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Assessing the Effectiveness of Insolvency and Bankruptcy Code

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ABSTRACT

Non-performing assets (NPAs) have become a major challenge for Indian Public Sector banks during the past few years. Insolvency and Bankruptcy code introduced in 2016 to tackle stressed Asset problem faced by the Indian banking sector in a systematic and time bound manner by consolidating the extant of multiple laws that have been dealing with insolvency and bankruptcy. As it has completed four years, an attempt was made to assess the effectiveness of IBC. The Code has been amended five times since its enactment for its effective implementation. There has been good progress in insolvency ecosystem. The recovery rate under IBC is 45.5%, the highest among all options available to creditors for recovery. About 250 CIRPs had yielded resolution plans and the amount realiasable was Rs.1.89 lakh crore as against claimed amount and liquidation value of Rs. 423 lakh crore and Rs. 1.03 lakh crore respectively. There is some respite in the gross NPAs of banking industry during the last year. The recovery rate improved nearly threefold from 25.7 per cent in 2016 to 71.6 per cent in 2019. The overall time taken in recovery also improved nearly three times, coming down from 4.3 years in 2016 to 1.6 years in 2019. India' resolving ranking improved and there by ease of doing. The code has had a positive impact on the insolvency process and will continue to have it on the banking sector and in turn the Indian economy.

Key Words: Non-performing assets, Insolvency and Bankruptcy code, Insolvency Professionals, National Company Law Tribunal, Resolving insolvency, Ease of doing business

I. INTRODUCTION

A robust and flourishing banking sector is essential for the development of any economy and Indian banks have been playing key role in the growth of all the sectors of the country. But Non-performing assets (NPAs) have become a major challenge for Indian banking system during the past few years. The Gross NPAs to Gross advances ratio (GNPA) has increased to 7.6% in the FY2016. The deterioration in asset quality of Indian banks would be attributed to the excessive leverage on bank debts by large corporates during the boom period as they have conceived major projects in capital intensive sectors such power, Ports, steel, and construction, delays in statutory and other approvals, change in government policies causing delay in implementation and achievement of DCCO and even if completed, under uitilisation and also to the domestic and global economic slowdown. The other reasons include willful default, diversion of funds, and quality of appraisal and lack of close monitoring.

Further, the Asset Quality Review (AQR) has also resulted in substantial increase in NPAs.NPA has been tedious as debtors continue to hold the controlling power and were unable to make progress on the resolution process. So several mechanisms and frameworks have taken by the Reserve Bank of India and steps by the Government on legal, financial and policy level reforms—most of these had moderate to low success.

There were multiple laws like The Presidency Towns Insolvency Act, 1909, The Provincial Insolvency Act, 1920, Sick Industrial Companies (Special Provisions) Act, 1985, Recovery of Debts due to Banks and Financial Institutions Act, 1993, SARFAESI Act, 2002, Companies Act, 2013 that deal with insolvency and bankruptcy for different entities under different situations. Due to the complexity of multiple laws, the process of recovery of corporate loans in India has been very long process and it takes

4.3 years on an average (as per World Bank report). This is higher as compared to other countries such as Japan (0.6), Germany (1.2) and United States of America (1.5 years), expensive (costs are 9%) and with a very low recovery rate of about 26 per cent, India is ahead only of Brazil amongst BRICS nation. Table 1 provides a comparison of the resolving insolvency and ease of doing business for selected countries.

Table No.1 Resolving insolvency and Ease of doing business for selected countries

Country	Ease of Doing Business Rank	Resolving Insolvency Rank	Recovery Rate[1]	Time[2]	Cost[3]	Strength[4]
Germany	3	17	84.4	1.2	8	15
Finland	1	13	90.3	0.9	3.5	14.5
China	53	78	36.9	1.7	22	11.5
India	136	130	26	4.3	9	6
Japan	2	34	92.1	0.6	4.2	14
Singapore	29	2	88.7	0.8	4	8.5
Brazil	67	123	15.8	4	12	13
United States	5	8	78.6	1.5	10	15

Source: The World Bank/Doing Business Framework

1Recovery Rate: The recovery rate is recorded as cents on the dollar recovered by secured creditors through judicial reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedi-ngs.

2Time: Time for creditors to recover their credit is recorded in years.

3Cost: The cost of the proceedings is recorded as a percentage of the value of the debtor's estate.

4Strength of Insolvency Framework Index: The strength of insolvency framework index is the sum of the scores on the commencement of proceedings index, management of debtor's assets index, reorganization proceedings index and creditor participation index. The index ranges from 0 to 16, with higher values indicating insolvency legislation that is better designed for rehabilitating viable firms and liquidating nonviable ones.

As per the Ease of Doing business index 2016 released by World Bank, India continues to fare the worst amongst the BRICS nation. With 136th rank, India is far behind the developed economies such as UK, US, and others. Among several requisites of an effective insolvency regime, recovery is one of the most important parameters. Further, all, out of the court, debt restructuring processes like CDR, SDR, S4A and 5:25 have not yielded the expected results.

So it was felt that a comprehensive resolution process is required to deal with the stressed asset menace. An efficient corporate insolvency regime expands the rights of the creditors and incentivizes them to increase the supply of credit in the market. This helps not only in increasing the market credibility but also improves the sustainability and competitiveness of the businesses.

In this background, the new code, the Insolvency and Bankruptcy Code, 2016 has been formed with the broad objective to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner. With the implementation of IBC there is one single law to deal with insolvency and bankruptcy issues and replaced the existing bankruptcy laws and cover individuals, companies, limited liability partnerships and partnership firms. The code has a well-regulated institutional framework under a new regulator, the Insolvency and Bankruptcy Board of India, Two Adjudicating Authorities, NCLT and DRT performing the judicial control during the process. Other entities like Insolvency Professional and Information Utilities performing specific roles during the process.

Corporate Insolvency Resolution Process

As per Section 6 of the code, whenever a corporate debtor defaults in payment, the process of corporate insolvency resolution may be initiated by a financial creditor, an operational creditor or the corporate debtor itself.

An application for initiating corporate insolvency resolution process against a corporate debtor is filed before National Company Law Tribunal (NCLT). Within fourteen days of receipt of the application, NCLT ascertains existence of the default and if default exists, the NCLT admits the application. Within 180 days from the date of admission of the application, the NCLT has to bring a resolution plan. This time period can be further extended to maximum of 90 days and not beyond that to ensure time bound resolution. The NCLT through resolution professional make effort to protect and preserve the value of the property of the corporate debtor.

II. REVIEW OF LITERATURE

Rajeshwari Krishnan (2011) found that securitization can be used for the liquidating the illiquid and long terms debt like loan receivables of the financial institutions or bank by issuing marketable securities against them. She concluded that the SARFAESI act is defiantly and big leap forward not only in the field of NPA management but also promoting the securitizing market in India. The act may be required to fine-tune to bring in ‘natural justice’.

Rajaseker Reddy et. al made a conceptualized study in Andhra Pradesh in nonperforming assets and made some suggestion they are extending role of banks and financial institutions not to keep their activity limited to financing but also to monitor the functioning of industry from time to time, introducing entrepreneur training, counseling and guidance for the new entrepreneurs. Establishing a separate department of rehabilitation of NPAs which concentrates on diagnosing the reason for NPAs and to take proper steps for recovery. They made certain suggestions to encounter industrial sickness and to minimize the chances of evolution of NPA in any industry.

Chanchal Rani (2013) undertaken for knowing the impact of Securitisation Legislation in the management of NPAs in selected financial institutions and observed that that DRT, OTS and ‘Securitisation Act’ are used by banks irrespective of their levels of operations. The examination revealed that ‘DRT’ and ‘Securitisation Act’ were equally popular for dealing with NPAs though all available techniques are being used by the banks to manage the NPAs .

Xalxo, J. V. (2017) stated that the IBC Code is a landmark piece of legislation providing a major facelift to the existing regime relating to restructuring and insolvency and bankruptcy in India. It promises to provide the one big missing piece in the existing jigsaw of laws in the form of establishing a framework for time–bound resolution for delinquent debts. India now has a bankruptcy and insolvency framework which is comparable with international standards. While this will go a long way in bringing an element of certainty and predictability to commercial transactions in the country and facilitating the ease of doing business, the litmus test for its success will be in how it is implemented. In particular, various practical, logistical and legal hurdles will need to be overcome and the coming months will be crucial with a lot resting on the nuts and bolts of the rules which are now expected to be notified under the Code.

Esther Tensingh (2019)concluded that the introduction of IBC initially led to a shock in the industry and caused a opposite impact than what it was aimed for. But the last financial year has seen a change in trend due to the introduction of IBC. Also due to this the long-term effects are expected to show the much-awaited results of the reduction of NPA levels in both public and private sector banks and increase in the profitability of the banks Also, during the study, a few points of problem were identified. These are that the rivals can purchase companies for a very small amount and in the absence of a healthy competition; it can be a point of depression for the economy. Haircuts are still big, and banks need money to cover these. Also, there is no guarantee that banks will have no build up for bad loans as there is no mechanism in place to prevent it. A change in the policies to address these issues can make a huge difference and can improve the quality of the code.

CRISIL(2019) in their report commented that it is commendable that in comparison to similar bankruptcy laws in other countries, its implementation in India has been far quicker, resulting in recovery of creditors' dues and protection of their rights. Further observed that IBC has improved Governance framework in India and success of IBC hinges on timely resolution of stressed assets and a conducive eco system.

Dipak bhai Ruparel (2020) stated that the Insolvency and Bankruptcy Code, 2016 consolidated the laws and laid down several effective measure for improving the efficiency of insolvency resolution process. This code played the role of a catalyst in dealing with the major issue of all the commercial banks that is of Non- Performing Assets. The IBC, 2016 has played a positive role on the country's economy since the time it has come into force. Many amendments were suggested after the act was enacted so as to further increase its positive impact on the economy. Many more amendments have been suggested which would hopefully further strengthen the Indian economy.

It has been 4 years since the Bankruptcy Law has been enacted, an attempt made to is analyse its effectiveness with the following objectives :

1. To review the performance of Insolvency and Bankruptcy Code
2. To compare the performance of various recovery channels
3. To analyse the impact of IBC
4. To suggest measures to improve effectiveness of IBC

III. METHODOLOGY

The present study is analytical study and based on secondary data and the data have been collected from the Quarterly news letter of the Insolvency and Bankruptcy Board of India and Report on Trend and Progress of Banking in India, RBI. The following hypotheses were tested

H1: There is no significant difference in the effectiveness of recovery between IBC and other channels

H1A: There is significant difference in the effectiveness of recovery between IBC and other channels

H2: There is no positive impact of Insolvency and Bankruptcy Code on insolvency process

H2A: There is positive impact of Insolvency and Bankruptcy Code on insolvency process

IV. RESULTS AND DISCUSSION

The data and information collected were analysed and results are discussed in the following sections according to objectives of the study.

Review of Performance

a. Amendments

Besides, proactive stance by Insolvency and Bankruptcy Board of India in seeking and acting on feedback from other stakeholders, Government has also been proactive in introducing various amendments strengthening the bankruptcy frame work in response to feedback received and practical experience of processes under execution. The amendments are not limited IBC but the entire ecosystem. The code was amended five times since its inception. The important aspects of amendments are:

The first amendment to the Code mandates consideration of only feasible and viable resolution plans, that too, from capable and credible persons, to ensure sustained life of the company. It inserted section 29A that prohibit persons, who do not have credible antecedents, from submitting resolution plans or taking over companies in stress.

The second amendment to the Code,(2018) which, provides a lower voting threshold of 66 per cent down from 75 per cent for approval of resolution plan to encourage resolution as against liquidation. It also provides the voting threshold of 51 per cent for routine decisions to facilitate the CD to continue as a going concern during the CIRP. It allows closure of CIRP with the approval of 90 per cent of voting share of the CoC. It streamlines section 29A to avoid unintended exclusions and thereby enlarges the universe of RAs. It provides for one-year grace period for the successful RA to fulfil various statutory obligations required under different laws.

The third amendment to the Code,(2019) clarifies that a resolution plan may provide for restructuring of the CD, including by way of merger, amalgamation, and demerger to enable the market to come up with innovative resolution plans for rescuing the lives of companies. To deal with voting impasse in case of creditors in a class, the amendment provides that the decision by the creditors in a class shall be taken with the approval of more than 50 per cent voting share of FCs, who have cast their votes and the authorised representative of the class shall vote for the class of FCs he represents in accordance with the decisions taken by the class. To avoid disputes, it clarifies that the CoC may approve a resolution plan after considering its feasibility and viability, and the manner of distribution of realisation under the plan, keeping in view priority of the creditors and their security interests as laid down in the waterfall. In the interest of certainty, it provides that resolution plan shall be binding on Central Government, any State Government, and any local authority to which the CD owes debt under any law. In cases where running the entire CIRP is an empty formality, it clarifies that CoC may decide to liquidate a CD at any time during CIRP, even before preparation of the information memorandum (IM).

A provision was inserted in Section 12 which requires that the resolution process must be mandatorily concluded within 330 days. This amendment ensures to bring discipline amongst the stakeholders to avoid inordinate delays in the insolvency resolution process. However, if no resolution plan is achieved within 330 days from the date of admission of the Application, then liquidation of defaulting firm will start.

The fourth amendment (2019) clarifies that a license, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law, shall not be suspended or terminated on the grounds of insolvency to facilitate continuation of a CD as a going concern during CIRP, which is essential for its rescue.

Further, it provides for continuation of supply of goods and services which the IP considers 'critical' to protect and preserve the value of the CD and manage its operations as a going concern. It provides that the liability of a CD for an offence committed prior to the commencement of the CIRP shall cease, and the CD shall not be prosecuted for such an offence from the date the resolution plan is approved by the AA, if the resolution plan results in the change in the management or control of the CD. Similarly, no action shall be taken against the property of the CD in relation to an offence committed prior to the commencement of the CIRP of the CD, where such property is covered under a resolution plan approved by the AA, which results in change in control of the CD. These would encourage prospective RAs applicants to submit resolution plans undeterred by uncertainties surrounding the offence committed by the CD prior to CIRP.

The fifth amendment to the Code,(2020) came to prevent companies from being pushed into insolvency due to their inability to repay debt as a consequence of business disruptions caused by COVID-19 pandemic, the recourse to IBC under sections 7, 9 and 10 has been suspended for any default arising on or after March 25, 2020 for a period of six months or such further period, not exceeding one year from such date experiencing distress from being pushed into insolvency.

The amendments brought in the Code are a step forward towards the effective implementation of the Code and removing the hindrances in the way of its implementation. By allowing viable companies to continue operating as going concerns, the amendments to the insolvency law aim to support entrepreneurial risk-taking and at the same time protecting the interests of the investors and creditors in such ventures. The amendments will significantly boost the framework of insolvency resolution as had been envisaged under the Code and also help in transparency and to improve realization from resolutions.

b. Ecosystem

In the last four years, there has been good progress in insolvency ecosystem. At the end of June, 2020, The Appellate Authority, the Insolvency and Bankruptcy Board of India (IBBI), and the Adjudicating Authority has presence in 15 cities. 4215 individuals have passed the limited insolvency Examination and 3122 individuals registered with IBBI as Insolvency Professionals (IPs) and out of them 2151 IPs are having Authorization for assignment. About 67 per cent of RIPs are from North and West regions. There are three Insolvency Professional Agencies (IPAs), 73 Insolvency Professional Entities and one Information Utility (IU). There are 3130 registered valuers and Out of them, 71 % from non-metro areas and 14 registered value organizations. The Government has appointed 30 new judges to the various benches of the national company law tribunal (NCLT) in 2019.

c. Benefit to stake holders

The IBC aims at protecting the interest of all stake holders, banks and financial institutions, secured and unsecured creditors and employees. It can help in development of the corporate bond market and better ease of doing business.

Banks and financial institutions: IBC helps banks in

- Leading to quicker resolutions
- Releasing capital for banks - Faster resolutions enabling release of capital, which can be deployed for credit expansion
- Instilling better Credit - Tightening of the norms for willful defaulters which together with implementation of Code, enhances recoveries from such borrowers and improve the overall credit discipline.

d. Bond Market

The RBI has implemented norms for limiting individual/ group exposures in banks and encouraging large corporate borrowers to access the bond markets for funding requirements. This, along with the strong bankruptcy code can bolster creditor rights and deepen the bond market.

e. Economy

Implementation of insolvency code has improved India's ranking of ease of doing business and it helps in attracting foreign investments.

IBc has also driven M &A momentum in the country, domestic and international investors have shown interest investment. Further it helps entrepreneurs and professionals and employees and workmen.

f. Progress

In four years, IBC has come a long way and it is being used to resolve NPA problem of the banking sector and there has been good progress in the insolvency space. The details are discussed in this section.

i. Insolvency Resolution

The distribution of stakeholders who triggered CIRP is presented in Table 2. Operational Creditors (Ocs) triggered 50.14% of the CIRPs, followed by about 43.21% by Financial Creditors (FCs) and remaining by the Corporate Debtors (CDs) .

The status of CIRPs as on June 30, 2020 is presented in Table 4.

Table No.2 : Initiation of Corporate Insolvency Resolution process			
No. of CIRPs initiated by			
Financial Creditors	Operational Creditors	Corporate Debtors	Total
1690	1961	260	3911
43.21	50.14	6.65	100 (%)

Since coming into force of the provisions of IBC, of the 39114 cases admitted, by the end of June, 2020. Of these, 380 have been closed either by appeal or review or settled; 218 have been withdrawn; 955 have ended in orders for liquidation and 250 have ended in approval of resolution plans. More than 71 % of

CIRPs are in the Manufacturing, Real estate and Construction sectors. There are about 1094 (51.90 %) CIRPs outstanding beyond 270 days. The details are presented in Table 3.

Table No.3 : Progress as on June 30, 2020

A : Corporate Insolvency Resolution Process

CIRPs Admitted	Closure by				CIRPs outstanding
	APPEAL/REVIEW SETTLED	Withdrawal under section 12A	Approval of Resolution Plan	Commencement of Liquidation	
3911	380	218	250	955	2108

B : Sectoral Distribution of CDs under CIRP

Sector	CIRPs Admitted	Closure by				CIRPs outstanding
		APPEAL/REVIEW SETTLED	Withdrawal under section 12A	Approval of Resolution Plan	Commencement of Liquidation	
Manufacturing	1595	130	88	129	418	830
Real Estate, Renting & Business Activities	777	103	60	32	157	425
Construction	421	56	25	21	66	253
Wholesale & Retail Trade	390	31	16	14	120	209
Hotels & Restaurants	89	11	5	9	18	46
Electricity & Others	120	8	2	9	19	82
Transport, Storage & Communications	117	12	6	7	40	52
Others	402	29	16	29	117	211
Total	3911	380	218	250	955	2108

C: Status of CIRPs as on June 30, 2020

Admitted	3911	Ongoing	2108
Closed on Appeal / Review / Settled	380	>270 days	1094
Closed by Withdrawal under section 12A	218	> 180 days ≤ 270 days	539
Closed by Resolution	250	> 90 days ≤ 180 days	402
Closed by Liquidation	955	≤ 90 days	73

ii. Withdrawals under Section 12A

Till June, 2020, a total of 218 CIRPs have been withdrawn under section 12A of the Code. Of these, 80 cases were on account of settlement with applicant and with other creditors. The distribution of claims and reasons for withdrawal in these CIRPs are presented in Table 4.

iii Resolution Process

It is seen that about 52.96% of the CIRPs, which were closed, ended in orders for liquidation, as compared to 13.86% ending with a resolution plan. However, it is important to note that 72.48% of the CIRPs ending in liquidation (690 out of 952 of which data is available) were earlier with BIFR and / or defunct. The economic value in most of these CDs had already eroded before they were admitted into CIRP. These CDs had assets, on average ,valued atless than 5 %of the outstanding debt amount.

Till June,2020, 250 CIRPs had yielded resolution plans and the amount realiasable was Rs.1.89 lakh crore as against claimed amount and liquidation value of Rs. 423 lakh crore and Rs. 1.03 lakh crore respectively. The realisation by FCs under resolution plans in comparison to their claims is 44.70%, while the realisation by them in comparison to liquidation value is 183.59%. It is important to note that of the 250 CDs rescued under the processes under the Code, 70 were in BIFR or defunct.

Table No. 4 : Reasons for Withdrawal and Claim Distribution

Reason for Withdrawal	
Full settlement with the applicant	68
Full settlement with other creditors	12
Agreement to settle in future	15
Other settlements with creditors	63
Corporate debtors not traceable	2
Corporate debtor struck off the Register	1
Applicant not pursuing CIRP due to high cost	4
Others	42

Claim Distribution	
Amount of Claims Admitted Rs. Cr	NO.of CIRPs
≤ 01	99
> 01 ≤ 10	53
> 10 ≤ 50	34
> 50 ≤ 100	10
> 100 ≤ 1000	8
> 1000	3

Liquidation Process

955 CIRPs had yielded orders for liquidation till June,2020. Sixty nine liquidation processes were closed by dissolution /going concern sale. T he status of liquidation process is presented in Table 5.

Table No.5 : Status of Liquidation Processes as on June 30, 2020

	Number		Number
Initiated	955*	**Ongoing**	867
Final Report submitted	88	> Two years	104
Closed by Dissolution	66	> One year ≤ Two years	324
Closed by Going Concern Sale	3	> 270 days ≤ 1 year	145
*This excludes 6 cases where liquidation order has been set aside by NCLAT / Supreme Court.		> 180 days ≤ 270 days	138
		> 90 days ≤ 180 days	133
		≤ 90 days	23

The AA passes an order for liquidation under four circumstances. The details of liquidation as per each of these circumstances are presented in Table 6.

Table No. 6: Reasons for Liquidation*

Circumstance	Number of Liquidations	
	Where final report submitted	Ongoing
AA did not receive resolution plan for approval	33	373
AA rejected the resolution plan for non-compliance with the requirements	0	41
CoC decided to liquidate the CD during CIRP	36	231
CD contravened provisions of resolution plan		0 1
Total	69	646

*** Data are available for only 715 cases.**

Table No. 7: Claims in Liquidation Process

			Amount Rs. Cr
	84 Liquidations where Final Report Submitted	Ongoing 807 Liquidations*	Total
Number of claims admitted	1414	2021495	2022909
Amount of claims	11512.39	557864.30	569376.69
Liquidation value	180.58	27413.05	27593.63
Amount realized	192.35		
Amount Distributed	187.59		

* Data for other liquidations are not available.

Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016 requires the liquidator to make a public announcement calling upon stakeholders to submit their claims as on the liquidation commencement date, within 30 days from the liquidation commencement date. The details of the claims admitted by the liquidators in 895 liquidations, for which data are available, are presented in Table 7. In respect of 84 Liquidations where Final Report Submitted, the amount distributed was Rs. 187.59 crore against liquidation value of Rs.180.58 crore iv Average time The average time taken for completion of 250 CIRPs yielding resolution is 423 days, including the time excluded by the AA. However, if the time excluded by the AA is excluded, the average time for completion of CIRPs is 380 days (Table 8). The average time taken for completion of 955 CIRPs, which have yielded orders for liquidations, is 312 days. However, many cases have seen delays in implementation of the resolution plans even after the tribunal's approval due to substantial litigation in higher courts or enforcement actions and refusal of resolution applicant to abide by the resolution plan.

Table No. 8 : Average time for approval of Resolution Plans/Orders for Liquidation/Dissolution

Sl. No.	Average time	No. of processes covered	Time in days	
			including excluded time	Excluding excluded time
CIRPs				
1	From ICD to Approval of resolution plans by AA	250	423	380
2	From ICD to order for liquidation by AA	955	312	NA
Liquidations				
3	From LCD to submission of final report	88	296	NA
4	For submission of Final report under Voluntary Liquidation	250	336	NA

v. Twelve Large Accounts

Resolution of 12 large accounts was initiated by banks, as directed by RBI. Together they had an outstanding claim of Rs.3.45 lakh crore as against liquidation value of Rs.73220 crore. Of these, resolution plan in respect of eight CDs have been approved and orders for liquidation have been passed in respect of two Cds.

Due to failure of implementation of approved resolution plan in respect of one CD (Amtek Auto Ltd.), the process has restarted. Thus, CIRPs in respect of two CDs and liquidation in respect of two CDs are ongoing and are at different stages of the process. About Rs. 136117 crore realized from the eight resolved companies against the amount of claims of Rs 236907 crore (57 per cent) and against the liquidation value of Rs. 67028 crore (203%) Among 8 accounts, the realization is more than 100 per cent in respect of JP Infratech Ltd and 82.91 per cent in respect of Essar Steel India ltd.

vi. Voluntary Liquidation

A corporate person may initiate voluntary liquidation proceeding if majority of the directors or designated partners of the corporate person make a declaration to the effect that (i) the corporate person has no debt or it will be able to pay its debts in full from the proceeds of the assets to be sold under the proposed liquidation, (ii) the corporate person is not being liquidated to defraud any person. At the end of

June 30, 2020, 692 corporate persons initiated voluntary liquidation (Table 9A). Final reports in respect of 250 voluntary liquidations have been submitted. The reasons for Voluntary Liquidation and the status of 692 liquidations is furnished in Table 9B.

While 692 cases of voluntary liquidation were admitted, the reasons for these initiations are available for 678 cases, which are presented in Table 17. Most of these corporate persons are small entities. 429 of them have paid up equity capital of less than Rs. 1 crore. Only 84 of them have paid-up capital exceeding Rs.5 crore. The corporate persons (684), for which details are available, have an aggregate paid-up capital of Rs. 4643 crore and have assets of Rs. 4784 crore Dissolution orders were passed in respect of 137 liquidations and these corporate persons owed Rs. 9.49 crore to creditors and through voluntary liquidation process, they were paid Rs. 9.49 crore.

Table No. 9 A : Phasing of Voluntary Liquidations

Status of Liquidation	Number
Initiated	692
Final Report submitted	250
Closed by Dissolution	137
Closed by withdrawal	8
Ongoing	434
> Two years	77
> One year ≤ Two years	151
> 270 days ≤ 1 year	51
> 180 days ≤ 270 days	58
> 90 days ≤ 180 days	87
≤ 90 days	10

Table No. 9B: Reasons for Voluntary Liquidation

Sl. No.	Reason for Voluntary Liquidation	No. of Corpoarate Persons
1	Not carrying business operations	451
2	Commercially unviable	81
3	Running into losses	15
4	No revenue	24
5	Promoters unable to manage affairs	15
6	Purpose for which company was formed accomplished	14
7	Contract termination	5
8	Miscellaneous	73
	Total	678

B. Comparative performance of various Recovery channels

Non-performing assets have negative impact on the profitability, productivity and competitiveness of commercial banks. Therefore the Central government and RBI have taken steps for controlling incidence of fresh NPAs and creating legal and regulatory environment to facilitate the recovery of existing NPAs of banks.

These strategies and measures are necessary to control NPAs. Here as attempt was made to assess the effectiveness of important recovery measures like Lok Adalats, DRTs and Securitization Act and IBC are analyzed and compared.

It can be observed that maximum number of cases referred to Lok Adalats followed by action under SARFAESI Act. As compared to other means recovery of NPAs, these referred cases are much more. It is also clear that the number of cases for the recovery of NPAs referred to DRTs is more than doubled during the period 2015-20. The details of number of applications referred, amount involved and recovery made are furnished in the table 10.

During the period 2015 to 2020, the amount referred to various channels has increased substantially indicating that banks have been utilizing the avenues available to improve their recovery performance. It is observed that the amount recovered by Lok Adalats during this period has been much less than the other recovery channels. Due to inefficiency of Lok Adalats in recovering, the commercial banks resorting to DRTs and action under SARFAESI Act. It is the action under SARFAESI Act which has been contributing the largest share in recovery till 2018. The direct act of taking possession of the secured asset of the defaulters under SARFAESI Act is the preferred method for banks in India. Banks started making use of IBC from 2017. IBC has contributed maximum in the recovery of NPAs from the year 2019. The amount recovered through IBC constitutes about61.29% out of the total amount recovered through these four three channels together. The percentage of recovery to amount involved in respect of IBC was 45.5 as compared to 26.7 and 4.1 through action under SARFACI Act and DRTs respectively during the year 2020. As the recovery percentage to amount involved in respective channel and proportion of total recovery through Insolvency and Bankruptcy Code has been more for the years 2019 and 2020, the null hypothesis is rejected and it is accepted that IBC is more effective as compared to other channels of recovery.

Table No. 10

A. Amount Involved in Recovery of NPAs			**Rs. Cr**		
Year	**Lok Adalat**	**DRTs**	**SARFAESI Act**	**IBC**	
2015	30979	60371	156778	NA	248128
2016	72000	69300	80100	NA	221400
2017	36100	100800	141400	--	278300
2018	45728	233095	81879	9929	270631
2019	53506	306499	289073	166600	815678
2020	67801	245570	196582	232478	742431
B. Amount recovered			**Rs. Cr**		
2015	984	4208	25600	NA	30792
2016	3200	6400	13200	NA	22800
2017	2300	10300	25900	--	38500
2018	1811	7235	26380	4926	40352
2019	2816	10574	41876	70819	126085
2020	4211	10018	52563	105773	172565
C					
Percentage of Amount Recovered out of Amount involved					
2015	3.2	7.0	16.3	NA	12.4
2016	4.4	9.2	16.5	NA	10.3
2017	6.3	10.2	18.3	--	13.8
2018	4	5.4	32.2	49.6	14.9
2019	5.3	3.5	14.5	42.5	15.5
2020	6.2	4.1	26.7	45.5	23.2

C. Analyzing Impact of Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 (the code, IBC) has been one of the significant reforms in India in recent times and we tried to analyse the achievements of the code during the last four years since its inception.

1. Debtors and creditors alike are undertaking corporate insolvency processes. About 3911 firms, some of them having large NPAs, have been admitted into corporate insolvency resolution process (CIRP). 45 per cent of them have exited the process with resolution plans, withdrawals, or orders for liquidation, while the rest are under process.
2. Another 700 firms have commenced voluntary liquidation and one third of them have concluded the process.
3. The Code has rescued about 250 such firms through resolution plans, fulfilling the objective of the code and , it has referred 955 firms for liquidation. The firms rescued had assets valued at Rs. 1.01 lakh crore, while the firms referred for liquidation had assets valued at Rs. 0.38 lakh crore when they were admitted to CIRP. Thus, in value terms, around three fourth of distressed assets were rescued. Of the firms sent for liquidation, three-fourth were either sick or defunct and of the firms rescued, one-third were either sick or defunct.
4. The realisable value of the assets available with the firms rescued, when they entered the CIRP, was only Rs.1.01 lakh crore. The resolution plans recovered Rs. 1.94 lakh crore, which is about 192 per cent of the realisable value of these firms. Any other option of recovery or liquidation would have recovered at best Rs. 100 minus the cost of recovery/liquidation, while the creditors recovered Rs. 192 under the Code. The excess recovery of Rs. 92 is additional gain.
5. The average time taken to resolve the 156 cases has been 380 days (after excluding the time excluded by the AA), for conclusion, which is more than the stipulated period of recently amended period 330 days. However it is lesser than the 4.3 years it took in the pre-IBC era. Similarly, the 955 CIRPs, which ended in orders for liquidation, took, on average 312 days, for conclusion.

Further, 88 liquidation processes, which have closed by submission of final reports , took on average 296 days for closure. Similarly, 250 voluntary liquidation processes, which have closed by submission of final reports, took on average 336 days for closure.

6. The financial creditors (FCs) recovered 45 per cent of their claims in respect of 250 resolutions and the realisation by FCs in comparison to liquidation value is 183.59%.
7. The amount recovered through IBC constitutes about 63.2 % of the total amount recovered through all the channels together. As against the recovery rate of DRTs and action under SARFAESI Act is 4.1% and 26.7 %, the recovery rate under IBC is 45.5%, the highest among all options available to creditors for recovery. It is much higher than the average recovery rate (all Lok Adalat, DRTs, & SARFAESI together) which was ranging between 10-14 % between 2016- 2019.
8. Had these 250 undergone liquidation process, the recovery rate for the financial creditors would have been 23.44 % which is lower than the recovery rate through normal recovery process which was 25.7 in 2016.
9. The gross NPAs stood at INR3,23,464 crores as on March 31, 2015 and increased to over INR10.36 lakh crores figure by the end of 2017-18 fiscal on March 31. However, there is some respite in the last financial year as Gross NPAs of SCBs, which stood at INR10,36,187 crores on March 31, 2018, declined by INR97, 996 crores to INR9,38,191 crores as on June 30, 2019.This reduction in the gross NPAs is certainly attributed to efficient and time bound resolution process under the Code besides other factors.

10. The cost of a CIRP yielding resolution plan works out on average 0.75 per cent of liquidation value and 0.38 per cent of resolution value.
11. In terms of the World Bank's data, the overall recovery rate for creditors jumped from 26.0 to 71.6 cents on the dollar and the time taken for resolving insolvency also came down significantly from 4.3 years to 1.6 years.

India is now, by far, the best performer in South Asia on the resolving insolvency component and does better than the average for Organisation for Economic Cooperation and Development (OECD) high-income economies in terms of recovery rate, time taken and cost of a CIRP.

12. The Resolving insolvency score increased from 32.6 in 2016 to 40.8 in 2019 and in the Global Innovation Index, India's rank improved from 136 in 2016 to 47 in 2020 in 'Ease of Resolving Insolvency'.
13. The implementation of the Code got reflected in Ease of Doing Business. In the World Bank Group's Doing Business Reports, the quantum leap that India took in the World Bank's Ease of Doing Business rankings moved up from 130in 2016 to 63 in 2019. The Doing Business Report rankings play an important role in developing perceptions about the strength of an insolvency and bankruptcy resolution framework of a country. The improved performance of India on the index is largely on account of IBC.
14. IBC brought the major shift in resolution process because of the provision "concept of creditor in control instead debtor in possession, where creditors decide matters with the assistance of Insolvency Professionals (IPs)." Beyond revival of firms and realisations for creditors, this credible threat of the Code, that a firm may change hands, redefined debtor-creditor relationship prompting resolutions in the shadow of the Code and substantial recoveries for creditors outside the Code, while improving performance of firms. Many debtors today prefer to resolve stress at early stages and making best effort to avoid consequences of CIRP. Most firms are rescued at these stages.
15. The Code has established the supremacy of markets, while balancing the powers of suppliers of capital - debt and equity. It enables the stakeholders themselves to decide the matters for them instead of accepting a solution worked out by the State. Where the equity suppliers have failed to address the distress of a firm, the Code gives an opportunity to creditors to do so.

IBC has been able to tackle the menace of non-performing assets, and effective in contributing to the economy in various indirect ways such as improving credit discipline in the market, time bound resolution. It has improved, resolving insolvency climate and leading to improvement in ease of doing business rank of the country. As such, we reject the null hypothesis and accept that IBC had positive impact on insolvency process in India and has made remarkable progress in a short span of four year.

D. Suggestions to improve effectiveness of Insolvency and Bankruptcy Code

Government and IBBI had initiated various steps for effective implementation of the code and it has played the role of a catalyst in dealing with the major issue Non Performing Assets of banks but a long journey is ahead. So the following suggestions are offered to enhance the efficiency of the IBC mechanism so as to bring an impartial, efficient and expeditious framework in the Indian insolvency regime with an objective of economic reform.

1. Adherence to time-bound resolution critical – Time lag even between filing of petition for commencement of CIRP and actual admission (current range of six to nine months for most cases) may dilute the Code's ability to be an effective deterrent to delinquency and default For this to be successful, various stakeholders need to work constructively together.
2. Judicial infrastructure – Though there is increase in the number of NCLT addition of new judges, still the current strength of NCLT benches is insufficient to deal with the larger number of pending cases, increase in NCLT benches and judges is immediate requirement to cope with increased load and proactive training/on-boarding of judges, lawyers and other intermediaries will be necessary for effective implementation of the code.
3. There are 3,122 registered IPs across India. Though the experience they would have gained over the past is expected to help the profession, the capacity to take on inter-personal issues, deal with hostile situations, maintain integrity and run organisations in difficult situations has not yet gained the confidence of other stakeholders so proper training of IPs is need of the hour.
4. Role of committee of creditors (CoC) – Even the creditors empowered with appointing the insolvency professional did not have much exposure in dealing with stress and hence are unable to fully contribute to positioning corporate debtors for a change in control. The CoC must work dynamically with resolution professionals to revive the company and should be better equipped through various training programmes to handle professional challenges. Banks now have specialized departments for dealing with stressed asset management. These departments to be supported by professionals which has will lead to development of standardized operating procedures and improve the speed and bring the consistency in the decision making and reduce the inter creditor conflicts
5. Limited number of information utilities (IUs) – Technological infrastructure needs to be strengthened to avoid any kind of data loss and to maintain confidentiality.
6. Market for secondary assets – An active secondary market and funding from banks could foster entrepreneurial interest, helping in faster redeployment of these assets and ensuring better price discovery.
7. IBC does not cover cross border insolvency as of now, though these provisions notified to give guidelines to government for the same. These by itself may not be enough for the actual implementation of an efficient and feasible cross boarder insolvency regime. So UNCITRAL model law of Cross-border insolvency should be adopted in India.
8. Group insolvency framework to be implemented for allowing consolidated insolvency proceedings which may help corporate groups to revive interrelated businesses which are housed under different entities of the same corporate group.
9. Guarantees are one of the most common tools relied on by lenders when extending credit and have specific meanings and rights associated with them both under the Contract Act as well as market practice. The jurisprudence on guarantees under the IBC has, to date, been contradictory in several cases. Further certain ambiguities and gaps in the process remain. It is hoped that these are clarified in the coming months through a combination of case law and regulatory interventions
10. With the introduction of IBC, there has been a change in promoter behavior towards repayments, and there is now a conscious move by promoters/directors, to engage earlier into discussion with lenders, at the first signs of distress, so an alternative mechanism for

resolution should be developed and guided well by regulation and capacity building to enable the creditors to settle debts outside of an IBC process.

The IBC would then be used only as a deterrent against default. Investors too would find better and timely deals enabling much needed flow of capital to revive distressed assets.

11. Financial creditors, now, should take a step back and reflect on the four year journey and incorporate the learning into the decision making process for upcoming cases.
12. While the government has made efforts to build an investor-friendly platform for the acquirers of IBCcompanies, it is also certain that further steps are required to align the Indian tax laws to achieve the avowed objective of the Code in an effective manner.
13. Corporate Debtors might have third party agreements that might be detrimental to the company. The code should empower successful resolution applicant to modify such agreement in the best interests of the company without facing penalties that might be applicable as per previous agreements.
14. Liquidation under a 'going concern' basis – To maximise value and stakeholders' interest the IBC framework for liquidation under a 'going concern' basis needs to be explored further and should be followed in true spirit.
15. NCLTs shall not interfere in the commercial decisions of the COC or resolution applicants
16. Insolvency and Bankruptcy Code (IBC), which has been amended five times since its inception, has scope for further improvements,

V. CONCLUSION

Insolvency and Bankruptcy code was formed in 2016 to consolidate the extant of multiple laws that have been dealing with insolvency and bankruptcy. IBC was introduced to tackle NPAs problem faced by the Indian banking sector in a systematic and time bound manner. The Code has been amended four times since its enactment.

The amendments brought in the Code are a step forward towards the effective implementation of the Code and removing the hindrances in the way of its implementation. There has been good progress in insolvency ecosystem.

Presently there are 16 NCLT benches and Government appointed new judges across the country and 3122 individuals registered with IBBI as Insolvency Professionals. The amount recovered through IBC constitutes about 61.29 % of the total amount recovered through all the channels together. As against the recovery rate of DRTs and action under SARFAESI Act is 4.1% and 26.7 %, the recovery rate under IBC is 45.5%, the highest among all options available to creditors for recovery. It is much higher than the average recovery rate (all Lok Adalat, DRTs, & SARFAESI together) which was ranging between 10-14 % between 2016 to 2019. About 250 CIRPs had yielded resolution plans and the amount realiasable was Rs.1.89 lakh crore as against claimed amount and liquidation value of Rs. 423 lakh crore and Rs. 1.03 lakh crore respectively. There is some respite in the gross NPAs of banking industry during the last year and this reduction in the gross NPAs is certainly attributed to efficient and time bound resolution process under the Code besides other factors. There is substantial improvement in recovery rate and reduction in timelines leading to improvement in resolving insolvency and ease of doing business ranking. The code has had a positive impact on the insolvency process and will continue to have it on the banking sector and in turn the Indian economy. Certain improvements suggested to further enhancing its effectiveness.

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The Role of Feminism in India by Krupabai Satthianadhan, Cornelia Sorabji, and Sarojini Naidu

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ABSTRACT

The socioeconomic status of women in India began to transform as industrialization and urbanization took place allowing for areas of education, politics, and employment to become accessible to women. In this new revolution of educated women were three leading figures that advocated the female voice, Krupabai Satthianadhan, Cornelia Sorabji, and Sarojini Naidu. One may say that it was in this colonial period that feminism in India was formed. Although the term feminism did not arise at the time of the colonial period, it is being associated with three women here because of their actions for women's equality in India. It was in the period of the nineteenth and twentieth century India that social movements took place in regards to the inequalities between men and women. The feminist voice has been heard and was the subject of change. Although there was great protest against the British Empire and its oppression on the native people of India, there was also much oppression made by the native people on the women of India through its centuries old social practices.

I. INTRODUCTION

These women projected their beliefs through their writings and actions. All three women were born into the British Raj, and educated through English schooling. Being the first generation of Indian writers who have written texts in the English language, they promoted their beliefs about the social injustice women of India faced in their daily lives, and integrated them into their writings. Looking into India's history, many women have been subjected to religious customs that have degraded their status within society. Satthianadhan, Sorabji, and Naidu, who were all elite women, all benefited from the key component of the shift in the status of women in society, and that was education. The establishment of education during the colonial period was what triggered a societal change in structure [1].

This was the underlining factor to many of Satthianadhan, Sorabji, and Naidu's beliefs. Without freedom for women of India, the country would never be free. Women for centuries in India had faced an appalling list of restrictions because of their sex, and it was the social reform during the eighteenth and nineteenth century that created a shift in such social norms. It was such social movements by social reformists that made way for the women to speak out about the issues they faced. The restrictions against women created inequality between men and women. Satthianadhan, Sorabji, and Naidu observed such practices against women and emphasized the swift action to change them. Each of these women have written texts on this subject or have used their role in society as a women to protest against such diminishing inequality. These texts written to convey their social reformist beliefs range in many forms: Satthianadhan wrote novels, Sorabji wrote narratives, and Naidu wrote poetry. These women who have overcome the battles that were predestined for them, helped support a society with new and transformed social norms while outlawing those that persecuted many women before them. Being brought up in a culture with such traditions impacted the lives of Satthianadhan, Sorabji, and Naidu, and this manifested itself in acts of protest.

Krupabai Satthianadhan

Krupabai Satthianadhan was a pioneer in women rights and studies, and considered as one of the earliest feminist theorist. The following section on the biography of Krupabai Satthianadhan relies heavily on the account of Chandani Lokuge in the introduction of Kamala, The Story of a Hindu-Child Wife, as she is the editor of the newly published text, as well as Arvind Krishna Mehrotra in, A History of Indian Literature in English. She was born in 1862 in Ahmedanagar, later settling in Madras, and was born into a Brahmin family who had converted into Christianity. She's father died while she was a child, and she turned to her older brother Bhasker as a father figure. Bhaskar was a immense influence on the life of Satthianadhan, as he shared with her the realm of education. He too died, and it was just Satthianadhan and her mother. Her mother being of Hindu origin, but a Christian convert, still held tight to her Hindu practices leaving her to understand both worlds of religion[2].

This seems to be her inspiration for her two texts, Kamala, the Story of a Hindu Child-wife, and Saguna, A Story of Native Christian Life. After the devastating death of her brother, Satthianadhan was taught by European missionaries and studied in the English school system. She was indeed a brilliant child and was far too advanced amongst the other girls. However, under the guidance of an English women doctor she was mentored to learn medicine. She pursued medicine under the influence of her father's missionary ideals to help others, but especially, for Satthiananthan, to help women in purdahs.

Cornelia Sorabji

A second Indian women that has also bestowed upon the growth of feminism in India was Cornelia Sorabji.

She advocated for the livelihood of Indian women, and has attributed to the betterment of hundreds of women during the colonial period, along with being India's first woman lawyer. The following biography on Cornelia Sorabji has been influenced by the accounts of Suparna Gooptu in Cornelia Sorabji: India's Pioneer Woman Lawyer. Sorabji was born on November 1, 1866 in Nasik, India. Born into the colonial period, her name was a blend of Indian and British culture. Her father Reverend Sorabji Karsedji was a Parsee convert to Anglican Christianity, and her mother Francine Ford was a Parsee who was adopted by a British family. Sorabji was raised in the lifestyle of the English, but it was essential to her parents that she held to her Indian culture [3].

She was educated in Ponna and was able to learn many of the native languages. In 1888, she achieved her first degree from Bombay University. Sorabji was a very intelligent student and was given a Government of India scholarship to study abroad at Oxford University to pursue Law. However, that scholarship was revoked because she was a female. The idea that a woman could be a possible candidate did not take notice, and therefor once it was known she was a female she was then rejected. Sorabji's family and friends made donations for her studies and she was then able to go abroad. She was the first woman in Britain or India to enter and read law at Oxford University [4].

Sarojini Naidu

Lastly of the three is Sarojini Naidu, who was a important person not only for advocating women rights and equality, but also in attaining the nation's freedom from the British. The following section discussing the background and life of Sarojini Naidu depends largely on the account of Vishwanath S. Paravane in Sarojini Naidu: An Introduction to Her Life, Work and Poetry, and also from Arvind Krishna Mehrotra's A History of Indian Literature in English. Naidu was born on February 13, 1879 in Hyderabad, India, to a Bengali Brahmin family. Her father was the principal of the Nizam's College in Hyderbad, and a scientist. Growing up, education was very important in her family and this was instilled in Naidu as a young child. Her father was a political activist, and was among the the first members of the Indian

National Congress. Naidu, as a young girl, was born into the British Raj and received an English education. She was incredibly intelligent and learned an array of languages. Her interests were much in the realm of poetry.[5] One of her pieces was seen by the Nazim (a ruler of the princely state of Hyderabad), who was impressed by her abilities. At the age of sixteen, she was given a scholarship funded by the Nizam to travel to England. She attended King's College, and later went onto other colleges of Cambridge University.

Satthianadhan used the novel as her form of self-expression, and at the heart of her novels is her own reflection of her experiences. In her second novel she used her own life as the plot of the novel, thus contrasting a life in Hinduism and in Christianity. Sorabji used narratives to share connections between the lives of her characters and with the traditional lives of many Indian women. This was a way to bring awareness and understanding to Sorabji's readers on the importance of reform within such societies. Along to guide Sorabji's texts, she also has written an autobiography that directly reflects on the core themes in her narratives. Through Naidu's poetry she conveys her deep rooted beliefs on women's equality and the necessity for change in the treatment of women confined within society. In addition, textual evidence written by many renowned authors and academic journals will be presented. In correlation to all these works, one will walk away having understood the great timeline of the injustices that faced many women in India, as well the birth of feminism in India as a result of the colonial period and social reformists like Krupabai Satthianadhan, Cornelia Sorabji, and Sarojini Naidu.

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Does Adoption of IFRS Enhance Earnings Quality? Evidence from Jordan, OLS Approach

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ABSTRACT

The purpose of this paper is to investigate the impact of IFRS adoption, company related attributes (i.e. the sizes of a firm (SIZE), debts structures (LEV), return on equity (ROE), sizes of the audit firm (Big 4 and non-Big 4) B4NB4, and operating cash flow (OCF)) on the earnings quality of Jordanian industrial listed-firms in the Amman Stock Exchange (ASE) for a period of ten years (2010–2019). The finding that was obtained revealed that only variables size of a company (SIZE) and return on equity (ROE) are statistically significant (pvalue< 0, 05) in negative way. At the same time, Variables Audit (Big 4 and non-Big 4), LEV, IFRS and OCF, are statistically insignificant (p-value>0.05). The result is shown the lack of implementation of financial standards by companies during the study period. Thus, we make a conclusion that the lack of adoption of IFRS has a negative impact on earnings quality. Indeed, the results of regression don't prove clearly whether IFRS influences earnings quality in the Jordanian context. Regarding company attributes that related to study model, indicate that big and profitable firms have to affect earning quality.

Keywords: IFRS adoption; earnings quality; company attributes; Amman Stock Exchange (ASE); Jordan

1. INTRODUCTION

International Financial Reporting Standards (IFRS) was first introduced in 2005. The European listed companies in European Union (EU) are among the earliest in preparing financial statement in accordance with the IFRS (Cormier & Magnan, 2016). The objectives of IFRS are to promote the transparency and comparability of financial statements, improve access to international capital markets, develop the quality of financial reporting, and increase the disclosure of financial information. Since its inception, many countries around the world require their domestically listed companies to prepare their financial reports in accordance with the IFRS. Nowadays, most of the countries are changing their accounting standards in accordance with the IFRS. According to Nwaubani and Okoro (2018), more than 115 countries around the world have adopted IFRS. For countries in emerging markets, Brazil, Canada, China, India and Japan are the earliest countries to adopt the IFRS in 2011.

However, the impact of IFRS adoption must also be evaluated on an individual country basis, due to differences in stable legal framework, institutional and accounting environment around the time of IFRS adoption (Djatej, Gao, Sarikas, & Senteney, 2009). Little research has directly addressed the impact of IFRS adoption on the earnings quality in an emerging market like Jordan.

IFRS in Jordanian Context

The acceptance of IFRS in Jordan went thru numerous transition times. It began with decisions (no.45) on March 1989, by the Boards of Managements of the Association of Jordanian Certified Auditors to follow International Accounting Standards (IFRS later) for the financial reporting produced on 31/12/1990 or afterward.

Nevertheless, the relationship does not have the legal authority to impose the decisions; instead, it depends on the support of its associates to observe the execution of IFRS.

This period of accountings profession organisation may be named private sectors organisation in companies with the Audit Bureaus. This era began with the issuing of laws no.32 (Account Auditing Professions) that replace the laws to practice account auditing' of 1961. This was led by what might be termed unorganised or free markets organizations because there had not been an obligatory accountings or auditing standard or a professional organisation of any kind occurred (Saaydah, 2012). In the third phase Jordan seek to rearrange all. It issues the security law no.23 for 1997 to reorganize capital markets. Based on this law, it created the security commissions, Amman Bourse, and Security Depository Centre as three autonomous institutions (rather than one institution, Amman Stock Exchange since 1978). According to articles 9 and 53 of security laws no. 23, the security commission issue instructions no. 1 for 1998 titled "Disclosure instruction and accountings and auditing standard and qualification of auditors of organisations subjected to commissions' controls. In this instruction the commission require, from registered firms, the acceptance of IFRS on the conditions it will not oppose local law as well as require firms to be disclosing the influence of IFRS on Financial Statement.

The subsequent phase had been the issuing of corporate law no. 40 for 2002 that require the usage of IFRS (article 195 of the law). Follow by the provisional law no. 73 of 2003 titled "Regulating the legal accounting profession" that do not named which accountings standard must be employed. The era from 2003 till now might be named the governmental organisation of the accounting professions. In 2004, the Jordan Security Commission up dated its disclosures instruction no. 1 of 1998.

The jurisdiction has made a public commitment in support of moving towards a single set of high quality global accounting standards as support for IFRS Standards is stated in the Jordanian Companies Law. Article No. 184 of the Companies Law requires that "A Public Shareholding Company shall organize its accounts and keep its registers and books in accordance with the recognized international accounting and auditing standards."

Regulations issue by the Jordanian Securities Commission, the Central Bank of Jordan, and Jordanian Insurance Commission all require IFRS Standards for regulated companies under their jurisdiction. Also, the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards.

Need of the Study

While studies address various issues concerning the global adoptions of the IFRS with a target on other continents, the current study is focused on the impact of IFRS adoptions on earnings qualities, targeting the Jordanian accounting environment. Studies continue to submit empirical evidence supporting and refuting the capability of IFRS to enhance earnings quality. However, until date, a consensus is yet to be reached on the efficacy of mandatory IFRS adoption in countries with weak governance infrastructure. This realization suggests that the debate remains unsettled, and there is a need for further empirical evidence on different jurisdictions to enrich the debate (Brüggemann, Hitz, & Sellhorn, 2013).

II. LITERATURE REVIEW

The Relationship between International Financial Reporting Standards (Ifrs) and Earning Quality

Several researchers believe that quality of the content of financial statements is determined by economic, political and institutional factors of manager and/or auditor incentives (Gordon, Jorgensen, & Linthicum, 2010; Hamid, Hashim, & Salleh, 2012; Leuz, Nanda, & Wysocki, 2003) believe that intention to enhance the confidence of stakeholders and pressure from affiliated parties are part of the motives behind earning management. It is believed that earning management is generally motivated by the extent, important role and functions played by the reported earnings in the financial reports, which include management compensation plan, bonus contract, valuation of firm, valuation of initial public offer, debt covenant, negotiation with labor unions to just mention but a few.

Boundaries of generally accepted accounting principles to achieve a predetermine reported earning quality (Ismail, Kamarudin, van Zijl, & Dunstan, 2013). Healy and Wahlen (1999), opine that earning management take place when manager use personal judgment in financial reporting and restructuring transactions to manipulate financial reports to either mislead investors and equity holders on the actual performances of the firm or to impact the outcome of prescribed arrangements which are based on the stated earnings. The more reported earning deviate from what it ought to be, the lesser the qualities of such reported earnings. This is consistent with several studies (Ahmed, Chalmers, & Khlif, 2013; Barth, 2008; Chua, Cheong, & Gould, 2012; Dimitropoulos, Asteriou, Kousenidis, & Leventis, 2013) that view earnings quality as such reported earnings that are free from earnings management. Analysts view earnings as of high quality when it reflect actual current operating performance, serve as good index for projecting future cash flow and portrays the actual market value of the reporting entity (Dechow & Schrand, 2004). Goncharov and Zimmermann (2006), argue that accounting standards provide users with different number of choices, and therefore, there application may result in different reported earnings quality. As every accounting choice has its-own costs and these costs raises if changes in accounting choices are exercised frequently, and earning management is expected to be high in a regime that create avenue for making some judgment.

Ismail et al., (2013) investigate the difference in earning quality of Malaysian companies after the mandatory adoption of IFRS as reporting standard even though named as Malaysia Financial Reporting Standard (MFRS) and find that there are improvements in the earning quality after the adoption of IFRS due to lower earning management. In the same direction, Lin, Riccardi, and Wang (2012) examine whether accountings qualities change after the switching from US GAAP to IFRS by German firms and document that accounting numbers exhibit more earning smoothing after the change, which on the overall applied that US GAAP resulted in higher earning quality than IFRS.

Artikis and Doukakis (2010), examines the earning components and earning persistent of the listed firms in Athens Stock Exchange after the adoption of IFRS and document decreases in earning persistent and earning component as a result of the failure of IFRS measurement and reporting guidelines in improving them. It is also evident that mandatory adoption of IFRS had no significant effect on real or accrual-based earnings, but firm’s earning management incentives has a dominance role in shaping financial reporting quality than accounting standard (Doukakis, 2014).

Nevertheless, Barth, Landsman, and Lang (2008); Z馮hal, Chtourou, and Sellami (2011), Soderstrom and Sun (2007) and Dimitropoulos et al. (2013) conducted their studies within European countries and document that financial reports prepared using IFRS exhibit less earning management. Several researchers investigate the causes of these mixed results and suggest that the mixed results may be due to difference in methodological approaches to the studies, level of enforcement, incentives, corporate governance, period of study and other economic, political and institutional factors that may affect the financial reporting quality (Ahmed et al., 2013; Bova & Pereira, 2012; Christensen, Hail, & Leuz, 2013; Doukakis, 2014; Z馮hal et al., 2011).

Having discussed IFRS and earnings quality extensively, it is important to note that earnings quality is not only determined by IFRS adoption. Earnings quality is also partly determined by the incentives firms have to provide high-quality financial statements.

Overall, a majority of the studies discussed above either fail to find a significant change in earnings quality following IFRS adoption or report mixed results across sub-samples or earnings attributes examined. Thus, additional research using an alternative, cleaner research design is necessary to understand the effect of IFRS adoption on earnings quality of Jordanian firms.

III. THE RESEARCH DESIGN

3.1 Sample and data

For the purpose to examine the relationship between adoption of IFRS and company related attributes (i.e. the sizes of a firm (SIZE), debts structures (LEV), return on equity (ROE), sizes of the audit firm (Big 4 and non-Big 4) B4NB4, and operating cash flow (OCF)) and the accruals-based earnings management in the financial reports in Jordanian listed companies, Quantitative-approach causal research is used. Data employed in this research were obtained from 43 Jordanian industrial listed-firms published annual-reports, (ASE) website for the years of 2010 to 2019. The sample utilised signifies over ten years (430 firm year observations).

3.2 Model Specification and Variables Measurement

Following prior IFRS and earnings quality researches, it is assumed that all associations are linear; OLS regression is used to examine if company's earnings quality (accounting conservatism (ACCR)) is explicated by the above variables employing the model, as follows:

$$ACC_{it} = a_0 + \beta_1\, IFRS_{it} + \beta_2\, FSZ_{it} + \beta_3\, Big\ 4\ and\ non\text{-}Big\ 4_{it} + \beta_4\, LEV_{it} + \beta_5\, CFO_{it} + \beta_6\, ROE_{it} + \varepsilon it$$

Y : *ACC*	Earnings quality (Accrual-Based Conservatism)
a_0 :	Constant term
$x1$: *IFRS*	Financial Reporting Standards, dummy variable; equals 1 if a company uses IFRS, 0 otherwise
$x2$: *FSZ*	Size of a company (natural logarithm of total assets)
$x3$: *Big 4 and non-Big 4*	dummy variable (company audited by Big 4 audit firms = 1, companies audited by non-Big 4 = 0).
$x4$: *LEV*	Natural log of total debt divided by the natural log of total asset
$x5$: *CFO*	current year operating cash flow scaled by total assets
$x6$: *ROE*	Net income before tax divided be total equity
εit	Error term or residua

3.3 Variables Measurement

3.3.1 Earnings quality

Current study used Accounting conservatism: Accounting conservatism is considered as the most effective principle underpinning accounting valuation. (Givoly & Hayn, 2002) have defined conservatism as "a selection criterion among accounting principles that leads to minimize the cumulative reported earnings through slower recognition of revenue, faster recognition of expense, higher liability valuation and lower asset valuation".

Earnings management is the practice of using different accounting principles in order to produce desired financial results. Academics and practitioners have different insight into earnings management; thus, the term earnings management has a lot of definitions. The justifications for using accrual-based to measure the conservatism, because it is likely to introduce less value of the measurement error compared with other measures. In other words, this may be a better and more accurate measure of conservatism according to Hui, Matsunaga, and Morse (2009).Therefore, conditional conservatism is still considered to be a relevant aspect of earnings quality for study in this thesis which takes a neutral view in the interpretation of conservatism rather than treating all conservative reported earnings as high quality without considering the specific financial statement users.

The accrual ACCR equals income before (extraordinary items and discontinued operations), plus depreciation expenses and minus operating cash flows and deflated by total assets.
Income + Depreciation Expenses - Operating Cash Flows
Accruals = Total assets

3.3.2 Financial Reporting Standards (IFRS)
IFRS is a dummy variable which equals 1 if a company has financial statements reported under IFRS. If the company uses RAS or other standards, this dummy variable equals to 0.

3.3.3 Firm Size (FSZ) (Natural logarithm of total assets)
Large firms attract the attention of a wide stream of investors, financial analysts and the press (Yang, 2010). From the mixed perspectives, the correlation of firm size on earnings quality is not readily predictable.

However, literature collectively shows that size is an explanatory factor for reporting choices of managers and earnings quality (Dechow, Ge, & Schrand, 2010). For this research, firm size (FSZ) is the natural logarithm of total assets.

3.3.4 External Auditors (Big 4 and non-Big 4)
Firms that are clients of highly reputable auditors (the Big-4 in this case (KPMG, PWC, E&Y and Deloitte)) may enhance their earnings quality due to the auditor quality effect (Barth & Schipper, 2008; Christensen, Lee, Walker, & Zeng, 2015; Devalle, Onali, & Magarini, 2010). This perception is predicated on the theoretical notion that auditors provide a scrutinising service expected by investors (Jeensen & Meckling, 1979).

Hence, higher quality audit should provide greater credibility to financial statements (Dechow et al., 2010). In particular, the Big-4 audit companies due to their size and expertise have been associated with quality audits and considered as earnings quality enforcement agents by investors. Dummy variable (company audited by Big 4 audit firms = 1, companies audited by non-Big 4 = 0).

3.3.5 Debt contracts (LEV) (The debt to equity ratio).
Debt contracts are engaged in by firms to obtain financing for short-term operating activities or longterm expansion projects. Violation of debt covenants is potentially harmful to the decision-making independence of a firm's management. Hence, to the extent that management reporting and operational choices affect earnings quality, this study argues consistently that earnings quality is partially a function of firm debt. For this study, leverage (LEV) is the total debt divided by the total equity.

3.3.6 Operating cash flow (CFO)

Firms with poor cash flow are more likely to use income-increasing accruals to mislead information users about actual performance, relative to firms with strong operating cash flow (Barth & Schipper, 2008; Zeghal, Chtourou, & Fourati, 2012). Given the literature that operating cash flow influences the level and quality of earnings (Dechow & Dichev, 2002), and that managers have incentives to indulge in manipulative accounting.

Where for this research the CFO is the cash flow from operational activities divided by beginning year total assets.

3.3.7 Return on equity (ROE)

In this study, ROE was used as the profitability performance measurement. ROE are the surrogate of the financial performance measurements profitability. Return on equity ratio equals to net income divided by shareholders' equity. According to Freeman, Ohlson, and Penman (1982) the fluctuation of future earnings and ROE has negative correlation. Also operating cash flow (current year operating cash flow scaled by total assets) is negatively related to discretional accruals.

Table 1: summary of the variable's measurement in this study

Variable	Acronym	Description
Dependent variable		
EARNINGS QUALITY	ACCR	Accounting conservatism (Accrual-Based Conservatism)
Independent variables		
Financial Reporting Standards	IFRS	IFRS is an indicator variable assigned the value of 1 for all firms-year observations reported under IFRS and zero otherwise
Firm Size	FSZ	Natural logarithm of total assets.
External Auditors	(Big 4 and non-Big 4)	Dummy variable (company audited by Big 4 audit firms = 1, companies audited by non-Big 4 = 0).
Debt contracts	LEV	Natural log of total debt divided by the natural log of total assets
Operating cash flow	CFO	current year operating cash flow scaled by total assets
Return on equity	ROE	Net income before tax divided be total equity

3.4 Hypotheses of the Study

H1: There is significant relationship between the adoption of (IFRS) by Jordanian industrial organization and earnings quality (ACCR).

H2: There is significant relationship between size of a company (SIZE) and the earnings quality (ACCR) by Jordanian industrial organization.

H3: There is significant relationship between debt structure (LEV) and the earnings quality (ACCR) by Jordanian industrial organization.

H4: There is significant relationship between return on equity (ROE) and the earnings quality (ACCR) by Jordanian industrial organization.

H5: There is significant relationship between size of the audit firm (Big 4 and non-Big 4) and the earnings quality (ACCR) by Jordanian industrial organization.

H6: There is significant relationship between operating cash flow (OCF) and the earnings quality (ACCR) by Jordanian industrial organization.

3.5 Data Analysis Techniques

The data was analyzed using SPSS version 23.0 and STATA version 13. multiple-regression analysis was ustolized to scrutinise the effect of international financial reporting standards (IFRS) and Firm-specific factors, size of a company (SIZE), debt structure (LEV), return on equity (ROE), Big 4 and non-Big 4 and operating cash flow (OCF) (independent variables) on earnings quality Accounting conservatism (Accrual-Based Conservatism) (dependent variables). In this research panel-data for the years 2010 to 2019 is used through, two alternative approaches: OLS pooled ordinary least squares, fixed-effects Model (LSDV). For the purpose of measuring the influence of (independent variables) and (dependent variable). The problem of reverse-causality in research could be settled by panel-data estimation (Afkhami Rad, 2014; Börsch-Supan & Köke, 2002). Previous to data analysis, regression diagnostics were carried out to make sure that the necessary assumptions for ordinary least squares (OLS) estimation were met. These assumptions are outliers, normality, linearity, multicollinearity, autocorrelation and homoscedasticity (Coakes & Steed, 2009; Hair, 2010).

3.5.1 Bivariate Correlation and OLS Assumptions

There are numerous assumptions that underline multiple-regression analysis that have to be contented for the regression model to be valid, OLS assumptions comprising normality, multicollinearity, autocorrelation and linearity were tested. This assist in developing the "excellent" model in the sense that, all the estimated coefficients have the "right" symbols (Gujarati, 2009).

Table 2: Assumptions tests of the OLS

Variable	VIF	Tolerance	Skewness	Kurtosis	Cook's distances	
					Min	Max
Big 4 and non-Big 4	1.30	.80	.877	-1.239	0.00	0.07
IFRS	1.10	.91	.923	-1.154		
(SIZE)	1.38	.73	.006	-.184		
(LEV)	1.20	.84	-.979	1.761		
(ROE)	1.18	.85	.032	-.134		
(OCF)	1.09	.93	.030	-.141		

Table 3: Pearson and Spearman correlation matrices of all variables

	Big 4 and non-Big 4	IFRS	(SIZE)	(LEV)	(ROE)	(OCF)
Big 4 & non-Big 4	1	-.208**	.456**	-.094*	.167**	.084
IFRS	-.208**	1	-.255**	-.060	-.044	-.141**
(SIZE)	.427**	-.290**	1	.035	.200**	.187**
(LEV)	-.079	-.109*	.104*	1	-.289**	-.073
(ROE)	.174**	-.047	.181**	-.320**	1	.204**
(OCF)	.069	-.147**	.247**	-.055	.224**	1

Notes: The bottom left half of the table contains, Spearman's non-parametric correlation coefficients. Whereas the upper right half of the table shows Pearson's parametric correlation coefficients. **, and* indicate significance at 1% and 5% levels.

3.5.2 Multiple-Regression Analyses

This research aim to comparing three diverse regression models.

A pooled ordinary least squares model (Pooled OLS) or constant coefficients model. The pooled OLS model consider constant coefficients with the usual assumptions for cross section data (Cameron & Trivedi, 2010) and control for year. This approach presumes that regressors are not correlated with the error or the intercept and slope are equivalent for all data.

Random effects model GLS (RE) is employed. This model presumes that the un-observable individualeffects are random variables and uncorrelated with the independent or predictor variables in the model.

Fixed effects model LSDV (FE) is used. This model is to examine the relationship between predictor and outcome variables in an entity (company). This model assumes that un-observable individual-effects are possibly correlated or influenced with the observed (outcome) regressors. The influence of time-invariant characteristics shall be removed by employing the fixed effects model. The fixed effect models presumes that those time-invariant characteristics are unique to the individuals and must not be correlated with other individuals-characteristics (Bell & Jones, 2015). In determining the suitable model amongst pooled OLS, random effects and fixed effects models, the following tests below were adopted:

1. The Hausman Test: Random or Fixed Effects

The Hausman test is employed in determining whether fixed effects or random effects are suitable. The null hypothesis suggests that the individual effects are not correlated with other regressors in the model. If the test presented an insignificant p-value, the null hypothesis is accepted. The random effects produced un-biased estimators, signifying that random effects are suitable. If the tests showed a significant p-value, the null hypothesis is rejected, then the fixed effects model is considered to be more appropriate (see table 4 below).

2. Examining Random Effects; the Breusch and Pagan Lagrange Multiplier Test, Pooled OLS or Random Effects

The Breusch-Pagan LM test is employed to indicate the suitable model between pooled OLS and random effects. The null hypothesis suggests that the variance across entities was zero or no random effects is existing in the model (Gujarati, 2009). That is, no significant difference across entities or no panel effect. A chi-square distribution value with 1 degree of freedom shall be determined, if the null hypothesis is rejected, then random effects is appropriate over the pooled OLS model. If null hypothesis is accepted, the pooled OLS model is more appropriate than other models (see table 4 below).

IV. EMPIRICAL RESULTS

This section shows a comparison of findings for every year and employing pooled OLS data regression and panel data regression. The findings from the diverse regression are shown in table 4 below.

4.1 The Hausman Test of the model

The finding of the Hausman specification test reveals that the individual effects were not correlated with other regressors (chi (χ^2) = 29.502, probability = 0.000), the null hypothesis was accepted and the random effects model is more suitable than the fixed effects model.

4.2 The Breusch and Pagan LM Test of the Model

Table 4 presents the results of the Breusch-Pagan Lagrange multiplier (LM) test. It reveals that the variance across entities were not equal to zero (chi ($\chi 2$) = 123,307 probability = 0.00), signifying that null hypothesis was rejected. That is, the fixed effects model is appropriate over the pooled OLS model.

4.3 Regression Results

Table 4 shows the model is significant (f = 49.90) (sig f = 0.000). The model explained 42% of the variation in the earnings quality. Which reveals that the regression model could be employed to explicate the firm earnings quality (accrual-based conservatism).

The finding that was obtained revealed that only variables size of a company (SIZE) and return on equity (ROE) are statistically significant (p-value<0,05). Consequently, their parameter coefficients are reliable. Thus, size of a company and return on equity have a strong negative influence on accrual-based conservatism. It means that the big companies with negative ROE are less involved in earnings management manipulations, than small companies with positive income. At the same time, Variables Audit (Big 4 and non-Big 4), LEV, IFRS and OCF, are statistically insignificant (p-value>0.05).

Auditor brand name is expected to be associated with accounting conservatism Table 5 also shows that there is a positive direction between auditor brand name and accruals, as well as not significant (t = 1.09, P = .278). This unexpected result is consistent with (Piot & Janin, 2007) who reported that the Big 5 audit firms are not more conservative than other audit firms.

Table 4 shows that the relationship among debt contract and accruals is positive and not significant (t = 1.18 and P= .239). This result is consistent with (Begley, Chamberlain, & Kim, 2009) who found no relationship between debt contract and conservatism. Similarly, in Jordan context, Hamdan (2012) found no association between debt contract and accounting conservatism during the preparation of Jordanian companies' financial reports.

IFRS variable has a small negative coefficient of -0, 71 (p-value 0,480), though this result is statistically insignificant. The result is expected given the lack of implementation of financial standards by companies during the study period. Thus, we make a conclusion that the adoption of IFRS has a negative impact on earnings quality at least for small firms. Thus, the results of regression don't prove clearly whether IFRS influences earnings quality.

Operating cash flow have a weak negative influence on earnings quality (Accrual-Based Conservatism). It means that companies have slow-growing and poor operating cash flow this is areasons to not use earnings management. Firms with strong operating cash flow performance are less likely to employ income increasing discretionary accruals to boost earnings because they are performing well. Conversely, firms with poor operating cash flow are more likely to employ income increasing discretionary accruals to send a positive signal to investors (Lobo & Zhou, 2006).

Table 4: Static regression findings of the model.

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*Pooled OLS*	*Panel LSDV (FE)*
Big 4 and non-Big 4	.568	.757	1.868	-.620	-1.482	.822	-.375	.590	1.696	2.276*	1.946	1.09
	(.575)	(.456)	(.073)	(.541)	(.150)	(.418)	(.710)	(.560)	(.101)	(.031)	(.053)	(.278)

IFRS	.010	1.635	-1.398	-.199	.202	1.866	1.023	.590	.679	-.490	.820	-0.71
	(.992)	(.114)	(.173)	(.844)	(.842)	(.073)	(.315)	(.556)	(.503)	(.628)	(.413)	(.480)
SIZE	1.894	1.355	-1.936	-1.467	.803	.450	-.023	-.424	.498	1.563	-2.304*	-3.44**
	(.069)	(.187)	(.063)	(.154)	(.429)	(.657)	(.982)	(.675)	(.623)	(.130)	(.022)	(.001)
LEV	.010	-.695	.343	.437	.932	.890	.282	1.051	.818	-.690	1.395	1.18
	(.992)	(.493)	(.735)	(.665)	(.359)	(.381)	(.780)	(.303)	(.421)	(.496)	(.164)	(.239)
ROE	1.546	-1.722	-2.651*	.088	-2.510*	-5.882**	-6.390**	4.619**	-5.722**	-8.347**	-14.556**	-14.88**
	(.134)	(.096)	(.013)	(.930)	(.018)	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)
OCF	.261	-.817	.561	-2.607*	-2.524*	-4.848**	-1.142	-.967	-1.516	-3.326**	-3.402**	-0.31
	(.796)	(.421)	(.579)	(.015)	(.018)	(.000)	(.263)	(.342)	(.141)	(.003)	(.001)	(.758)
Constant	.301*	.774	-.673*	-.438	-.644**	-.770**	-1.171**	-1.106**	-.942**	0922**	-1.647**	-1.26
Observations	34	34	34	34	34	34	34	34	34	34	340	340
R-Squared	.664	.583	.637	.557	.712	.902	.812	.811	.843	.901	.488	.420
F-Statistic	3.553*	2.314	3.078*	2.024	4.616**	19.662**	8.710**	8.646**	11.034**	19.502**	52.992**	49.90**
P-Value	.010*	.062	.020	.097	.002	.000	.000	.000	.000	.000	.000	.000
Hausman test												
chi (χ2)												*29.502*
Prob												*.000*
Breusch-Pagan LM test												
chi (χ2)											*123.37*	
Prob											*0.000****	
Durbin-Watson	1.778	1.842	1.918	1.941	2.130	1.807	2.140	1.439	1.487	1.468	1.312	-

Notes: P-values are in parentheses. **, * denote significance at 1%, 5% levels.

V. SUMMARY AND CONCLUSION

The main objective of this study is to explore the effect of IFRS and company related attributes (i.e. the sizes of a firm (SIZE), debts structures (LEV), return on equity (ROE), sizes of the audit firm (Big 4 and non-Big 4) B4NB4, and operating cash flow (OCF)) and the accruals-based earnings management in the financial reports in Jordanian listed companies. For this purpose, the sample of industrial shareholding firms listed on ASE in Jordan during the period 2010–2019.This study demonstrates that IFRS does not always have a positive impacton the quality of accounting information. The adoption of IFRS in Jordan is close to the final steps, but it is still their lack of implementation of IFRS on the Jordanian business environment. The results from regression analysis suggest that size of a company (SIZE) and return on equity (ROE) are statistically significant (p-value<0, 05).

Thus, size of a company and return on equity have a strong negative influence on accrual-based conservatism. It means that the big companies with negative ROE are less involved in earnings management manipulations, than small companies with positive income. At the same time, Variables Audit (Big 4 and non-Big 4), LEV, IFRS and OCF, are statistically insignificant.

Regarding IFRS it has a small and insignificant negative coefficient. The result is expected given the lack of implementation of financial standards by companies during the study period. Results from the current study could help the corporate management in creating more awareness regarding the importance of earnings quality (Accounting conservatism model) in improving the credibility and quality of the accounting information of firms. As argued earlier, accounting conservatism is considered as an important underlying attribute often used by the participants of capital market in order to benchmark the earnings quality of firm. Therefore, the results of this study are of interest to the current discussion on the mandatory of IFRS adoption. However, the results can be extended to other emerging countries as the Jordan accounting globalization of accounting standards measurement, recognition and presentation rules for financial reporting.

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Human Capital Investment and Economic Development: The Nigerian Experience

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ABSTRACT

Orthodox theories, especially endogenous growth theories, have revealed that countries and regions which invest heavily in human capital achieve higher growth rates than countries with lower investment. Thus, investment in human capital is a major determinant of economic growth and development. It is in recognition of this glaring fact that Nigeria now places growing emphasis on human capital investment in its economic recovery and growth plan. Study focused on determining the extent to which human capital investment impacts on growth and development. It covered the period, 1981-2018. Data were sourced from National Bureau of Statistics and CBN, and include household human capital investment which has been neglected in previous studies. Data were analyzed using Augmented Dickey-Fuller, Phillips-Perron, Johansen cointegration and Vector Error Correction Mechanism. Results indicate that: (1) Public investment in education had significant positive impact on economic development in the short run but not in the long run (2) Public investment in health did not impact significantly on economic development (3) Household investment in education impacted negatively on economic development (4) Household investment in health had significant positive impact on economic development. It was concluded that public investment in education and health failed to stimulate growth and development and also that while household expenditure on health enhanced growth and development, household expenditure on education did not. Study recommended, inter alia, that government at all levels should investment massively in human capital in order to achieve desired rate of growth and development.

Keywords: Human capital investment; economic development; public expenditure on education; household expenditure on education.

I. INTRODUCTION

1.1 Background to the Study

In recent time, high human capital investment has become a common feature of MDCs. LDCs are therefore investing in people in order to produce high level manpower required to augment their labour force.

Human capital development is thus associated with investment in man and his development as a creative and productive resource (Jhingan, 2010; Kanayo, 2013).

A country's economic development refers to the process of creating and utilizing physical, human, financial, and social assets to generate improved and broadly shared economic well-being and quality of life for the citizens (Seidman, 2005). According to Todaro and Smith (2006), this desired state can better be realised through investment in education and health which are the two most important sources of human capital, yielding knowledge capital and health capital respectively. In the past, the term development brought to mind pictures such as well constructed roads, dams, bridges etc., but today, the world is focusing on investing in people to achieve a long-term development. Before now also, wealth is only measured based on physical and natural capital such as land, water and institutions and how financial structures contribute to wealth. But now, if countries want to be wealthy tomorrow, they have to invest in their people today (K. Georgieva, personal communication, April 10, 2019).

Human capital investment is therefore critical for all countries at all income levels, while the poorest or most fragile countries face big hurdles in improving their education and health outcomes. Even the countries which posses the world's strongest human capital must stay focused on investing in their people if they want to remain successful and competitive in the global economy (World Bank, 2018). The Asian Tigers and Singapore are examples of nations whose economies experienced sharp improvement via substantial investment in human capital.

No doubt, Nigeria has joined the rest of the world in pursuing growth and development through investment in human capital. Despite the growing awareness of the importance of human capital for achieving sustainable growth and development, budgetary allocations to education and health have continued to fall short of UN's prescribed 26 per cent to education and WHO's recommendation of 5 per cent of GDP to health.. For example, between 1995 and 2018, total government expenditures on education, as a percentage of the total expenditures, were higher in 1995(13%), 2005(13.9%) and 2009(13.8%) than in 2002(7.1%), 2017(8.4%) and 2018(8.3%) (CBN, 2018; WDI, 2018). Similarly, total government expenditures on health, as percentages of nominal GDP between 1995 and 2018, fall within 0.80 per cent - 0.29 per cent.

On the contrary, decreasing government expenditures on education and health were accompanied by increasing household expenditures on education and health. Total household expenditure on education increased from ₦17.32b in 1983 to ₦3618.2b in 2018, representing an increase of 99.5 per cent (UNESCO, 2018). Similarly, total household expenditure on health increased from ₦16.65b in 1985 to ₦3041.9b in 2018, representing an increase of 99.5 per cent (CIA World Factbook, 2018).

Increasing investment in human capital and low indices of economic development has raised a serious issue of paradox. This paradox clearly manifest in the stunted growth of malnourished under-five children in Nigeria which negates the achievement of the target of SDG. In 1990, the country recorded about 50.5 per cent stunted under- five children, 43.8 per cent in 1993, 32.9 in 2015, and its lowest of 32.0 per cent in 2018 (WDI, 2018). Nigeria has the second highest burden of stunted children in the world (NBS, 2018). Stunted children fall sick more often, miss opportunities to learn, perform less at school and grow up more likely to suffer from chronic diseases and are economically disadvantaged. Children who are not stunted are 33 per cent more likely to escape poverty than their stunted peers (Sub-Saharan Africa Report on Human Capital, 2018).

Another indicator of economic development is under-five mortality. This indicator which is also one of the targets of SDG is unimpressively low in Nigeria. In 2018, the mortality rate of under-five children in Nigeria stood at 119.90 (WDI, 2018). This has placed Nigeria as the second largest out of 188 countries in the world (UN Inter-agency Group for child mortality estimation, 2018). Also, GDP per capita, a measure of economic welfare, is quite low. The foregoing evinces clearly that the degree and nature of relationship among government investment in human capital, household investment in human capital, economic growth and economic development in Nigeria are not easily discernible. Thus, it has become imperative that the present study be embarked upon in order to determine the extent to which public and private investment in human capital have contributed to economic development.

Studies in this area are not entirely new. While there is a great deal of studies on human capital and economic growth in Nigeria, few studies on human capital investment and economic development have tried to establish a relationship between them. Ilegbinosa (2013), Shobande, et. al (2014), Halidu, (2016), Omodero and Azuibuike (2016), Adetula, et al (2017), Njoku and Onyebula (2017), Andabai and Eze (2017), Amadi and Alolote (2019), among others, had presented conflicting results on the degree and nature of relationship between human investment and economic development. Besides, these studies were beset with shortcomings which justify the present study. Primary data collected by Ilegbinosa from 120 respondents were grossly inadequate for a study of this scale. Also, the use of GDP by Andabai and Eze, Omodero and Azubike, and Amadi and Alolote could not have yielded safe inferences since GDP is not a good proxy for economic development. In another study, Omodero and Azubike, and Adetula et al focused on education which is just one aspect of human capital and measured economic development using GDP. In their own study, Halidu, and Njoku and Onyebula focused on education system using content and descriptive analysis. Certainly, the current efforts in this paper would obviate the shortcoming of the earlier studies.

Thus, the present study focused on a detailed analysis of the relationships among public human capital investment, private human capital investment and economic development. No study which does not take into cognizance the role of public sector, private sector and Non-Governmental Organisations in human capital development can ever be expected to solve the problems of inadequate human capital. Public investment in human capital is only a component of a country's aggregate financial investment in human capital. It is in this context, therefore, that the present study derives its strength considering the global approach employed by including household expenditures on education and health which hitherto had been neglected.

1.2 Statement of Problem

The building of any nation is based on the development of people. Several factors account for economic development of a nation; these include human capital, physical capital, natural resources and technology. Human capital is the most important tool for achieving a sustainable economic development as the other factors partly rely heavily on it to function properly. A healthy educated workforce can earn money and invest more in an economy's physical capital (World Bank, 2018). The frontier for skills is moving rapidly, bringing both opportunities and risks. There is overwhelming evidence that unless countries strengthen their human capital, they cannot achieve sustained inclusive economic growth and development. They will not have a workforce prepared for the more highly skilled jobs of the future and will not compete effectively in the global economy (World Development Report, 2019).

Heath and education are both vital components of growth and development-as input to the aggregate production function. The dual role as both inputs and output gives health and education their central importance in economic development (Todaro & Smith, 2006). Despite the global awareness of the importance of investment in human capital for achieving a sustaining economic development, human capital remain abysmally low in the country. Nigeria has been ranked as one of the least nations in human capital investment and is characterised with underdevelopment over the years. This is supported by the World Bank's (2018) ranking of Nigeria as 152nd out of 157 countries on the basis of human capital index. Nigeria shared the bottom of the index with countries like Chad, South Sudan, Niger, Mali and Liberia. This indicates that Nigeria is the sixth worst nation in the world based on human capital development. This performance is lower than average statistics obtained for countries within Nigeria's region and income group (World Bank Report, 2018).

Again, World Economic Forum ranked Nigeria 114th out of 130 countries in its HCI in 2017. Nigeria shared the bottom line with countries like Tunisia, Sierra Leone, Liberia, Chad, and Ethiopia. The WEF evaluates countries based on outcomes rather than inputs. The aim is to provide a snapshot of a country's current human capital, current investment in building future human capital and current outcome in the labour market (WEF Report, 2017).

Similarly, United Nations Development Programme (UNDP) report on HDI in 2018 ranked the country 158th out of 189 countries and territories with HDI value of 0.543 (UNDP Report, 2018). Nigeria has remained under low human development category since the inception of the report in 1990. Although Nigeria has a long lasting commitment to universal basic education, yet the number of out-of-school children in the country was among the highest in the world (World Bank, 2018). About 10.5 million children are not in school (UNICEF, 2018).

In 2017, the official estimate of number of children in Nigeria stood at 93.9 million, which is 50 per cent of the population. Out of the 93.9 million children, 31.8 million were under five years of age; one in every eight children does not survive to the fifth birthday; 10.3 million children are stunted; 2.5 million children suffer from severe acute malnutrition while 380,000 children are living with HIV (UNICEF Report, 2018). In spite of the deplorable state of education and health sectors, the Federal allocation to health fell from 4.23 per cent of the total budget in 2017 to 3.9 per cent in 2018. Allocations to education also declined from 8.4 per cent in 2016 to 7.04 per cent in 2018 (UNICEF Report, 2018).

Perhaps, what has aroused the curiosity of the present researchers are the level of inconsistencies in economic policies and the degree of incompatibility among various indicators of growth and development. It is these paradoxical relationships which pose the problem that has been aptly expressed in the question form: To what extent do public and private investment in education and health generate sufficient human capital for achieving sustainable growth and development in Nigeria.

1.3 Objective of the Study

The study was undertaken with the following objectives in view:

1) To determine the extent to which public expenditure on education had contributed to economic development in Nigeria.
2) To determine the extent to which public expenditure on health had contributed to economic development in Nigeria.
3) To determine the extent to which household expenditure on education had contributed to economic development in Nigeria.
4) To determine the extent to which household expenditure on health had contributed to economic development in Nigeria.

1.4 Hypotheses

The study revolved around the testing of the following null hypotheses:

1) There is no significant contribution of public expenditure on education to economic development.
2) There is no significant contribution of household expenditure on education to economic development.
3) There is no significant contribution of public expenditure on health to economic development.
4) There is no significant contribution of household expenditure on health to economic development.

II. LITERATURE REVIEW

2.1 Conceptual Issues

A definition of human capital in the work of Ogujiuba and Adeniyi (2004) implies that anything contributing to the improvement of human productivity, stimulating resourcefulness and enhancing human dignity and overall quality of human life while refining attitudes is an essential part of the human capital of any nation.

Akingbade (2008) asserted that for any nation to have economic development within and outside its borders, it has to cater for its citizens via human capital development. According to World Bank Group HCP (2018) human capital consists of knowledge, skills, and health that people accumulate throughout their lives, enabling them to realise their potential as productive members of society. Notably, the concept of human capital does not pose any definitional problem. World poverty can be eliminated and more inclusive societies created by developing human capital. This requires investing in people through nutrition, health care, quality education, jobs and skills. Health and education are the basic objectives of economic development; they are important ends in themselves. Health is central to well-being, and education is essential for a sustaining and rewarding life; both are fundamental to the broader notion of expanded human capabilities that lie at the heart of meaning of development (Todaro & Smith, 2006)

2.2 Theoretical Framework

Human-Capital Augmented Solow Model

Starting from the Solow model, the simplest way to introduce human capital is the one chosen by Mankiw, Romer and Weil (1992). In their contribution, they presented a simple extension to the Solow model by letting human capital enter as a distinct input into an otherwise standard Cobb-Douglas production function with Harrod-neutral (i.e., labour-augmenting) technological progress. The production technology in this model, which has come to be known as the human-capital augmented Solow model, thus takes the form:

$$\mathrm{Yt} = K_t^{\alpha} H_t^{\beta} (AtLt)^{1-\alpha-\beta} \qquad 1$$

Where

Y is output, K is capital, H is the stock of human capital, A is the level of technology and L is “raw” labour. The exponents α, β and 1-α-β are the coefficients of elasticity of output to the inputs. Mankiw, Romer and Weil assumed $\alpha + \beta < 1$, so that the function exhibits constant returns to scale but diminishing returns to reproducible factors. Like in the Solow model, the population and the level of technology grow at the exogenous rates n and g, respectively, while capital depreciates at the rate δ.

In essence, the human-capital augmented Solow model treats human capital basically as an additional, ordinary input in production. Human capital is modelled in exactly the same way as physical capital. It is accumulated by investing a fraction of income in its production, depreciates at the same rate as physical capital, and is produced with the same technology as both physical capital and consumption. Meanwhile, like in the original Solow model, long-run growth is exogenous, its rate equalling the pace of technological progress.

2.3 Empirical Literature

Several studies have been carried out to establish relationship between human capital investment and economic growth and also between human capital investment and economic development. Recent studies in this area have been reviewed.

Ilegbinosa (2013) examined the profile of human capital investment as a tool for economic development in Nigeria using primary data from a sample of 120 respondents. Data were analysed using inferential statistics of chi-square. Results indicate that investment in human capital had positive impact on economic development and that poor funding by Federal Government of Nigeria was a major problem impeding the development of human capital. The weakness of this study is its sample size which is not considered to be adequate for a study of this scale. Notwithstanding, it was found to be relevant to the needs of the present study.

Shobande, et al (2014) carried out a study on human capital investment and economic development in Nigerian. The study covered the period, 1970-2011. Data were analysed using OLS technique. The study revealed that there was short run negative relationship between economic development and human capital investment in Nigeria. The study failed to adopt a global approach as important components of human capital investment were excluded from the analysis. However, it contributed important variables which were used in the present study.

Olarinde and Bello (2014) embarked on a study to appraise the performance of public healthcare expenditure and health sector performance in Nigeria. The study employed ARDL and VECM to analyse the data.

They reported findings which indicate that long run and short run relationship exist among variables. Policy implication of findings to the government is the need to increase public spending on health to improve access to primary healthcare.

Halidu (2016) analysed human capital development in the Nigerian University as a panacea for sustainable development. The study used content analysis. It revealed that no country can attain economic growth and development without having a well talented, competent and skilful workforce that can exploit, utilize and accelerate the available resources of the nation optimally. Study had its weakness in its use of content analysis with low power of prediction. Howbeit, it was considered relevant to the needs of the present study.

Omodero and Azubuike (2016) carried out an empirical review of government expenditure on education and economic development in Nigeria. Study spanned across 2000 - 2015. Data were analysed using OLS technique. Results indicate that expenditure on education had a significant impact on the economy while social community services and school enrolment had nonsignificant contribution to economic development. Findings have policy implication to government at all levels to strive toward developing human capital through increased government expenditure on education and social services.

Adetula et al (2017) studied the impact of investment in education on economic development in Nigeria. Data were analysed using OLS technique. Results indicate that investment in education contributed significantly to economic development. Study had its weakness in the use of GDP as proxy for economic development.

Nevertheless, it was found useful as a suitable guide for the conduct and advancement of the present study.

Njoku and Onyegbula (2017) appraised human capital development as a strategy for sustainable development in the Nigerian education system. Study revealed that education is a vibrant tool for human capital development which contributes significantly to economic growth, productivity and sustainable economic development. Study has yielded relevant data which were included in the present study.

Amadi and Alolote (2019) investigated human capital investment as a catalyst for sustainable economic development in Nigeria. Study covered the period, 1986 – 2017. Data were analysed using OLS technique. Study revealed that there was a positive relationship between real GDP and the explanatory variables. Study yielded findings which were found useful for confirming the results of the present study.

2.4 Summary of Review

Literature review has revealed that the concept of human capital has not posed serious definitional problems. Thus, Ogujiuba and Adeniyi's views on human capital have been adopted as the operational definition of the concept of human capital for the purpose of this study. With respect to theoretical framework, literature review has revealed that Solow model provided an elaborate treatment of human capital in such a dynamic form that simplifies the process of data analysis and allows for accurate prediction. Moreover, review of empirical literature has revealed that household expenditures on education and health (important component of aggregate human capital investment) were excluded in earlier studies. Therefore, the worth of the present study derives from its global approach which allowed the incorporation of human development index, household expenditures on education and health in the analysis of the impact of human capital investment on economic development.

III. RESEARCH METHODS

The basis for the model specification stems from the augmented Solow human-capital-growth model, which is an improvement over the Solow growth model. Solow's original model did not explicitly incorporate human capital. To achieve that, Mankiw, Romer, and Weil (1992) came up with the augmented Solow model.

The a priori justification for the inclusion of human capital in the model is that labour does not exhibit homogeneity in the production process, either within a nation or across different economies due to their possession of different levels of education and skills.

The augmented Solow model by Mankiw, Romer and Weil is represented thus:

$$Y_t = \mathrm{A}K_t^{\alpha} H_t^{\beta} \qquad 3.1$$

Thus, linearizing equation (3.1), yielded:

$$\mathrm{In}Y_t = \mathrm{InA} + \alpha\mathrm{In}K_t + \beta\mathrm{In}H_t + \mu \qquad 3.2$$

Where Y is real GDP and K is physical capital while H is human capital, α and β are parameter coefficients, and A is efficiency parameter or constant.

Model Specification

The model adapted for this study is predicated on the theoretical exposition of Mankiw, Romer, and Weil and a modified model of Osoba and Tella (2017). The preferred model is represented as follows,

$$\mathrm{lnGDPPC} = \alpha_0 + \alpha_1\mathrm{lnPEE} + \alpha_2\mathrm{lnPEH} + \alpha_3\mathrm{InHEE} + \alpha_4\mathrm{InHEH} + \alpha_5\mathrm{lnHDI} + \alpha_6\mathrm{lnGFCF} + \mu \qquad 2$$

Where,
GDPPC = GDP per capita as proxy for economic development
PEE = Public (government) expenditure on education
PEH = Public (government) expenditure on health
HEE = Household (private) expenditure on education
HEH = Household (private) expenditure on health
HDI = Human development index
GFCF = Gross fixed capital formation
μ = Error term (or stochastic term).
ln = natural logarithm
α_0 = Intercept or autonomous parameter estimate
α_1 - α_6 = Parameter estimates associated with the explanatory variables of the model

The a priori expectations are determined by the principles of economic theory and refer to the expected relationship between the explained variable and the explanatory variable(s). It is expected that $\alpha_1 - \alpha_6 > 0$, in other words, the economic development should be positively related to human capital investment.

To satisfy the requirement for uniformity of scales of measurement and consistency in the interpretation of results, all variables were transformed into natural logarithms. The log transformation of the variables allowed us to interpret the coefficients as elasticities or percentages. The model was estimated using vector error correction mechanism (VECM) for short and long run effects.

IV. RESULTS AND DISCUSSION

Table 4.1 presents the results of unit root test. As can be seen in the table, P-values for all variables at both ADF and PP were less than 0.01. At $p \leq 0.01$, the statistics were significant at 0.01 confidence level. This suggests that the logged times series data are stationary at first difference. The information contained in the middle column of the table means that the time series data are each integrated of order one, that is, I(1), according to the ADF method. This is confirmed by the PP method as indicated in the last column. These stationary data were then used for the linear regression analysis.

Table 4.1: Unit Root Test Results (Intercept only) at 1st Difference

Variables	ADF test statistic	T-Statistic @ 5% Critical value	P-value	Order of Integration	PP Test statistic	Adj. T-Statistic @ 5% Critical Value	P-value	Order of Integration
LGDPPC	-4.58	-2.95	0.00*	I(1)	-4.57	-2.95	0.00*	I(1)
LPEE	-6.65	-2.95	0.00*	I(1)	-6.67	-2.95	0.00*	I(1)
LPEH	-6.64	-2.95	0.00*	I(1)	-6.64	-2.95	0.00*	I(1)
LHEE	-8.06	-2.95	0.00*	I(1)	-8.08	-2.95	0.00*	I(1)
LHEH	-7.43	-2.95	0.00*	I(1)	-7.29	-2.95	0.00*	I(1)
LHDI	-5.41	-2.95	0.00*	I(1)	-5.41	-2.96	0.00*	I(1)
LGFCF	-4.697	-2.95	0.00*	I(1)	-4.73	-2.95	0.00*	I(1)

NB: * Indicates stationary at the 1% level of significance
Source: Researchers' computation (2020)

Long-run Estimates: Summary of the long-run estimates from VECM is presented as follows:
$LGDPPC = -9.7 - 0.05LPEE_{-1} + 0.02LPEH_{-1} - 0.79LHEE_{-1} + 0.41LHEH_{-1} + 0.89LHDI_{-1} + 0.05LGFCF_{-1}$
T-Stat. = (N/A) (-1.48) (0.62) (-7.87) (4.02) (5.79) (2.43)

Source: Researchers' computations from Eviews

Short-run Estimates: This involved estimating a system form of the short-run relationship based on the ordinary least square (OLS) method. Summary of the System Least Squares is presented in Table 4.2.

Table 4.2: Summary of Short-run estimates

Variable	Coefficient	T-Statistic	Prob.
ECT	-0.384759	-6.046819	0.0000*
LGDPPC	0.180357	1.621915	0.1185
LPEE	0.034317	1.983392	0.0594**
LPEH	-0.019290	-1.155079	0.2599
LHEE	-0.305456	-5.680730	0.0000*
LHEH	0.221474	4.551009	0.0001*
LHDI	0.924306	3.224174	0.0038*
LGFCF	0.012547	0.430995	0.6705
* = significant at 1% level; ** = significant at 10% level			
F. Statistics = 9.42	F(Prob) = 0.00		
R^2 Adjusted = 0.68		R^2 = 0.77	

Source: Researchers' computation from EViews result (2020)

F-test

Table 4.2 shows that estimated F-statistic is 9.42 ($p \leq 0.01$). Since $p \leq 0.01$, then the independent variables conjointly contributed significantly to economic development. This indicates that human capital investment contributed significantly to economic development.

In addition, the study conducted the Wald Test with coefficients restricted to the four components of human capital investment. According to Fahrmeir et al (2013), the Wald test assesses constraints on statistical parameters based on the weighted distance between the unrestricted estimate and its hypothesised value under the null hypothesis, where the weight is the precision of the estimate. The results have been summarised in Table 4.3.

Table 4.3: Summary of Wald Test Result
Wald Test: Equation: Untitled

Test Statistic	Value	Df	Probability
F-statistic	10.57213	(4, 23)	0.0001
Chi-square	42.28852	4	0.0000

Null Hypothesis: C(3)=C(4)=C(5)=C(6)=0

Source: Researchers' computation from EViews result (2020)

The null hypothesis: C(3) = C(4) = C(5) = C(6) = 0 means that the parameter estimates of these variables are not statistically different from zero. In other words, the parameter estimates are essentially the same. Given the F-statistic of 10.57 ($p \leq 0.01$), the null hypothesis stands rejected. This implies that the parameter estimates are statistically different from zero. In other words, the human capital investment components of the explanatory variables did not have the same effect on the dependent variable.

Autocorrelation Test

The results were further subjected to Breusch-Godfrey serial correlation Lagrange multiplier (LM) test to check for autocorrelation. The results of LM test have been presented in Table 4.4.

Table 4.4. Results of Test for Autocorrelation
Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.503179	Prob. F(2,21)	0.6117
Obs*R-squared	1.463371	Prob. Chi-Square(2)	0.4811

Source: Researc hers' computation from E Views result (2020)

Table 4.4 shows that F-statistic = 0.503 ($p \leq 0.61$). Since $p > 0.05$, autocorrelation does not exist in the estimated model. This suggests that the regression results are reliable.

Heteroscedasticity Test

Again, the results were subjected to test for heteroscedasticity. The results of heteroscedasticity test have been presented in Table 4.5.

Table 4.5: Result of Heteroscedasticity Test
Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.127385	Prob. F(14,17)	0.4020
Obs*R-squared	15.40623	Prob. Chi-Square(14)	0.3510
Scaled explained SS	14.58042	Prob. Chi-Square(14)	0.4074

Source: Researc hers' computation from E Views result (2020)

The table shows that F-value = 1.13 ($p \leq 0.4$). Since $p \leq 0.4 > p \leq 0.05$, F-value = 1.13 was considered to be nonsignificant thereby warranting the acceptance of the null hypothesis. Thus, the results do not exhibit heteroscedasticity.

Test for Normality of Distribution

The results have been depicted in Fig. 1.

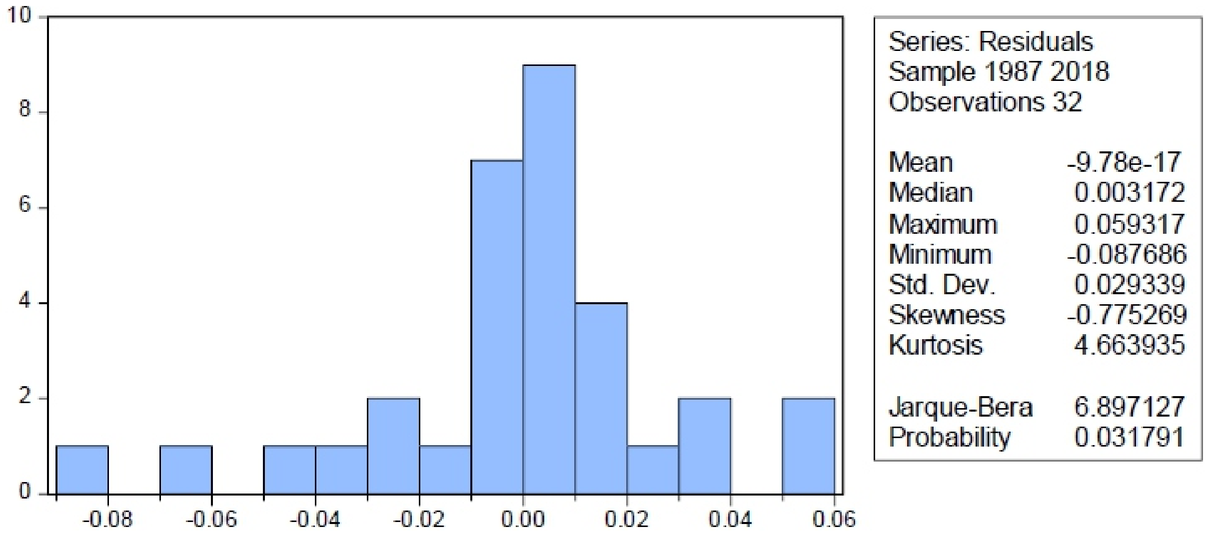

Fig. 1. Histogram normality test

Source: Researchers' computation from EViews result (2020)

As can be seen in Fig.1, normality test statistics had p≤ 0.03. P≤ 0.03< p≤ 0.05. This implies that the normality test statistics were significant at 0.05 confidence level. Thus, the data were not normally distributed and so conformed to time series.

Stability Test

The estimated model was tested for stability using the cumulative sum (CUSUM) test. The results have been in presented Fig.2.

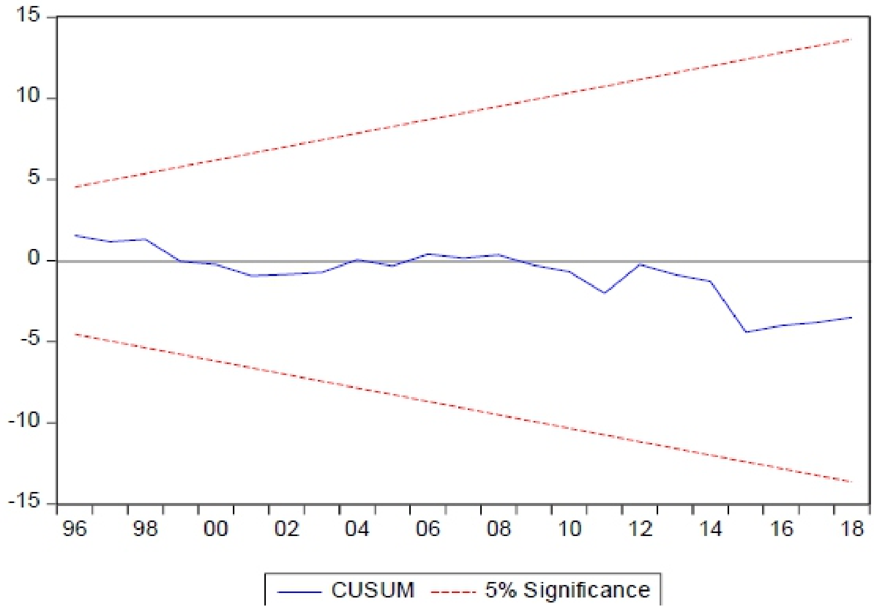

Fig. 2: CUSUM Test

Source: Researchers' computation from EViews result (2020)

Fig.2 shows that the CUSUM curve (smooth curve) was confined within the 5% Bounds. These results confirmed the stability of the model and its fitness for reliable prediction.

Test of Hypotheses

The results presented in Tables 4.2 have been used for verifying the null hypotheses formulated for this study.

Hypothesis One

H0: There is no significant contribution of public expenditure on education to economic development.

The regression equation shows that LPEE had regression coefficient= -0.05 with calculated t value = 1.48 (critical t value=1.96). Since the calculated t value = 1.48 is less than the critical t value = 1.96, the regression coefficient = -0.05 was considered to be nonsignificant. This has warranted the acceptance of the null hypothesis which states that there is no significant contribution of public expenditure on education to economic development.

On the contrary, however, the short-run estimate shows that LPEE had regression coefficient = 0.03 with calculated t value= 1.98 (critical t value =1.96). Now, the calculated t value = 1.98 is greater than the critical t value=1.96, thereby indicating that public expenditure on education contributed significantly to economic development in the short-run. Thus, public expenditure on education contributed significantly to economic development in the short-run but not in the long-run.

Hypothesis Two

H0: There is no significant contribution of household expenditure on education to economic development.

The regression equation shows that LHEE had regression coefficient= -0.79 with calculated t value = 7.87 (critical t value=1.96). Since the calculated t value = 7.87 is greater than the critical t value = 1.96, the regression coefficient = -0.79 was considered to be significant. This has warranted the rejection of the null hypothesis. Thus, there was significant negative contribution of household expenditure on education to economic development.

In the case of short-run estimate, LHEE had regression coefficient = 0.31 with calculated t value= 5.68 (critical t value =1.96). Since the calculated t value = 5.68 is greater than the critical t value=1.96, the regression coefficient =0.31 was considered to be significant thereby warranting the rejection of the null hypothesis. Thus, household expenditure on education contributed significantly to economic development in long and short-run.

Hypothesis Three

H0: There is no significant contribution of public expenditure on health to economic development.

The regression equation shows that LPEH had regression coefficient= 0.02 with calculated t value = 0.62 (critical t value=1.96). Since the calculated t value = 0.62 is less than the critical t value = 1.96, the regression coefficient = 0.02 was considered to be nonsignificant. This has warranted the acceptance of the null hypothesis which states that there is no significant contribution of public expenditure on health to economic development.

With respect to short-run estimate, LPEH had regression coefficient = -0.02 with calculated t value= 1.16 (critical t value =1.96). Now, the calculated t value = 1.16 is less than the critical t value=1.96, thereby implying that regression coefficient=-0.02 was nonsignificant. Thus, the null hypothesis was accepted. There was no significant contribution of public expenditure on health to economic development.

Hypothesis Four

H0: There is no significant contribution of household expenditure on health to economic development.

The regression equation shows that LHEH had regression coefficient= 0.41 with calculated t value = 4.02 (critical t value=1.96). Since the calculated t value = 4.02 is greater than the critical t value = 1.96, the regression coefficient = 0.41 was considered to be significant. This has warranted the rejection of the null hypothesis which states that there is no significant contribution of household expenditure on health to economic development.

Also, the short-run estimate shows that LHEH had regression coefficient = 0.22 with calculated t value= 4.55 (critical t value =1.96). The calculated t value = 4.55 is greater than the critical t value=1.96, thereby implying that regression coefficient=0.22 was significant. Thus, there was a significant contribution of household expenditure on health to economic development in the long and short-run.

Discussion of Findings

One important finding of the study is that public expenditure on education did not contribute significantly to economic development in the long-run but in the short-run. This has not come as a surprise considering the underfunding of education which falls below the UNESCO's prescription of 26 per cent of any country's annual budget. What is rather surprising is that public expenditure on education contributed significantly in the short-run.

Perhaps, a plausible explanation for this development is that the federal government has failed to align public expenditure on education to the future manpower requirement of the nation. This finding is in agreement with the findings reported by Chijioke and Amadi (2019).

Another finding of the study is that household expenditure on education had significant negative contribution to economic development in Nigeria. Again, this has come much in expectation. The poor funding of the education sector by government at all levels has left the country's education sector in a deplorable state.

Households spend large proportions of their income to provide quality education to their children who on graduation do not find gainful employment. Rising household spending on education and growing unemployment are factors which aggravate the already complicated economic situation in country to erode further the standard of living of Nigerians, with its attendant consequence on the country's economic development. There is dearth of research on household expenditure on education and economic development. So, this finding could constitute a new addition to knowledge.

Moreover, there is the finding that public expenditure on health did not contribute significantly to economic development. Again, this has come as expected. Nigeria is yet to implement the WHO's recommendation of allocation of a country's 5 per cent of GDP to health. Government funding of the health is grossly inadequate and the state of the health sector is deplorable. Rising maternal mortality rate, infant mortality rate, and high morbidity are factors which impede economic development in any country. This finding is in agreement with Edeme and Olisakwe's (2019) finding, while contradicting Amadi and Alolote's (2019) finding which indicates that government expenditure on health had positive and significant impact on economic development.

Furthermore, there is the finding that household expenditure on health contributed significantly to economic development. This is not surprising as majority of Nigerians depend on private hospitals for their wellbeing. Only healthy citizens can constitute a vibrant labour force that would contribute to economic development of a country. The deplorable state of government-financed hospitals has resulted to the rapid expansion of facilities in private hospitals which today provide healthcare services to a large segment of the society. With the dearth of research in this area, it cannot be gainsaid that this is yet another new addition to knowledge.

V. CONCLUSION

The generalisations that have been drawn from this study include: (1) Government expenditure on education fostered economic development in the short-run only while household expenditure on education impeded economic development (2) Government expenditure on health failed to stimulate economic development while household expenditure on health induced economic development. What is implied in first generalisation is that public investment in human capital is adapted only to the current needs of the citizens and not to the needs of future generations. It is a logical deduction that household expenditure on education impeded economic development due to the drain from their personal income which was further aggravated by rising unemployment rate in the country. To invest for the future is to invest in the youth. With the Nigerian youth constituting 70 per cent of the population, only a massive investment in human capital by both public and private sectors is a sure path to economic development. The implication of the second generalisation is that it is private initiative which drives human capital to contribute to economic development. Therefore, it would not be unreasonable to suggest that it is the private policy on health around which the public policy on health is framed. Perhaps, this explains the rising incidence of medical tourism which continuously drains the nation's treasury. Needless to say that the major inferences warranted by this study and their accompanying implications would pave the way to a more rigorous intellectual discourse. Involvement of household in economic policy formulation and implementation is pivot around which the study revolves. Undeniably, the outcomes of the implementation of this study have further validated the assumptions of human capital augmented Solow model.

Policy Prescriptions

Based on the findings of the study and the accompanying discussion, the researchers have prescribed the following:

(1) With public investment in education yet to be adapted to the future needs, government at all levels should place greater emphasis on human capital development as a means of empowering the youth and steering the economy to the path to economic development.

(2) Since household investment in education impeded economic development, the viable option to government at all levels is to provide loans and bursary awards to deserving students in order to provide relief to the households and harness the increase purchasing power resulting from such relief toward enhancing economic development.

(3) A nonsignificant contribution of public investment in health to economic development and a significant contribution of household investment in health to economic development require that a radical public health policy in the form of national health insurance policy be put in place to make healthcare services accessible to all Nigerians in both public and private hospitals.

(4) The study finds that household expenditure on education has significant negative impact on economic development. This may be due to the increasing rate of unemployment among graduates in the country.

Government should therefore introduce programmes and policies that will curb graduate unemployment in order for household (private) expenditure on education to contribute to economic development.

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Teacher Education in India: Problems and Concern in Present Scenario

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ABSTRACT

Teacher education is one of the most important programmes to improve the quality of school education. It is concerned with providing teaching skills and proficiency to the prospective teachers. In the view of current changes in the social, cultural, economic and political environment, the radical change is essential in the teacher education so that teachers could raise their standard with the changing needs of the society. In the present, theunexpected growth in a large number of non-government teacher training institutions has deteriorated the qualityof the teaching programme. It is observed that non-government institutions lack of adequate physicalinfrastructure and produce a large number of incompetent teachers. Moreover, the ratio between demand andsupply of teachers also has created a major problem. In the present scenario, various other problems also haveemerged in the teacher education field like the low standard methods of teaching, traditional curriculum, theproblem of supervision, inadequate empirical research, profit orientation of education, etc. Keeping inconsideration all these problems and concern, the educationists, policy makers, curriculum planners, and otherstakeholders need to reconstruct and reform the teacher education programme for the growth and developmentof teachers as well as for the nation.

Key Words: Teacher Education, Professional Development, Infrastructural Constraints, Quality Concern andTeacher's Proficiency.

I. INTRODUCTION

The improvement and advancement of any country depend on the value and quality of its citizens. The quality citizens are the results of its education system and quality of education. However, the most significant factor of all is the quality of teachers. The Secondary Education Commission (1952-1953) rightly stated, "We are convinced that the most important factor in the contemplated educational reconstruction is the teacher, his personal qualities, his educational qualifications, his professional training and the place that he occupies in the school as well as in the community." The teacher plays a vital role in the development of a comprehensive education system.

It brings out the latent capabilities of the learners and helps in their all-round development of personality. In this regard, the Kothari Commission (1964-66) has rightly said, "the destiny of India is being shaped in her classrooms." The command over subject knowledge, professional commitment, good communication skills, dedication, and motivation are the required traits of quality teachers. To achieve such traits there is dire need of quality teacher education. Teacher education is concerned with policies framework and procedures and endowment which are designed to provide information, knowledge, attitudes, behaviour, and skills to prospective teachers to perform their task effectively in the school and society. India, being the world's third largest education system, is among the largest system of teacher education in the world (Sheikh, 2017). The educational expansion, universalization of elementary education (UEE) and implementation of Right to Education (RTE, 2009), vocationalization of secondary education, higher and professional education have created an enormous requirement of teachers. Our country requires a plentiful supply of quality teachers to meet this challenge. After independence, the efforts began for the growth of teacher education in our country. The formation of teachers training institutions began to meet the demand of essential teachers but the reform in teacher education has been one of the enduring concerns in the reports of various commissions and committees on education. The Education Commission (1964-66) recommended "professionalization of teacher education, development of integrated programmes, comprehensive colleges of education and internship." The National Commission on Teachers (1983- 85) suggested five-year integrated courses and internship. The National Policy on Education (NPE, 1986) recommended "the overhaul of teacher education to impart it a professional orientation." As a result of its recommendation, the centrally-sponsored scheme of restructuring and reorganization of teacher education came into existence in 1987 which incorporated the establishment of DIETs, CTEs, IASEs and SCERTs. Taking steps in reforming the teacher training programmes, the National Policy on Education (NPE, 1986) announced new ideas and fresh proposals to improve the quality of education at all levels with the introduction of concepts like operation blackboard, micro-planning, minimum levels of learning, decentralized management, and modernization of teaching-learning process. The implementation of these ideas required a large scale orientation of teachers and the drastic change in pre-service teacher education programmes. The NPE Review Committee (1990) and the National Advisory Committee on 'Learning without Burden' (1993) also gave emphasis on the need for qualitative reform of teacher education and suggested various measures.

In the contemporary situation, a huge number of teachers are untrained. In some areas, the situation is not very hopeful. It has been noticed that teacher educators are neither professionally qualified nor committed to their profession. The quality in pre-service education has shown the worsening condition. Naseem & Anas (2011) highlighted the various problems that are existing in Indian Teacher Education. While Sharma (2012) emphasized the need for ICT in the professional growth of the teacher and determining the global economy. The rise in substandard institutions of teacher education is the cause of such emerging problems and mismanagements. The National Curriculum Framework for Teacher Education: Towards Preparing Professional and Humane Teacher (NCFTE, 2009) expressed concern over the quality of teacher education. Though, National Council for Teacher Education (NCTE) has taken quality improvement in teacher education, the system is still not fulfil the essential need of providing competent and committed teachers after completing the initial teacher training programmes. A huge number of teacher training institutions are not follow the instruction and guidelines of NCTE. This highlights the fundamental mismanagements in our present teacher education system. At present, the radical change in the organization of curriculum, use of modern technologies and more emphasis on advanced and creative practices are necessity of the period. Thus, teacher training programme has to be re-entered, transformed, and reoriented today.

There are following major problems and concerns prevailing in the teacher education system.

Selection Procedure

A continuing problem of the pre-service teacher training programme is to select the high quality aspirants and to refute admission to those who do not have aptitude and commitment to the teaching profession. The main goal of the teacher training programme is to identify the candidates who exhibit the personal attributes (sincerity, honesty, potentiality, commitment, impartiality and neutrality), the subject and pedagogical knowledge that are believed to lead to successful outcomes. The problem arises when those candidates enter this programme who do not have necessary competencies and qualities required for such an important profession. Consequently, it results in the production of poor quality teachers in the education system. Thus, it is essential of the hour to evolve an objective procedure which can help in a suitable selection of persons who are likely to become efficient teachers (Reddy 1992).

Issue related to Quality

High quality teacher education certainly plays a significant role in the production of high quality teachers and thereafter in the nation building. The nation which is incompetent of providing quality teacher education can't produce high quality competent and skilled teachers. Trained, skilled and competent teachers shape the future of the children. The quality of a teacher reflects in his/her mastery over the subject, professional commitment, good transportations, analytical skills, and different learning tactic. Therefore, well trained, skilled, proficient and dedicated teachers are the utmost assets of any educational organisation and thereby of the nation. Teachers' quality is fundamentally connected with the students' learning outcomes (Sanders & Rivers, 1996). In the ongoing time, the quality concern in the field of education has emerged as a great problem in the time of globalization and privatization. The present teacher training programme is designed in such a manner that it does not provide the proper opportunities to trainee to develop essential teaching skills. According to Anees (2015) "despite realizing various measures still, numerous problems of teachers training exist in India. The main problem of the present teacher education system has been identified 'the unproductive trained teachers." According to Desai (2011) "several insufficiencies in the teacher training programme in India have been in identified. This situation arises because the organizers of teacher's training programme are not aware of the present problems of schools. Thus, it creates a problem in matching the work schedule of the teacher in the programme and school adopted for teacher preparation in a teacher training institution. It, consequently, results in incompetency of pupil-teacher in the area of teaching skills. As DIETs are facing problems of non-availability of qualified faculty. The working faculty does not possess qualifications or experience in elementary teacher education. The large number of CTEs face faculty shortage, poor library facilities, spends more time on initial teacher education." Sharma and Sharma (2015) 'identified various problems prevailing in the education sector where the major challenges are the lack of quality research work, shortage of faculty and high student-faculty ratio, the gap between the supply and demand of teachers, inadequate infrastructure and poor supervision in teacher education institutions.'

Problem of Teacher Readiness for Inclusive Classrooms

At present, in India, the population of 'Persons with Disabilities' (PWD) is large. They have to face various problems in daily life. The traditional faith and societal attitude toward their various problems make it more serious for them. The availability of resources is so unusual and challenges are tremendous. According to the Official Estimate of the Census of India (2011) data on disability: office of the registrar general & census commissioner, India, about 2.68 crores or 2.21% of the total population are people with disabilities (PWD) in India. Among the persons with disabilities 56% (1.5 Cr) are males and 44% (1.18 Cr) are females. There are so many problems in teaching children with disabilities in regular classrooms. These problems arise due to lack of proper infrastructure, material resources and undesirable attitudes of teachers. There is an urgent requirement to equip teachers to handle the problems of segregation prevailing in schools. Kaplan & Lewis (2013) 'stressed that inclusive education needs to be recognized as an essential learning objective for all student-teachers.' Das, Kuyini & Desai (2013) 'examined the current skill levels of regular primary and secondary school teachers in Delhi, in order to teach students with disabilities in inclusive education settings. They found that about 70% of the regular school teachers had neither received training in special education nor had any experience teaching students with disabilities. Further, 87% of the teachers were out of access to the basic support services in their classrooms.'

Yadava (2013) 'also found the deteriorating situation of unskilled teachers in the area of inclusive education.' Chatterjee (2003) highlighted the parental community's negative and resistant attitude towards the idea of inclusive education. According to Kumar (2007) Understanding the students with disabilities and accommodating their needs has become a central focus for higher education. The Persons with Disability (Equal Opportunity, Protection of Rights and Full Participation) Act, 1995 opened the doors for the people with disabilities in the matters of education, vocational training and employment (Kumar, 2007). On ground reality, still, much has to be achieved in the area of inclusiveness. The National Curriculum Framework (NCERT, 2005) clearly gives emphasis to child centred pedagogy that can meet the range of challenges confronting the inclusive school system.

Inadequate teacher preparation has been identified as a major barrier to inclusive education in India (Singal, 2005a & 2005b). Therefore, there is an urgent need to take necessary steps to develop the required skills and giving training to prospective teachers in such a manner that they can cater to the needs of 'Students with Special Needs.'

Lack of Professional Development

The outdated approach to teaching is prevailing in schools among older teachers who were taught and have been teach in these traditional approaches. It gives more emphasis on mastery of content and procedures as the ultimate goal of instruction and little emphasis on child centre modern approaches. So many teacher training institutions have not basic facilities like a library or laboratory and other equipment for the professional development of teachers. It has been noticed that a lot of teacher training institutions do not have their own basic facilities and infrastructure; they are being run in rented buildings. It leads to the weakening in the sound professionalization of teachers. Continuous Professional Development is essentially required for the success of the different teaching approaches. Researchers suggest that most effective Continuous Professional Development activities should be spread over time, be collaborative use active learning, be delivered to groups of teachers include periods of practice, coaching, and follow-up, promote reflective practice, encourage experimentation, and respond to teacher's needs (Sain & Kaware, 2014). In order to give teachers the opportunity of sound professional development along with content & methodology, there is an urgent requirement to integrate emotional capabilities and life skills with individual development, continuing education, in-service education, curriculum writing, and peer collaboration etc.

Growing Pressure among Teachers

In the era of science and technology, fast and busy life has made the teaching profession physically and mentally very problematic. The teacher needs a lot of potentialities to deal with classroom situations and professional work. Sometimes, the teacher comes under stress due to growing pressure. According to Eysenck (2001) "stress occurs when the perceived demands of a situation exceed the individual's perceived ability to handle those demands." Occupational stress has also influenced the professional growth of teachers. Occupational stress takes place when there is a disparity between the demand of the environment and an individual's capability to carry out a task. Nagra (2013) found a moderate level of occupational stress among teacher educators. The major causes for stress among teachers are excessive working hours, excessive workload, changes in curriculum and courses, rising class sizes, changes to assessment and testing requirements, poor management, workplace bullying, risk of violence from pupils, parents and intruders, lack of control over the job, lack of job security, burden of providing cover and lack of public esteem.

Not a handsome Salary of Teachers

The position of the teacher, since ancient times, has been regarded as very prestigious in Indian society.

The teacher, in ancient times, was called Guru and his/ her place was considered near to God. Respect and honour have always been great for the teachers in our society. In the present-day, still, we carry on this tradition of respecting our teachers. It reflects clearly as India has been ranked eighth in the world in terms of respecting its teachers (Global Teacher Status Index (GTSI- 2018). But the image is very gloomy when we come to the salary of the teachers, India stands among the least paying nations of the world. According to the Varkey Foundation (GTSI Report 2018), in the global index, India has been ranked 26th out of the 35 countries in terms of paying salary for its teachers, much below the developing neighbour Malaysia and much smaller countries such as Portugal, Chile, Czech, Hungary, Columbia among others. The highest paying countries are Switzerland, Germany, USA, Canada and Taiwan. Teachers' actual wage in India is much less than the wage considered fair for the job. According to the Global Teacher Status Index (GTSI, 2018), 'over 60 percent of Indians think that teacher should be paid according to the performance record of their pupil. Implying if the outcome of the class is high, teachers should be paid more and if the number of students performing well is low, the teacher should be paid lesser.'

Lack of Training in information and communication technology (ICT)

In the modern era, information and communication technology (ICT) is one of the best tools to achieve access, inclusion, and quality in teacher education. ICT has become the indispensable part of the modern education system (Saxena, 2017). It has brought a change in different aspects of the traditional educational process. The use of ICT in obtaining knowledge and skills has become an essential pre-requisite in teacher education. The proper use of ICT can bring significant changes in the whole teaching-learning process by bringing improvement in content and methodology (Sharma, Gandhar, & Seema, 2011). It improves the quality of instruction and encourages collaborative learning; it facilitates fast and accurate feedback to learners (Becta, 2003). According to Bhattacharjee & Dev (2016), ICT helps in developing innovative teaching skills and makes classroom teaching very effective. It also helps the teacher to motivate students and developing an interest in learning with the use of different media like hardware, software, internet & projector, etc. But there are some problems which are prevailing in our education system. Some teachers do not have clarity about how far technology can be beneficial for the facilitation and enhancement of learning due to lack of competency to handle it, whereas some teachers may have a positive outlook towards the technology. Teacher resistance and lack of enthusiasm to use ICT in education may also be another limitation (Sharma, 2015). Lack of infrastructure and equipment is another significant problem for the back warding Indian education system. It results in one of the major issues of present teacher education courses that the teacher trainees are not getting proper training in the information and communication technology (ICT). They do not know how to use ICT for facilitating their teaching-learning process. Even the teacher educators themselves lack in necessary ICT skills.

Isolation of Teacher's Education Department

About five decades ago, the National Education Commission (1964-66) highlighted the isolation of the teacher education system from other educational institutions. In the university, the education department remains isolated from other academic departments. It results in very little interaction between an academic department and education department in the university. Similarly, colleges of education get inadequate and insufficient support from university departments of education and SCERTs (Chauhan, 2004). There is a very weak and ineffective linkage between them. Therefore, there is need for planned and sustained efforts to establish linkages between them (Dhull, 2017).

Less Focus on Research and Innovations

The quality researches have been considerably neglected in the area of teacher education. The sufficient amounts of researches are not being conducted and not as per global standards (Kumar & Azad (2016). It has been observed that researches are conducted without keeping in mind the current issues and challenges of teacher education programmes. It results in no significant transformation in the existing educational system. There is an essential to develop the national arrangement for research in alignment with the local and national level priorities.

It will eliminate the discrepancy between research trends and problems. The research methodology should be compatible with the local issues as well as national issues. There is a requirement to facilitate a space for innovations to take place so that the policy can draw from them. Researches and Innovations should be encouraged and research quality indicators should be evolved to expand the quality of empirical research. University departments and research institutions need to undertake the essential steps in the area of research. There is an urgent need for an inclusive framework for understanding the impacts of rapid developments and advancing implications for innovations in teacher training programme.

Lack of proper Infrastructures

It is definitely very crucial to have adequate physical facilities in terms of material for providing sound professional training. It is the combination of several components such as knowledgeable teacher educators, good classrooms, library and laboratories which make good teacher education institute (Chauhan, 2004). The teacher training colleges suffer from inadequate physical facilities, classrooms, laboratories, libraries and Information & Communication Technology (ICT) facilities which do not have updated quality books and overall environment is not conducive (Khan, Fauzee & Daud, 2016). The most important problem is that a large number of teacher training institutions do not have experimental schools attached to them. So, it results in the difficulty of carrying out the practice teaching task of trainees effectively. This situation desires to be critically observed and improved.

Profit-Orientation of Education

In the present time, there has been a rise in the number of substandard teacher training institutions. The grave malpractices in such institutions have been a matter of great concern (Chauhan, 2004). These teacher training institutions are charging very high fees from trainee. Practices in these teacher training institutions are highly undemocratic and unjust. Such practices not only bring a downfall in the teacher training programme but also encourage commercialization of teacher education. These teacher training institutions do not follow the NCTE's norms and guidelines in the matter of staff recruitment, admission process, examination process, practice teaching and physical facilities etc.

Uneven Demand and Supply of Teachers

The unexpected growth of teacher training institutions and programmes in past few years along with the increase in school enrolments and the launch of Pan-Indian primary education development programmes like Operation Blackboard, District Primary Education Programme, Sarva Shiksha Abhiyan (SSA) and Universalization of Elementary Education (UEE) has raised the demand for appointment of more trained teachers.

The pre-service teacher training courses for appointment as teachers have led to an excessive burden on existing institutional capacity. The country has to address the necessity for producing well qualified and professionally trained teachers in massive numbers in the coming years. At the same time, the demand is also raising for maintaining the quality of secondary education. As per the recommendations it is being estimated to reach universal secondary education within a maximum of ten years. The quality in most of the secondary schools is very poor due to lack of proper infrastructure and insufficiently trained teachers. Therefore, it is very essential to address these problems and provide professionally well trained secondary teachers.

Traditional Curriculum

The National Teacher Education Curriculum needs to be in accordance with the curriculum framework for school education. A teacher needs to be equipped to supply to the needs and demands of the school education and the learners and the learning process. Therefore, it is essential that the curriculum should be organised as per the ongoing demands of the school and society as well as for the nation. Khan (2013) emphasized on 'the need for significant transformation of the curriculum strategies and methods used in teaching.' In the present day, the teacher training institutions are followed the traditional method for teacher training programmes without bringing the essential modifications with needs of the trainee. The skill and proficiency development aspect is most neglected. The practice teaching aspect is not done according to the need and demand of the trainees. For the teaching of theory, part consumes almost 70% time and practice teaching 30% of the total time available.

Hesitation towards Innovative Methods of Teaching

In our country, teacher educators hesitate in experimenting and adopting innovative teaching approach.

They show hesitation towards learning modern techniques and use of information and communication technology.

Information & Communication Technology (ICT) has brought a drastic change in simplifying the teaching learning process. With the advancement of science and technology, the teaching-learning process is not confined to the out-dated teaching methods only. Modern innovative approaches and methods have been developed in this area. The inadequate infrastructural facilities in most of the educational institutions make it more difficult for teachers to use various advanced technological innovations in their classroom including audio-visual aids. But the teacher's outlook is a big hurdle in adopting such innovative methods of teaching.

II. SUGGESTIONS

1. First of all, proper selection technique should be developed for selecting the proper candidate for the teacher training programme. The selection process for admission in teacher training institution should be updated in such a manner that the only those aspirants can get admission who have teaching aptitude and commitment to the teaching profession.
2. Secondly, the teacher training programme should be developed in such a way that it provides ample opportunities to trainees to develop their essential professional skills. It will help prospective pupil-teachers in their training to develop an all-round personality and making them competent enough to teach the learners.
3. Thirdly, the prospective trainees should be trained in such a way so that he/she can deal with the 'Children with Special Needs' along with the normal students in the comprehensive and inclusive classrooms.

Inclusive and comprehensive education should be made an integral part of the teacher education curriculum.

4. Professional development of teacher educators is a continuous process. Therefore, New Refresher Course, Orientation Programmes, Workshops, Symposium and short term courses should be encouraged on a frequent basis for the professional development of teacher educators. For the growth of professional temperament, the teacher training institution should be sufficiently furnished with facilities for start-up various types of activities such as refresher course, orientation programmes, workshops, symposium and short term courses, daily assembly programmes, social work and other co-curricular activities.
5. Teacher educators need to learn various skills like meditation and yoga to maintain the balance between professional life and personal life. According to Sharma & Shakir (2017), the practice of meditation helps in relieving the stressful mind.
6. The teacher education departments should give more opportunity to conducting researches on teacher education, curriculum developments and evaluation procedure. Various induction programmes and exchange programmes with different universities within India and abroad should be sponsored by the government so that teachers can improve their quality.
7. Teacher educators need to be updated with advance technology taking place in the area of education. Pupilteachers should be taught the art of using information & communication technology (ICT) in the classroom to facilitate better teaching-learning process. Teacher educators should use innovative approaches with the changing demands of the education system.
8. It should be confirmed that the teacher training institutions have appropriate infrastructure for teacher training. NCTE should supervise the existing condition so that necessary action can be taken against such teacher training institutions if they have not required infrastructure.
9. NCTE should supervise the private teacher training institutions to stop them merely the platform of money making. Strict action should be taken against those teacher training institutions which are involved in commercialization and profit-orientation of education.
10. The Central Government and the State Governments should recruit good quality teacher educators to solve the problem of unequal ratio of demand and supply in teacher education.
11. The curriculum for teacher training programme should be reorganised from time to time according to changing demand and latest developments of the society, nation, profession and globalized world. Advance research should be conducted to evaluate the course structure. The findings of such advance researches can be beneficial for assessing, evaluating and designing the curriculum of teacher education.
12. There should be a regular exchange of scholars, teachers from one department to the other in order to solve the problem of isolation of the teacher training institution. It will also help in improving the quality of teacher training programmes immensely. Teacher education department should be intermingled with other departments of the university and should not work remotely.

III. CONCLUSION

Education is a procedure which encourages the innovative capability of an individual and supports him to concentrate his energies on the points he wants to fulfil. A nation becomes rich not by riches person but rather by its educated residents. It is this significant contribution of education in countrywide development that has made teachers occupation a respected position during ancient times and even at present. Education also helps in establishing a society which appreciates peace and stability and moves towards progress and improvement. The teacher is the vital point of the entire education system and the primary agent for bringing desirable changes in the teaching-learning process. The entire educational activities revolve around the teachers. Thus, quality teachers are important factors in attaining sustainable global development. Therefore, their training, recruitment, retention, status and working conditions should be among global priorities today. But the shortage of well-trained teachers is a significant problem today. As per the UNESCO; Institute for Statistics (UIS) report to achieve universal primary education by 2030, the demand for teachers is expected to rise to 25.8 million. In this direction, the 2030 Agenda for Sustainable Development entrusts UNESCO to lead and coordinate Sustainable Development Goal 4: Quality Education through the Education 2030 Framework for Action, which has a purpose of bringing a substantial increase in qualified teachers. Since no education system can rise above the existing level without the quality of its teachers, vigorous efforts would be needed to bring substantial reforms. To fill this gap, the central government, regulatory bodies like NCTE, UGC and other statutory bodies like NCERT, NUEPA, IASE, Central Universities, premier institutions of education and policy planners with other stakeholders have to play a major role in this process of reform. The restructuring curriculum of teacher training programme needs to be revised according to the changing demand of the society and nation.

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