit. Due to the difference in the character as also the life of fixed assets and current assets, the finance needed is also raised in two distinct forms; long term finance for the former and and short term finance for the latter with a provision that prudentially, every industrial unit ought to finance a portion of current assets also from long term sources in order to ensure financial stability. Long term finance is often of two types— owned sources and external sources. Owned sources comprise of the capital of the owners of the business and accumulated earnings of the business. Long term external finance can be raised by a number of methods such as debentures, shares, bonds, borrowings from financial institutions / banks, deferred credit offered by the suppliers of equipment. Current assets are generally financed from a combination of long term and short term sources. Short term sources, payable within a year, consist of trade creditors, borrowings from banks and others, and other liabilities such as wages payable, taxes payable, etc….,.

Working capital in simple terms means the amount of funds that a company requires for financing its day to day operations. It is the primary duty of the finance manager to manage the current assets of the unit so that the functioning of the unit is not hampered and the production goes on smoothly. Working capital refers to the investment made by the business unit in short term assets such as cash, stock, receivables, advances made to suppliers, etc….,.

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Original Research Paper

Management

Institutional Credit Support and Provisions for MSMEs

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ABSTRACT

The study has been covered the finance support available to MSME through commercial banks and financial institutions in line with RBI guidelines and provisions for MSMEs. The study focused on analyzing the annual credit plan report of Lead Bank of Karnataka (syndicate Bank) and Lead Bank of Bangalore Urban (Canara Bank) and their provisions to MSMEs. The analysis has been made to understand the Credit Gap in terms demand and supply of finance to MSMEs.

KEYWORDS :

1.1 Introduction

A number of factors influenced growth and development of MSMEs such as Government policy, market, human resources, management, innovation and finance. All of these factors are critical but finance is one of the most critical factorthan other factors. Remaining factors can only work to advantage if finances are in place (SME Gazette). Hence, finance plays a significant role in improving the overall performance of the enterprises. To understand the need of finance to MSMEs the Government of India and RBI have shown strong commitment to increase the flow of credit through commercial banks. In line with the Government of India and RBI policy, banks have made loan disbursement to the MSMEs by adopting single window finance, enhanced working capital limit up to Rs.25lakhs, competitive interest rates and specialized lending practices like Government sponsored loans, discounting bills of exchange, trade credit and others. Hence Banks have to adopt the strategy of expanding their business towards MSMEs to meet financial demands and to develop mechanism to improve the profitability of this sector.

1.2 Institutional credit support and provisions for MSMEs:

In the presence of credit rationing of financial institutions, the unmet demand for enterprise finance spill over to the informal financial sector. In fact, informal financial sources and self-finance retains a predominant share (78 percent of the sector's debt) of enterprise finance in the sector. Informal sector consists of both institutional sources (5 percent) such as moneylenders and chit funds, and non-institutional sources (95 percent) such as family, friends and family business. Even though informal sources of finance exhibit a high rates of interest, certain characteristics of loan such as timely disbursal of credit, less legal procedures of obtaining loan, shorter duration times cater to the needs of micro and small enterprises (International Finance Corporation, 2012).In India the total registered MSMEs are 15.64lakh fewer than unregistered MSMEs of 342.12lakh MSMEs that is 21 unregistered MSMEs for every registered one.(Report of prime minister's task force on MSMEs, Government of India, Jan, 2010)

1.3 Distribution of sources of finance to MSMEs

Sources of finance	Regd	Unregd	Total	Regd	Unregd	Total
Self finance	1362568	22850626	24213194	87.77	93.08	92.77
Finance through institution	174060	1177212	1351272	11.21	4.80	5.18
Finance through non institution	15864	520467	536331	1.02	2.12	2.05
Total	1552492	24548305	26100797	100	100	100

Sources: Fourth All India census of MSMEs 2006-2007

The table reveals that 92.77% of finance through self finance, only 5.08% and 2.05% of finance from financial institutions such as Banks, FIs and non financial institutions such as money lenders, creditors and chit finds respectively. The registered enterprises borrowed more percentage of loans from **financial institutions** than unregistered enterprises.

Government of India realized the importance of MSMEs and its contribution to the growth of economy andidentified that it is necessary to establish a linkage between enterprise development and credit support through financial institutions. Provision of timely disbursement of credit and shorter repayment period are considered to be the essential characteristics of finance, particularly for micro and small enterprises (International Finance Corporation, 2012).

1.4Distribution of Loan to MSMEs from institutional sources:

Particular	Micro	Small	Medium	Total Number
No. enterprises availing loan (inlakhs)	1.81	0.18	0.01	2.00
No. enterprises availing loan from institutional sources(in lakhs)	1.56	0.14	0.003	1.703
Difference in %	86%	78%	30%	85%
Amount of loan taken (Rs.crore)	17244.9	22854.7	6420.63	46520.23
Amount of loan taken from institutional sources (Rs .crore)	13757.22	16562.25	4375.08	34694.6
Difference in %	80%	72%	68%	74%

Sources: Fourth All India census of MSMEs 2006-2007.

It can be analyzed from the above table that86% of the total Micro enterprises availed institutional finance followed by Small (78%) and Medium (30%) enterprises. on the whole 85% of the total MSMEs borrowed institutional finance. When considering the size of the enterprises is proportional tothe access of loan, it was found that 80% of total loan sanctioned to micro by institutional sources and Small and Medium enterprises availed loan from institutional sources were 72% and 68% respectively. Out of the total amount sanctioned to MSMEs 74% of MSMEs obtained loan from institutional sources.

1.5Recommendation of Committees set up by Government of India

In order to accelerate the growth of economy of a country, it is prerogative of the government to establish a linkage between enterprise development and credit support. In addition to that, timely disbursement of credit and shorter repayment period are considered to be the essential characteristics of finance, particularly for micro and small enterprises. Government of India has made the policy to improve the access of finance for MSMEs through priority sector lending in order to boost the MSMEs across India and also encouraged commercial banking to provide credit support for MSMEs. In this regard several committees, viz. Nayak Committee (1992), Abid Husain Commit-

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BANK FINANCE FOR MSMES –A CASE STUDY OF STATE BANK MYSORE, BANGALORE, KARNATAKA

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ABSTRACT

It has been observed that MSMEs in the country contribution to 20% of the Gross Domestic Product and it contributes 45% of industrial output, 40% of export, create three millions jobs every year and produce 8000 products for Indian and International market, over the years the performance of this sector has been increased. The present government is also encouraging large scale sector to promote MSMEs through buying 20% of the components from the indigenous MSM suppliers, this will help India to be competitive in the global market and the industries will get the cost benefit because of this progressive development of MSMEs it is also worthwhile that the scheduled banks have to promote MSMEs through low interest rates, ease of financing and to adopt transparent policies and strategies, this enable MSMEs to perform better in contributing industrial and economic development of the country. This research paper is an initiation towards this endeavor.

Introduction

The financing of Micro, Small and Medium enterprises [MSMEs] has received much attention in the present scenario due to the policy of the NDA government from made in India to Make in India. This policy is encouraging entrepreneurs to start up an enterprise and has been funded by Government under various schemes such as Credit Linked capital Subsidy Scheme, Credit Guarantee Scheme, Prime Minister Employment Generation Programme, MUDRA Bank and so on where as for expansion and development of firm they have the requirement external finance or credit which becomes costly for this sector and compelled them to avoid looking for fund from external sources this results in not only hampers on their growth but also restrict them to exploit various investment opportunities. In order to provide short term and long term fund to MSMEs considering the importance of finance to MSMEs government of India encouraged banks to support MSMEs for meeting their financial requirements in a single window clearance.

Back ground of the Study

In order to accelerate the growth of economy of a country, it is prerogative of the government to establish a linkage between enterprise development and credit support. In addition to that timely disbursement of credit and shorter repayment period are considered to be the essential characteristics of finance, particularly for micro and small enterprises. Government of India has made the policy to improve the access of finance for MSMEs through priority sector lending in order to boost the MSMEs across India and also encouraged commercial banking to provide credit support for MSMEs. In this regard several committees, viz. Nayak Committee (1992), Abid Husain Committee (1995) and the Kapur Committee (1998) were established, these committees recommended in favor of establishing of at least one specialized branch for SSIs in each district. Gangly Committee (2004) was in favor of adoption of a cluster-based approach for financing the sector, i.e., establishing specialized SSI branches in identified clusters. The banks have been permitted to categorize as SSIs general banking branches having 40% or more of their total advances to small scale industries. As a

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