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6. Asymmetric information, moral hazard, and adverse selection;
7. Insurance regulation;

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Contents

CROP INSURANCE: AN ADAPTATION TO DERISK INDIAN AGRICULTURE

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ABSTRACT

This paper explains the dependence of Indian agriculture on uncertain rains and climate changes. It then argues on the need for crop insurance as an alternate to manage production risk. It then takes up the historical overview of crop insurance schemes and their performance. The author also offers an image of crop insurance within the India. Crop insurance is still in its initial stage in India, to study impact of crop insurance on farmers is of prime importance. The issues and advantages of crop insurance are mentioned within the paper. Traditional farmers are increasing their operation to embody new and completely different choices in order to meet with new liability; problems and new risk management desires. Agriculture Insurance is a risk management tool used as a risk transfer device that farmers can depends on as an instrument of indemnity within the event of failure. It is followed by the discussion on the current government policies and schemes.

KEYWORDS: Insurance, risk, crop, premium, agriculture

INTRODUCTION

India being an agrarian economy and more the 60% of the population being involved in agriculture and allied activities, agriculture contributes 24% of the GDP and any change has a multiplier effect on the economy as a whole. Economic growth and agricultural growth are inextricably linked to each other. The Indian business cycle is influenced by the crop pattern that mainly depends on the vagaries of nature; every flood or drought has its own impact on the Indian economy. Agri-business includes lot of activities of agriculture sector under one umbrella, like integration of production, processing and marketing. The process starts at the product level and reaches out to the final consumers through vertical integration. Indian agriculture is largely dependent on rainfall which largely occurs during monsoon season of about two and half months. The Abnormal behaviour of monsoon may cause natural disasters such as scarcity conditions or drought, floods, cyclones, etc. **Mukesh H.V (2015)** stated that nearly 65% of the cropped acreage is vulnerable to drought in different degrees.

Climate change is a global environmental challenge that is threatening sustainable development around the world. It is a continuing long-term process manifesting itself with gradual increase in temperature, greater variability in rainfall, rise in sea level and increased frequency, intensity and duration of weather events, such as cyclone, drought, flood **(IPCC, 2007).** However, the impact of climate change is not uniform across all sectors or all regions of the world Agriculture dependent economies are invariably the low-income countries and are thus most vulnerable to climate change due to their high exposure with least adaptive capacity. Their high levels of susceptibility and low coping capacity have been linked to a range of factors that include a high reliance on natural resources, low per capita GDP and high poverty, limited ability to adapt financially and institutionally, and a lack of safety nets **(David and Twyman, 2005).** India being located in the low latitude region of South Asia is extremely prone to climate change because of its monsoon rain, tropical climate, long coast line, greater dependence on agriculture, high incidence of poverty, low irrigation coverage and inadequate resources and technology to combat climate change. Agriculture is the dominant sector in Indian economy. Agriculture contributes 22 percent of GDP, provides 58 percent of employment, sustains 69 percent of population, produces all the food and nutritional requirements of the nation, important raw materials for some major industries, and accounts for about 14 percent of exports. However, agricultural production is beset with various risk factors due to occurrence of natural calamities like flood, drought, cyclone and storm surge, infestation of plant diseases and pest attack, technology failure, irregularity in input supply etc.

Risk in agriculture can be considered as an interaction of production risk and price risk. Indian agriculture is now confronting two major threats: economic globalization and climate change **(O Brien et al, 2004)**. While climate change is accentuating the 4 production risk, globalization has raised the price fluctuations. The combined effect of these two stressors has created a crisis situation in Indian agriculture; as a result farmers' suicides are reported in most of the states indicating the failure of public action in handling the aggravated risk situation. However, of all the risk factors in agriculture, weather variables are considered to be the most important **(Miranda and Vedenov, 2001).** Government takes many steps such as drought proofing, flood proofing, extension of irrigation facility, watershed management, technology development, provision of insurance, relief measures etc. to reduce production risk. At the same time farmers take a various variety of adaptive measures before the event of crop loss and ex-post measures after the crop loss to cope with the production risk associated with climatic aberrations. The ex-ante measures mostly aim at smoothing income, whereas the ex-post measures are mostly consumption smoothing **(Murdoch, 1995).** The income smoothing measures include intercropping, mixed farming, changes in cropping pattern and sowing drought/flood resistant seeds, increasing irrigation efficiency and income diversification. The ex-post management usually adopted by the farmers after the occurrence of the crop loss is drawing down of savings, borrowing, sale of assets and migration **(Magmata Swain 2014)**

CROP INSURANCE

Insurance is a mechanism in which payment of a certain small amount of premium ensures the receipt of a larger amount of compensation contingent upon the occurrence of an uncertain loss event. **Crop Insurance is an effective tool to share the risk of agriculture.** Crop insurance is a coping mechanism and ex-ante adaptation measure by which risk is transferred from the insured to the insurer. Losses incurred in bad years are compensated from resources accumulated in good years. Most of the Indian farmers are having small size of land holding and resource-poor. Therefore, they are usually risk averse and in the face of production risk and absence of insurance, they manage their farms so as to minimize loss rather than maximizing profit. Whereas specialization may lead to efficiency in resource use due to economies of scale, The Indian farmers diversify the cropping pattern and occupation to spread risk. This results in inefficient allocation of resources and sub- optimal output.

CROP INSURANCE IN INDIA

Indian agriculture is largely dependent on rainfall which occurs during Monsoon season of about two and half months. The abnormal behaviour of monsoon may cause natural disasters such as scarcity conditions or drought, floods, cyclones, etc. Nearly Two thirds of the cropped acreage is vulnerable to drought in different degrees. On an average 120 lakhs hectares of crop area is affected yearly by these calamities impacting the yields and total agricultural production.

About two thirds of the cultivated area has no irrigation. Even large part of irrigated Area does not get adequate water supply for intensive cropping (double cropping). In rained Areas sowing of khaki crops commences with the onset of monsoons and the delay in the Onset of monsoons delays sowing with its adverse impact on yield. Further the growth of Crops and realization of output are determined by the quantum of rainfall and its distribution during the monsoon season. Even sowing of rabbi crops is determined by the soil moisture retained from the rains especially during the latter part of the monsoon season. Rainfall pattern affects the irrigated crops also. Rainfall during flowering period washes the pollens adversely affecting the crop yield. Excess rainfall may adversely affect the yield realization. Heavy rains may submerge the growing crops in the early stages and may cause lodging in the later stages of crop growth **(Gurdev Singh, June 2010 W.P. No. 2010-06-01).**

CROP INSURANCE PRINCIPLES

The principle underlying insurance of crop is that loss incurred by a few is shared by many in an area. **Dandekar (1976)** explained losses incurred in bad years are compensated from resources accumulated in good years.

IN GENERAL, THE PRINCIPLE OF CROP INSURANCE MAY BE OUTLINED AS FOLLOWS

(1) Risk faced by individual farmers is transferred to the insurer by their participation in large numbers, for which benefit, the insured farmers pay a risk premium.

(2) Total loss is divided between farmers over a wide area, i.e., horizontal spreading of risks over a wide and vertical spreading over many years.

(3) The risk premium reflects the group risk assumed by the insurer; an indemnity is liable to be paid to the individual farmer when a loss is incurred due to causes beyond the control, as long as they maintains the insurance contract valid by paying the premium without default.

RISK AND UNCERTAINTY IN AGRICULTURE

Uncertainty refers to an event the outcome of which is not certain i.e. the outcome may be one of the many possible outcomes. As such it cannot be measured. But certain probability may be attached to individual outcome. Risk on the other hand refers to the impact of the unknown result on the quantity or value of some economic variable. The value of the economic variable may be on either side of the mean value. Repeated events would result different outcomes having a range of values. Thus risk refers to the variations in value of an economic variable resulting from the influence of an uncertain event. Agricultural production is an outcome of biological activity which is highly
sensitive to changes in weather. Important weather factors such as humidity, temperature rainfall, wind etc. influence the biological process directly or indirectly.

NEED FOR CROP INSURANCE

Crop insurance is one alternative to manage risk in yield loss by the farmers. It is the mechanism to reduce the impact of income loss on the farmer (family and farming). Crop insurance is a mean to protect farmers against the variations in output resulting from uncertainty of practically all natural factors beyond their control such as flood, hails, rainfall (drought or excess rainfall), other weather variables (wind, sunlight, sunlight, wind), pest infestation, etc.

Crop insurance is a mechanism to reduce the impact of loss in farm income by factoring in a large number of uncertainties which affect the crop yields. It is a risk management option where production risks are transferred to another party at a cost called premium. The weather based crop insurance uses weather variables as proxy for crop yield in compensating the cultivators for deemed crop losses. It provides a good alternative both to farmers and government. Farmers get on actuarially. Fair insurance of weather insurance. As such weather insurance is not. Yield insurance while crop insurance is. In both the cases cultivators pass risk in yield to another party for a premium. The insurance need for agriculture, therefore, cannot be over emphasized as it is highly risky economic activity because of its dependence on weather conditions. Designing and implementation appropriate insurance programme for agriculture is therefore very complex.

THREE MODELS OF CROP INSURANCE (Vladimir Čolovid, Napata Marvin Petrolia, 2014)

It is very difficult to define models of crop insurance. In order that this insurance type be developed in one country, it is necessary to fulfil certain conditions not only for insurance development in this country, but also the conditions relating to the government strategy in terms of agricultural policy and government investments in agricultural development. Nevertheless, we can define three basic market models through which insurance in agriculture can be accomplished:

1. Complete market system: have low to moderate penetration and low level of risk diversification, , commercial criteria dominate over technical, with the realization of competitive prices and without fiscal expenses (Manid, 2012). Practically, all in this model depends on the interests by insurer for dealing with this kind of insurance and this interest, also, depends on definition of agricultural policy in one country.

2. Systems fully controlled by the government: they are characteristic for very intensive support by the government with the existence of one unified insurance product that is usually commercialized through a state-owned insurance company with a monopolistic position. Those
systems are characteristic, expectedly, with a large market penetration due to the obligation and good portfolio diversification, but they means high fiscal expenses, frequent bad service caused by monopolistic position. In this model, the role of the state is the key, i.e., that of the insured where the state has full control.

3. Public – private partnerships: have high penetration and a good diversified portfolio, technical criteria dominate over commercial, there is competition in the provision of services, and the state reinforces system stability. Also, the private sector provides the knowledge and technology, all with reasonable fiscal benefits

SCHEMES RELATED TO CROP INSURANCE

Table 1: Major Crop Insurance Plan in India (Ram parkas, Atari Sharma September 2014)

Name of the plan	Duration plan	Sum assured	Premium for plan	Subsidy for plan
First individual approach scheme	1972-1978	N.A	N.A	N.A
Pilot insurance scheme	1979-1984	100-150 percent of crop loan	5-10% of sum assured	50% shared equally between the central and state governments
Comprehensive crop insuranace scheme	1985-1999	Institution ,loan 100%9maximum of rs 10000 per farmer)	2% of cereals and millets	50% subsidized equally by the central and state government
NAIS	1999	Equal to 150 of distinct average yield on minimum support price	1.5-3.5% of sum assured of food crop	50% subsidized equally by the central and state government
Pilot scheme on seed crop insurance	1999-2001	3\5 percent of year index value of seed on last season procurement price by national seed corporation	3-5% on crop variety	N.A
Weather indexinsurance	2007	Sum of rs50000 ,25000 forweatherinsurance andremaining 25000for yield insurance	Weather indexcover is 12% andyield index coveris 10%	70-50%respectively

1. NATIONAL AGRICULTURAL INSURANCE SCHEME

Keeping in view the demands of States for improving scope and contents of CCIS, a broad-based National Agricultural Insurance Scheme (NAIS) has been introduced in the country from Rabi 1999-2000.

1. OBJECTIVES

To provide insurance coverage and financial support to the farmers in the event of natural calamities, pests & diseases.

To encourage the farmers to adopt progressive farming practices high value in-puts and higher technology in Agriculture.

To help stabilize farm incomes, particularly in disaster years.

The Scheme would work on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities and on an individual basis for localized calamities such as hailstorm, landslide, cyclone and flood.

2. RISKS COVERED & EXCLUSIONS

Comprehensive risk insurance will be provided to cover yield losses due to non-preventable risks, viz.:

I) Natural Fire and Lightning

ii) Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.

iii) Flood, Inundation and Landslide

iv) Drought, Dry spells

v) Pests/Diseases etc.

Three levels of Indemnity, viz., 90%, 80% & 60% are corresponding to Low Risk. Medium Risk & High Risk areas shall be available for all crops (cereals, millets, pulses & oilseeds and annual commercial/ annual horticultural crops) based on Coefficient of Variation (C.V.) in yield of past 10 years' data. The insured farmers of unit area may opt for higher level of indemnity on payment of additional premium based on actuarial rates

'Indemnity' shall be calculated as per the following formula:

Shortfall in Yield

---------------------- x Sum Insured for the farmer Threshold yield

{Shortfall = "Threshold Yield – Actual Yield' for the Defined Area}

3. PREMIUM SUBSIDY

Fifty percent subsidy in premium is given in respect of Small & Marginal farmers to be shared equally by the Govt. of India and State/UT Govt. The premium subsidy will be phased out on sunset basis in a period of three to five years subject to review of financial results and the response of farmers at the end of the first year of the implementation of the Scheme.

The definition of Small and Marginal farmer would be as follows:

Small Farmer: A Cultivator with a land holding of 2 hectares (5 acres) or less, as defined in the land ceiling legislation of the concerned State/UT.

Marginal Farmer: A Cultivator with a land holding of 1 hectare or less (2.5 acres).

4. SHARING OF RISK

Risk will be shared by IA and the Govt. in the following proportion.

Food crops & Oilseeds: Till, complete transition to Actuarial regime in a period of five years takes place, claims beyond 100% of premium will be borne by the Govt. Therefore, all normal claims, i.e. claims up to one hundred fifty percent of premium will be met by IA and claims beyond 150% shall be paid out of Corpus Fund for a period of three years. After this period of three years claims up to 200% will be met by IA and above this ceiling out of the Corpus Fund.

5. PROCESS FOR APPROVAL AND SETTLEMENT OF CLAIMS

Once the yield data is received from the State/UT Govt. as per the prescribed cut-off dates, claims will be worked out and settled by IA.

The claim cheques along with claim particulars will be released to the individual Nodal Banks. The Bank at the grass root level, in turn, shall credit the accounts of the individual farmers and display the particulars of beneficiaries on their notice board.

In the context of localized phenomenon, viz., hailstorm, landslide, cyclone and flood, the IA shall evolve a procedure to estimate such losses at individual farmer level in consultation with DAC/State/UT. Settlement of claims will be on individual basis between IA and insured.

6. FINANCIAL SUPPORT TOWARDS OPERATING & ADMINISTRATIVE (O & A) EXPENSES

The A & O expenses would be shared equally by the Central Govt. & respective State Government on sunset basis [100% in 1st year, 80% in 2nd year, 60% in 3rd year, 40% in 4th year, 20% in 5th year and 'zero' thereafter.

7. CORPUS FUND

To meet catastrophic losses, a Corpus Fund shall be created with contributions from the Govt. of India and State/UT on 50:50 basis. A portion of Calamity Relief Fund (CRF) shall be used for contribution to the Corpus Fund.

The Corpus Fund shall be managed by Implementing Agency (IA).

8. REINSURANCE COVERS

Efforts will be made by IA to obtain appropriate reinsurance cover for the proposed RKBY in the international Reinsurance market.

9. MANAGEMENT OF THE SCHEME, MONITORING AND REVIEW

In respect of Loaned farmers, the Bank shall collect the premium along with the Declarations and send it to IA within the prescribed time limits. However, in areas where IA has requisite infrastructure, a non-loaned farmer will have option to send premium along with Declaration, directly to IA within the time limits.

Selection of the Banks will be on the basis of Service Area Approach (SAA) of RBI or at the option of the Banks (Where co-operative banks have good network). The Department of Agriculture, Agricultural Statistics, Directorate of Economics and Statistics, Department of Co-operation, Revenue Department of the State Government will be actively involved in smooth implementation of the Scheme.

10. IMPLEMENTING AGENCY (IA):

An exclusive Organization would be set up in due course, for implementation of RKBY. Until such time as the new setup is created, the 'GIC of India' will continue to function as the Implementing Agency. (Guryev Singh June 2010).

2. WEATHER BASED CROP INSURANCE SCHEME (WBCIS)

Weather Based Crop Insurance Scheme is weather based insurance product build to provide insurance protection against losses in crop output resulting from adverse weather incidences. In provides payout against adverse rainfall incidence (both excess and deficit) during Kharif and adverse incidence in weather parameters like frost, heat, relative humidity, un-seasonal rains etc. during rabbi season. WBCIS has been piloted in India since Kharif 2003 season. Some of the states where the scheme is piloted over the years are Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Haryana, and Karnataka.

ADVANTAGES OF WBCIS

WBCIS has many benefits which make it beneficial for cultivators in their production risk management

1. Trigger events like adverse weather can be independently verified and measured.
2. It allows speedy settlement of claims
3. All farmers can buy WBCIS
4. Government provides subsidy in premium and hence premium payable is affordable It provides transparent, fully objective, efficient and direct payouts for adverse weather incidences
5. Insured is not required to submit claim form or other documents as proof for loss since the weather data decides the compensation the insured is willing to put extra effort for getting better yield of crop.

GOVERNMENT CURRENT SCHEME

The Pradhan Mantri Fasal Beema Yojna is aimed to be a major policy towards farmers. The most crucial element of the scheme is that it will bring down the rate of premium to be paid by farmers to a maximum of 2% of the sum insured. The rest will be paid by the state and the central government. Currently, farmers have to pay a premium ranging from 4 to 15 per cent to insure crops.

The scheme will create a security for farmers and will provide financial relief. Crop insurance schemes have been around since 2008, but they have registered a mere 23% cover. The aim is to increase it to 50% cover in the next few years. "Farmers didn't accept the scheme because of deficiencies. The government has now removed those. The scheme entails immediate payment of 25% of the due compensation; the money will go directly to bank accounts of the farmers.

Under the scheme, farmers will have to pay a premium of two per cent uniformly for all khaki crops and 1.5 per cent for all rabbi crops. For annual commercial and horticultural crops, farmers will have to pay a premium of 5 per cent. The remaining share of the premium will continue to be borne equally by the Centre and the respective state governments.

With farmers having been required to pay a premium share of as high as 15 per cent in several areas in the country, there has been a long-standing discussion on the need to bring down these rates. The Centre's move to bring down and cap these interest rates is being viewed as a major government policy outreach towards the farmers.

NEGATIVE ASPECT OF CROP INSURANCE

- In initial vision of insurer for crop insurance is somewhere lost its importance between the farmers due to its mechanism. First two plans of crop insurance focuses only the loaned farmer for the repayment of loan insists of farmer crop.

- Crop insurance plans are not attracting farmer due to lower feasibility with their need of financial assistance on time. Some of its crucial aspects like payment on time, actuarial practice and control mechanism push towards back front. Designing and delivery mechanism of insurance plan is not effective to convince farmer with its message and importance to them as an effective tool of hedging
- The crop insurance scheme suffer from several problems which are endemic to the nature of the product premium of plan
- These include problems of timely and reliable yield measurement, actuaries of claim payment, exclusive reliance on rural financial institution to deliver the product
- Given these problem the private sector is unlikely to offer yield insurance even in partnership with government
- Crop insurance is facing tribulation of poor interest of farmer as well as adverse selection and section by bankers to to achieve targets. (Parkash Ram, Sharma Arti, 2014).

CONCLUSION

Traditional farmers are expanding their operation to include new and different options in doing so they are met with new liability; issues and new risk management needs. Agriculture Insurance is a risk management tool and as a risk transfer device that farmers can depends on as an instrument of indemnity in the event of crop failure. Risks like the price for the agriculture produce and Monsoon are two major factors on which the agriculturalist has absolutely no control. In a country like India, where crop production has been subjected to vagaries of weather and large scale damage due to attack of pests and diseases, agriculture insurance assumes a vital role in the stable growth of the agriculture sector.

Agriculture Insurance requires the full support of the IRDA. The present Agriculture insurance policies are weak on the various fronts. Crop insurance has been found to absorb the production risk effectively, encouraging the farmers to concentrate on a fewer number of profitable crops instead of spreading their resources and energy across many crops.

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CREDIT CHALLENGES FACED BY FINANCIAL INSTITUTIONS AND SMALL BUSINESSES IN INDIA: A REVIEW OF LITERATURE

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A B S T R A C T

The Small business sector is considered as the powerhouse of growth and development, large source of employment and the cradle of innovation for most economies. It plays an important role in shaping the socio- economic profile of the country. In a country like India, small businesses have an important role to play in the generating income for individuals who cannot afford to invest large funds but still do not lack entrepreneurial capabilities. This sector also helps ordinary consumers fulfil their needs which are usually not met by large industrial businesses. While the importance of this sector is never denied, the challenges faced by this sector have always been a hindrance in the development of this sector. Of all the challenges, the most important is the financial challenge or the inability of the sector to meet its credit needs.

This paper focuses on the problems that formal financial institutions face in lending to small businesses and the problems that small businesses face in resorting to formal sources of credit. These two focused areas helps on understanding the bilateral issues that usually never get solved.

INTRODUCTION

The role of small business sector is different in developed and developing countries. In developed countries, small businesses are active in bringing about new products and new applications of technologies (Pavitt & Townsend, 1987). They also enhance the competitiveness of different industries in which they operate. However, in the developing countries, the role of small businesses as entrepreneurs is not truly entrepreneurship in the sense of innovation; it is a source of employment and generation of independent revenues for many individuals. Also the choice of small business is usually a last resort for many individuals (Beck, Demirguc-Kunt, & Levine, 2005). However, the growing importance of this sector plays an important role in the development and growth of emerging economies (Kula & Tatoglu, 2003).

The small business sector or the Non-Corporate business sector is the most dynamic and vibrant sector in the Indian Economy. Studies have shown that there is a positive relationship between the size of the small business sector and the economic development of a country (Tripathi, Tripathi, & RikinDedhia, 2016). Small businesses complement large industries, through sourcing of raw materials, undertaking of outsourced work, proving ancillary services, etc (Vasu & Jayachandra, 2014) . The sector not only catalyses the economic development of backward and rural areas, it is also a large source of employment at lower cost of capital as compared to large industries sector. Hence, it reduces regional imbalances, contributes to the socio-economic development of the country and acts as a complementary to the large businesses.

In India, the sector consists of 36 million units offering 6000 different products (and services), providing employment to over 80 million people. Its contribution towards GDP is 8%, to the manufacturing sector is 45% and 40% towards exports (MSME at a glance 2016). Over 90% of the sector is unorganised and less than five percent resort to formal sources of finance (MSME Census, 2007).

1. OBJECTIVES OF THE STUDY:

The primary objective of the paper is to identify the current challenges faced by the MSME sector through the literature review with specific focus on challenges related to getting credit from banks. The study approaches the issue from two different angles. Factors that discourage financial institutions from lending to small businesses; and the factors that discourage small businesses from borrowing from formal sources of credit.

2. THEORETICAL BACKGROUND

The theoretical background that surrounds the issues addressed in the paper, consists of the definition of small business, the norms regarding priority lending for small businesses, statistical positions regarding, the current credit demand of the small business sector, sources of finance that the small business sector are exposed to for meeting their financial needs and the current level of lending by banks to the small business sector.

DEFINITION OF SMALL BUSINESS

The term small business is vague in its definition and usually represents private owned business units that are small in size defined by the value of assets, number of employees and returns. Many countries have their own definition of what a small business is. According to the World Bank, enterprises that meet two of the three criteria (Table 1) can be classified as Medium, Small and Micro Enterprises (MSMEs).

Table 1: World Bank Definition of MSME

Enterprise Size	Employees	Assets	Annual Sales
Medium	<300	≤ USD 15 Million	≤ USD 15 Million
Small	<50	≤ USD 3 Million	≤ USD 3 Million
Micro	<10	≤ USD 10000	≤ USD 10000

Source: World Bank

In the Indian scenario, the Micro, Small and Medium Enterprise Development Act, 2006 defines the MSME sector. The criterion adopted to define a MSME is based upon their investment in fixed assets (Table 2).

Table 2: MSMED Act, 2006 Definition of MSME

Initial Investment in Plant and Machinery (in INR Million)			
Category/Enterprise	**Micro**	**Small**	**Medium**
Manufacturing	<2.5	2.5-50	50-200
Services	<1	1-20	20-50

Source: MSMED Act, 2006

The ministry that frames policies, facilitates/promotes programmes, projects and schemes, and monitors their implementation has been created with the emergence of the ministry of small scale industries and the ministry for Agro and Rural Industries and renamed as the ministry of Micro, Small and Medium Enterprises. Although the development and promotion of small businesses belongs to the state list, the M/O of MSME assists the state governments' efforts in building entrepreneurship, generating employment and bringing about competitiveness in the MSME sector.

PRIORITY LENDING TO THE MSME SECTOR:

Lending by banks in India is governed and guided by RBI. Although banks have the freedom to decide whom to lend and whom not to lend, they are subjected to the provisions of priority sector lending prescribed by RBI. Priority sector lending demands a specified portion of their lending to certain sectors that usually do not attract commercial banks. The aim of priority sector lending is to create a balanced portfolio of lending and to curb banks from involving in high credit risk and also for the economic development of weaker sections of the society.

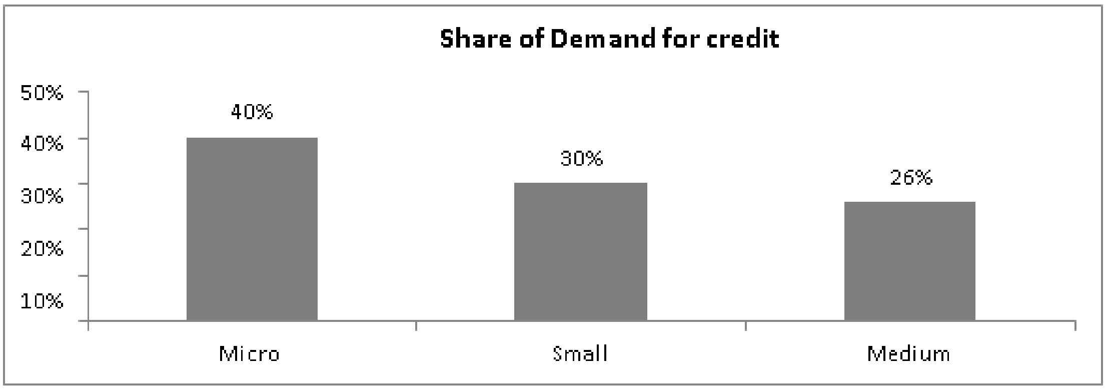
Lending to small businesses forms a part of priority sector lending and hence forces banks to lend to small businesses. Banks' loans to MSMEs in both the manufacturing sector and the service sector are eligible for priority sector lending under the following norms:

7.5% of banks' total Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-balance Sheet Exposure whichever is higher. The set target is to be achieved in two phases 7 percent by March 2016 and 7.5 percent by March 2017 for scheduled commercial banks in India. For foreign banks with 20 branches or above the set target would be applicable post 2018 after a review in 2017. As of today, there is no set target for foreign banks with branches less than twenty (Indian Institute of Banking and Finance). Loans eligible for priority sector lending vary for manufacturing and service enterprises. MSMEs engaged in the manufacture or production of goods that belong to any industry that is specified in the Industries (Development and regulation) Act, 1951. The size of the enterprise is defined in terms of the level of investment in plant and machinery. Similarly, loans up to ₹ 5 crores for small and medium enterprises and ₹ 10 crores for medium enterprises that are engaged in providing or rendering of services whose size is defined in terms of investment in equipment under the MSMED Act, 2006.

CREDIT DEMAND:

Studies have shown that, of the total unfulfilled demand for debt from the MSME sector, 32 percent can be immediately addressed (one – two years' time frame) by the formal financial institutions. Close to 90 percent of the total debt in demand arises from the unregistered sector. According to an IFC-Intellecap Analysis it was observed that 61 percent of the total debt in demand was to meet the working capital needs of the enterprise. Banks tend to prefer lending to medium size enterprises, rather than small and micro size enterprises, due to their predictable operations and steady returns. However, studies have shown that the highest demand for credit comes from the Micro sector (44%) which was nearly double the demand from the medium sector (Figure: 1).

Figure 1: Credit Demand in the MSME Sector



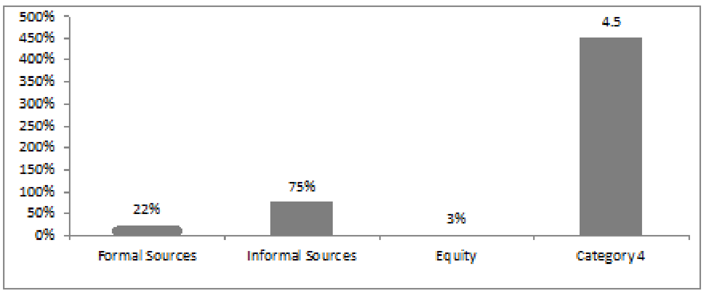
Source: MSME Census, SIDBI, FC-Intellecap Analysis

When the demand for credit was studied based on the type of enterprise (Manufacturing and Service), it was observed that of the variable debt demand that could be addressed by the formal sector, 61 percent was from the manufacturing sector and the rest from the service sector. The higher share of demand from the manufacturing sector can be ascribed to the heavy capital intensive operations in the manufacturing sector rather that the service sector. On the other hand, small businesses in the service sector which majorly consisting of retail trade, maintenance and repairs and restaurants are cash based businesses and hence require lesser working capital needs.

SOURCES OF FINANCE:

In the above section, it can be observed that formal financial institutions have a huge potential to meet the demands for credit in the MSME sector. The current situation in the MSME sector however is ironical. Sources of finance for an enterprise belonging to the MSME sector can be dived into three categories namely informal, formal and Equity (Figure 2). Equity financing is marginal due to its impracticality and legal hurdles.

Figure 2: Current Sources of Finance to the MSME Sector



Source: RBI, SIDBI, SME Times – 2010, IFC-Intellecap Analysis

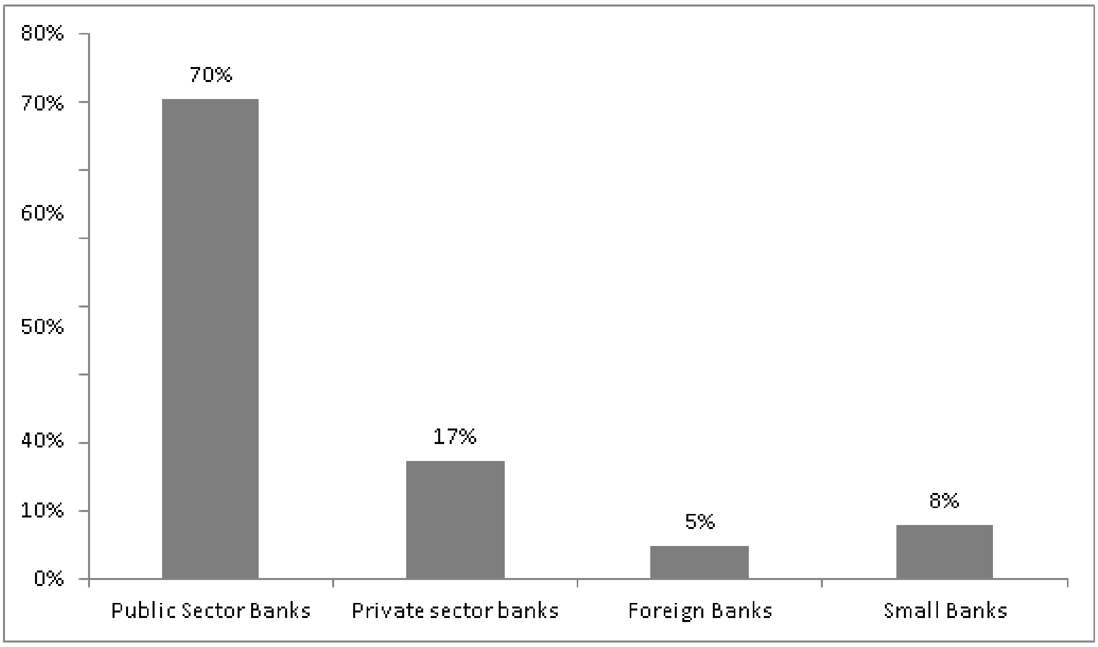
INFORMAL SOURCES:

The biggest source of finance is the informal source which consists of 95 percent from Non-Institutional informal sources. These include Own Funds (31%), Family Business (22%) and Family & Friends (47%).The rest of the informal sector consists of registered trade credits, Chit Funds and money lenders.

FORMAL SOURCES:

In the Indian economy, formal sources of finance contains only of two groups, Banks and Non- Banking Financial Institutions (NBFCs). While banks are big, structured, well regulated and highly influential, NBFCs are small, fragmented and unstructured. NBFCs' share in credit lending is very small (8.18%) as compared to the formal banking sector (91.82%). Further into the banking sector, the biggest lender is the public sector, followed by the private sector and other banks (Figure 3).

Figure 3: Structure of the banking sector - Supply of credit to the MSMEs



Source: RBI; SIDBI; Sa-Dhan, Annual Reports of NBFCs; SME Times, 2010; Primary Research; IFC- Intellecap Analysis

3.5 CURRENT LEVEL OF BANK LENDING TO THE SMALL BUSINESS SECTOR:

While there is a significant overall growth in the quantum of lending to small businesses in the last decade, there are substantial differences in the level of growths for different sectors within the banking sector. It can be observed that the highest year on year growth in lending to the small business sector is the highest for private sector banks (Table 3). Lending by the private sector has over the decade has increased more than twenty five times of what it was in 2005. However there is an overall reduction in the growth of lending from 2014 onwards. This is a matter of serious concern that must be dealt with.

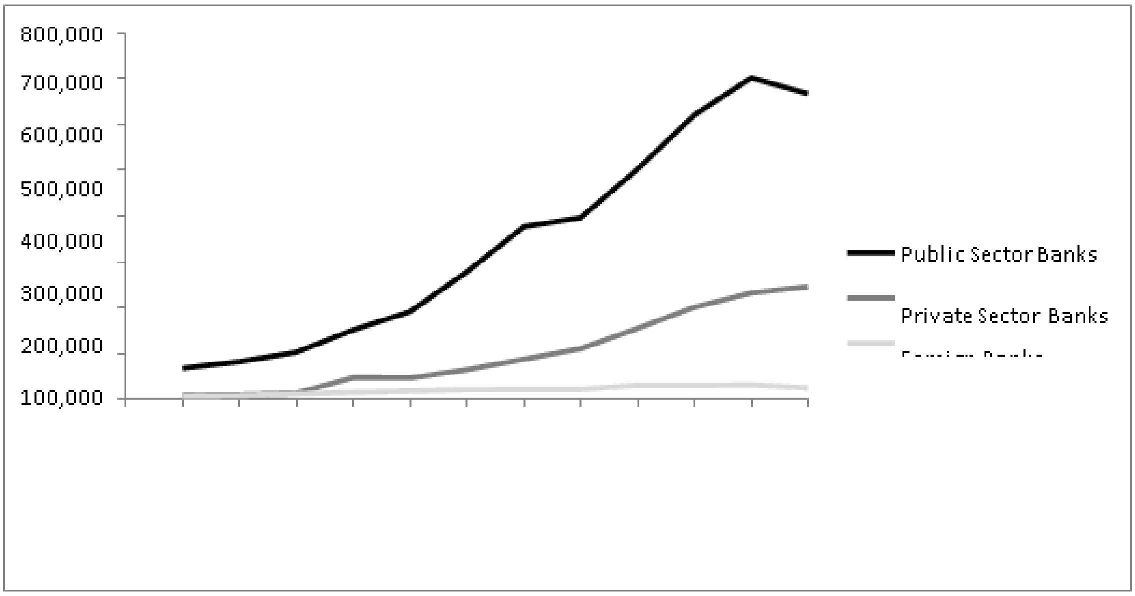
Table 3: Outstanding Bank credit to Micro and Small Enterprises

In Crs

As on last reporting Friday of March	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks
2005	67,800	8,592	6,907	83,498
2006	82,434	10,421	8,430	101,285
	21.6%	21.3%	22.1%	21.3%
2007	102,550	13,136	11,637	127,323
	24.4%	26.1%	38.0%	25.7%
2008	151,137	46,912	15,489	213,538
	47.4%	257.1%	33.1%	67.7%
2009	191,408	46,656	18,063	256,127
	26.6%	-0.5%	16.6%	19.9%
2010	278,298	64,534	21,069	364001
	45.4%	38.3%	16.6%	42.1%
2011	376,625	87,857	21,535	486,017
	35.3%	36.1%	2.2%	33.5%
2012	396,343	110,514	21,760	528,617
	5.2%	25.8%	1.0%	8.8%
March 31st,2013	502,459	154,732	30,020	687,211
	26.77%	40.01%	37.96%	30.00%
March 31st, 2014	620,139	200,840	29,491	850,469
	23.4%	29.8%	-1.8%	23.8%
March 31st, 2015 (provisional)	701,571	232,171	30,837	964,578
	13.1%	15.6%	4.6%	13.4%
Sept 30th, 2015	666,931	245,660	24,729	937,319
	-4.9%	5.8%	-19.8%	-2.8%
Average Growth	**26.92%**	**48.96%**	**17.04%**	**28.62%**

Source: IFC MSME Report

Figure 4: Growth of Outstanding Credit to SMEs



ANALYSIS OF THE LITERATURE REVIEW FINANCIAL INSTITUTION POINT OF VIEW:

1.CREDIT CHALLENGES

Despite its huge contribution to the nation's GDP, exports and employment, the small business sector does not get the due support from the government, formal financial institutions like banks, etc. The inability of small businesses to survive beyond a year of start of business is largely attributed to lack of timely financial support (Amoako, 2013).Credit helps small businesses to undertake productive investments like investment in latest technology; and expansion of business (Improving the Competitiveness of SMEs in Developing Countries, 2001).Financial problems faced by small businesses is the root cause of all problems faced by these enterprises (Aruna, 2015). This has handicapped the growth and development of the sector and the competitiveness in the national and international markets. Lack of adequate credit forces the SMEs to remain curtailed low-key, self-sustained and unambitious.

2. CHALLENGES FACED BY FINANCIAL INSTITUTIONS

Lending to small businesses has its own set of constraints from both the lenders and borrowers. While lenders find it unprofitable to lend to SMEs, SMEs find borrowing from formal credit sources very costly and cumbersome. Some of the major problems faced by lenders are:

3. INFORMATION ASYMMETRY

The incompleteness of information regarding the quality of a proposed business by a bank's customer raises the problem of adverse selection (Type two error) is a major cause of banks' disinterest in lending to small businesses (Stiglitz & Weiss, 1981). It becomes too costly for banks to gather all the information required before granting a loan.

4. LACK OF SIZEABLE SECURITY

Small businesses are sensitive to the changes in the economy at large and also local conditions with makes it highly unpredictable in terms of business cycles, growth of the business, sustainability, etc. Therefore, banks find it safe to lend, with some form of security. However, small businesses especially in the service sector find it hard to provide sizable security to the banks due to low capitalisation, insufficient assets and high mortality rates (Bhattacharya, Faiz, & Zohir, 2000).

5. ABSENCE OF ACCOUNTING AND FINANCIAL RECORDS

Many studies have shown that it becomes very hard for small businesses to gain credit from financial institutions due to lack of financial records (Williams, Haka, Bettner, & Carcello, 2008).

6. LITTLE OR NO CREDIT HISTORY

Credit footprints are nearly impossible to detect for small businesses in India. The sector largely consists of unregistered businesses that are difficult to be traced. Over indebtedness has become a serious issue in case of micro finance and small business lending. Credit information is costly to acquire and not the worth the income from small businesses (Myers & Majluf, 1984).

7. MORAL HAZARD

This is a very interesting aspect that many bankers consider important. Interest rates are determined based on the risk of the projects undertaken. Charging high interest rates will force the customers to invest in even higher risky projects to earn higher returns (Carbó-Valverde, Rodríguez-Fernández, & Udell, 2008). Also constant monitoring of the activities of the enterprise is very costly for the banks (Lean & Tucker, 2001).

8. SMALL TICKET SIZE

Small businesses being small in nature have smaller credit needs than big businesses. This discourages banks from opting to lend to small businesses and look out for large businesses with the same effort. It costs the banks just as much as it takes to underwrite a small loan as it does to a big loan (Banks not lending to small businesses , 2015).

9. HIGH TRANSACTION COSTS

Loans to SMEs are small in size and hence increase the cost of doing business through administration costs, maintenance costs, cost of getting information etc (Kumar, Batra, & Sharma, 2009).

10. BUSINESS/FINANCIAL ILLITERACY

Emerging nations rank in the lower half of World Banks list of ease of doing businesses indicators. The biggest contribution to it is the borrowers' financial illiteracy (Chironga, Dahl, Goland, Pinshaw, & Sonnekus, 2012). Entrepreneurs who are unable to financially plan their revenues and expenses are exposed to higher levels of business risk and are on a straight path to failure (kamo, 2015).

ANALYSIS OF THE LITERATURE REVIEW FROM SMALL BUSINESSES POINT OF VIEW:

Enterprise or the borrowers also face lot of challenges that makes borrowing from banks and other formal sources very cumbersome. It discourages small business firms to take credit from formal sources. Some of the reasons are:

1. CUMBERSOME PROCEDURES

According to the observations made in a national level study on banks, the organisational systems and internal processes have made the banks move far from task orientation and have generated a bias against small loan portfolios (Sebastian & Basanth, 2005). The entire process of getting even a small loan is time consuming and requires the borrower to visit the banker several times and involves a lot of paper work. Thus it becomes unattractive and the borrower looks out for easier sources, like local money lenders.

2. LACK OF CUSTOMISED PRODUCTS

Unlike in developed countries, loans to small businesses in developing countries are standardised. Cash flow cycles, nature of business (cash/credit), business payback period, etc are never considered in determining the interest rates and loan repayment instalments (Vasu & Jayachandra, 2014).

3. HIGH INTEREST RATES

Due to higher risks banks perceive, high interest rates are charged from small businesses. Unpredictability, sensitivity to local conditions, uneven cash flows all adds up to reasons why banks charge high interest rates (Banks not lending to small businesses , 2015) .

4. INSUFFICIENT CREDIT

Usually small businesses are severely starved of funds. Revenues generated are either insufficient or just sufficient to run the business without any growth or expansion. Firms need some sort of external finance for further development of the business. Looking at the position of the business, financial institutions find it difficult to entirely meet the proposed needs of the business (Singh, Pareek, & Kapoor, 2014).

5. DELAY IN DISBURSEMENT OF FUNDS

Unavailability of credit at the right time can create a serious issue of liquidity and can also lead to shutting down of the business (Tripathi, Tripathi, & RikinDedhia, 2016).

6. NO STANDARD PROCEDURES TO EVALUATE CREDITWORTHINESS

Financial institutions follow out dated evaluation procedures to study the creditworthiness of a business. These archaic processes do not reflect the credit standing of businesses in a dynamic economy (Ingole, 2014).

7. LACK OF BUSINESS FREEDOM

Firms that are very small have flexibility to change their business to meet the changing commercialness of businesses in the local scenario. They are always on a look out for more profitable avenues. However, many times lenders do not permit the borrowers to venture into these businesses that they may perceive as risky (Kumar, Batra, & Sharma, 2009).

8. INABILITY TO GET FURTHER CREDIT

When a firm has utilised its maximum credit capacity, it becomes extremely difficult to seek further any formal sources of credit even in times of emergency, then firms resort to informal sources of credit (Aruna, 2015).

SUGGESTIONS THAT NEEDS TO OVERCOME SUCH CHALLENGES:

Use of credit scoring models by lenders will help in taking informed decisions and increase credit to small business that are credit worthy.

The government must employ its resources on establishing Credit Bureaus that cater to the focused assessment of creditworthiness of small business enterprises.

RBI must focus its resources on encouraging banks to increase their lending to the small business sector through increase in quota of small business lending in priority sector, providing free/subsidised credit scoring systems for underwriting small businesses, etc.

Participation of private and foreign banks in lending to small business is negligible compared to their counter parts in developed countries. Foreign banks must be encouraged as they bring with them efficient technology that can be very useful in the systemisation of lending and underwriting procedures.

Although there are numerous government financial schemes for the MSME sector, there is hardly any development in the sector. The main cause is the lack of knowledge by small businesses regarding these schemes. The government must actively promote these schemes even in rural areas.
Bank Branches must be given targets along with incentives to increase their outreach of finances they provide to the small business sector.

In today's dynamic environment, traditional bank debt financing may be ill- suited for new, innovative and fast growing businesses. Enterprises must look out for less utilised sources of credit like private

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RISK OF OUTDATED STAFF AND LACK OF MANAGEMENT EXPERTISE IN INDIAN BANKS

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A B S T R A C T

In the present study, an attempt is made to analyze the group-wise bankers' viewpoint towards the risk of outdated staff and management expertise in public and private sector Indian banks. A sample of 440 banks' officials is taken on the basis of judgement sampling i.e. 120 from State Bank Group, 200 from Nationalized Banks and 120 from Private Sector Banks. The primary data were collected with the help of pre-tested structured questionnaire on five point Likert scale i.e. Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD). The collected data were analyzed through various descriptive and inferential statistical techniques like percentage, mean and standard deviation, etc. Further, ANOVA technique was used to test the hypotheses and validate the results. It is found that lack of proper and timely training and development facilities and outdated recruitment, selection, placement and promotion policies are the most responsible factors responsible for risk of outdated staff and lack of management expertise in the selected groups of banks. Further, poor implementation of new technology and inability to provide ongoing support are the most significant impacts on the functioning of all the groups of banks. However, use of modern techniques of recruitment, selection, placement and promotion of staff and management, and developing the corporate view of training and development as an ongoing process are most adopted measures for overcoming the risk of outdated staff and lack of management expertise in the selected groups of banks. It is recommended that banks should develop plans to bridge the gap between employee's existing skill sets and needed skill sets. The employees should be well informed why the new skills or skills enhancement is necessary. Such training and development programmes be supported that has measurable objectives and specified outcomes will be transferred back to the job.

KEYWORDS: Outdated, support, Implementation, recruitment, Development

INTRODUCTION

Indian banking is in the mid of information technology revolution these days. However, new private sector banks and foreign banks have an edge over public sector banks in the implementation of technological solutions. The public sector banks are far behind in technology integration, therefore there is a huge scope for automation in these banks (www.centralbank.ie). Technology has been one of the major enabling factors for enhancing the customers' convenience in the products and services offered, which were even impossible earlier with traditional banking. The security of the transactions is a major concern in the use of technology, which induces some risks such as credit risk, market risk, operational risk, strategic risk, legal risk, reputational risk, liquidity risk, etc. These risks are highly interdependent and events that affect one area of risk can also have ramifications for a range of other risk categories (Singh, 2015). Among these risks, operational risk, which is emerging as a new challenge to the Indian banks, is a distinct class of risk and exists in each product and services offered. It is not directly taken in return for an expected reward, but exists in the natural course of corporate activity. The failure to properly manage operational risk can result in a mis-statement of an institution's risk profile and expose the institution to significant losses (www.fsrc.gov.ag). Operational risk is confronted by the bank even before it decides its first credit transaction realizing that the merely a quantitative approach to credit risk and market risk overlooks the key danger areas and that operational risk management should consequently be developed into a discipline (Geiger, 2000) and the renewed interest of regulatory authorities in operational risk as they feel that about 25 percent of regulatory capital is needed for operational risk (Akbari, 2012). Risk of outdated staff and lack of management expertise in e-banking scenario, an important component of operational risk, is the risk of not providing the quality services to the customers as and when required as the staff is not aware about the use of latest technology and its impacts, and the employees working at the senior level are lacking the required expertise to take the right decision at the right time, consequently affecting the business of the organization.

REVIEW OF LITERATURE

The articles on different aspects of operational risk appeared in various journals are restrictive and do not give a comprehensive picture. Ebnother and Vanini et al. (2003) found the results of the modeling exercise relevant for the implementation of a risk management framework, but the risk factor 'fraud' dominates all other factors and finally, only 10 percent of all processes have a 98 percent contribution to the resulting VaR. Sood (2004) examined the factors responsible for operational risk, present practices on quantification of operational risk, sound practices and governing principles of operational risk management; and recommended that it would be appropriate for Indian banks to strengthen their MIS system, retain/re-skill the staff and put in place the comprehensive risk management policy. Jobst (2007) stated that with the increased size and complexity of the banking industry, operational risk has a greater potential to transpire in more harmful ways than many other sources of risk. The current regulatory framework of operational risk under the New Basel Capital Accord was overviewed with a view to inform a critical debate about the influence of varying loss profiles and different methods of data collection, loss reporting and model specification on the reliability of operational risk estimates and the consistency of risk-sensitive capital rules. Enrique, et al. (2008) said that the banking sector must deal with operational risk for explaining various recent crises and bankruptcies, which can be defined briefly as the risk generated by possible failures of a entity's Information Systems (IS), must be measured, covered, mitigated and managed by applying a series of methodologies, each of which assumes that the information system of the bank operates at a certain stage of sophistication. Jian et al. (2009) examined the influence of capital structure and operational risk on profitability of the life insurance industry in Taiwan. The results show that the profitability decreased with the higher debt-equity ratio, hence the regulatory organizations must urge insurance companies to effectively diversify their investments and employ risk avoidance strategies. Effective use of hedging and diversifying will also help to divide risk and create financial revenue. Geiger (2010) examined the renewed interest of the banks and regulators in operational risk and argued that it would be inappropriate to introduce extra capital charge for operational risk in Pillar one. The correct answer to the challenges of operational risk is not seen in Pillar one but in Pillar two - the supervisory review process, and Pillar three - the effective use of market discipline. Mehra (2011) provided a conclusive evidence of heightened awareness and due importance given to operational risk by Indian banks. The practices of average and small sized public sector banks and old private sector banks were observed to be lagging behind that of new private sector banks in usage of scenarios, updating of the indicators and collection and usage of external loss data. Wide gaps were observed in the range of practices followed by Indian banks and the Advanced Management Approach compliant banks worldwide. Singh and Chaudhry (2014) analyzed the bankers' viewpoint towards various types of e-banking risks in selected public, private and foreign banks in India and operational risk is found as the most important risk in e-banking in all the three categories of banks, followed by reputational and legal risk. Further, the difference in the bankers' viewpoint towards various types of risks in e-banking is also found significant. Hassani and Ranjbaraki (2015) analyzed the factors affecting the operational risk in e-banking of Isfehan's Sepah Bank and found that the factors like security, technological infrastructure and internal controls are affecting the operational risk; but the accuracy of data, accessing to the systems, level of education and training have no effect on the operational risk in e-banking. The foregoing review of literature shows that no concerted effort has been made to examine the risk of outdated staff and lack of management expertise in e-banking scenario, therefore the present study is undertaken to fill the gap in the existing literature.

SCOPE OF THE STUDY

The present study is conducted to examine the bankers' viewpoint towards the risk of outdated staff and lack of management expertise in the selected banks located in the area of Punjab, Chandigarh, Haryana, New Delhi and Rajasthan in India.

RESEARCH OBJECTIVES

The following are the specific objectives of the study:

(i) To identify the factors responsible for risk of outdated staff and lack of management expertise in the selected banks.

(ii) To examine the potential impacts of risk of outdated staff and lack of management expertise on the functioning of the selected banks.

(iii) To analyze the measures to overcome the risk of outdated staff and lack of management expertise in the selected banks.

RESEARCH HYPOTHESES

The following null hypotheses have been formulated and tested to validate the results of the present study:

H_{01}: There is no significant difference among the bankers' viewpoint towards the factors responsible for risk of outdated staff and lack of management expertise in the selected banks.

H_{02}: There is no significant difference among the bankers' viewpoint towards the potential impacts of risk of outdated staff and lack of management expertise on the functioning of the selected banks.

H_{03}: There is no significant difference among the bankers' viewpoint towards the measures for overcoming the risk of outdated staff and lack of management expertise in the selected banks.

RESEARCH METHODOLOGY SAMPLE PROFILE

The population for the present study is the Indian banking sector, which is divided into three categories i.e. State Bank Group, Nationalized Banks and Private Sector Banks. State Bank of India (SBI), State Bank of Patiala (SBOP), State Bank of Bikaner and Jaipur (SBBJ) from the category of State Bank group; Punjab National Bank (PNB), Dena Bank (DENA), Oriental Bank of Commerce (OBC), Andhra Bank (ANDRA), and Syndicate Bank (SYNDI) from the category of nationalized banks; and HDFC Bank (HDFC), ICICI Bank (ICICI) and Axis Bank (AXIS) from the category of private sector banks were selected for the present study. A sample of 440 banks officials (40 from each bank) is taken on the basis of judgement sampling. Out of 440 respondents, 99 respondents (22.5 percent) are having the experience of less than four years, 140 respondents (31.8 percent) are having the experience of 5-8 years and 201 respondents (45.7 percent) are having the experience of more than 8 years. On the other hand, 317 respondents (72 percent) are postgraduates, 121 respondents (27.5 percent) are graduates and 02 (0.50 percent) are having professional qualification like CA, CS, etc.

DATA COLLECTION

The present study is of exploratory-cum-descriptive in nature. Accordingly both types of data i.e. primary and secondary were used. The primary data were collected with the help of pre-tested structured questionnaire on five point Likert scale i.e. Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A) and Strongly Agree (SA) from the officials of branches of the selected banks located in the areas of Delhi, Rajasthan, Haryana, Chandigarh and Punjab. On the other hand, secondary data were collected from journals, magazines, websites, reports of RBI and IBA, etc. Besides questionnaire, interviews and discussion techniques were also used to unveil the required information.

DATA ANALYSIS

The collected data were analyzed through various descriptive and inferential statistical techniques like frequency distribution, percentage, mean, standard deviation, etc with the help of SPSS (18.0 version). For coding and editing the data, weights were assigned in order of importance i.e. 1 to Strongly Disagree (SD), 2 to Disagree (D), 3 to Neutral (N), 4 to Agree (A) and 5 to Strongly Agree (SA). Further, ANOVA (one-way) technique was used to test the research hypotheses and validate the results of the study. The reliability of the scale used for collection of data is evaluated by calculating the value of Cronbach alpha coefficient, which is 0.800 at 5 percent level of significance, so the scale is considered reliable.

RESULTS AND DISCUSSIONS

FACTORS RESPONSIBLE FOR RISK

As exhibited in Table 1 (A), lack of proper and timely training and development facilities is ranked as the most responsible factor in State Bank Group (Mean=4.05, SD=0.95), and outdated recruitment, selection, placement and promotion policies in Nationalized Banks (Mean=4.11, SD=1.15) and Private Sector Banks (Mean=4.24, SD=0.98), followed by outdated recruitment, selection, placement and promotion policies in State Bank Group (Mean=4.04, SD=1.00), and lack of proper and timely training and development facilities in Nationalized Banks (Mean=3.96, SD=0.97) and Private Sector Banks (Mean=3.89, SD=1.08). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the factors responsible for the risk of outdated staff and lack of management expertise in the selected groups of banks. Statistically, ANOVA results show that the respondents in the selected groups of banks do not differ significantly towards the factors responsible for the risk of outdated staff and lack of management expertise at 5 percent level of significance; therefore the null hypothesis (H01) is accepted. Further, the results of Post-hoc analysis (multiple comparisons) also show that there is no significant difference among the respondents viewpoint of the selected groups of banks towards the factors responsible for risk of outdated staff and lack of management expertise at 5 percent level of significance.

As revealed from Table 1 (B), taking all the selected eleven banks together, outdated recruitment, selection, training, placement and promotion policies (Mean=4.12, SD=1.07) is ranked as the most significant factor responsible for the risk of outdated staff and lack of management expertise, followed by lack of proper and timely training and development facilities (Mean=3.96, SD=0.99) and lack of abilities to fully understand the nature of technological upgrades used by the banks (Mean=3.82, SD=1.17). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the factors responsible for the risk of outdated staff and lack of management expertise in the selected banks. Statistically, ANOVA results show that the respondents in the selected banks differ significantly towards the outdated recruitment, selection, training, placement and promotion policies (p=0.033) as a factor responsible for the risk of outdated staff and lack of management expertise at 5 percent level of significance; therefore the null hypothesis (H01) is rejected.

IMPACTS OF RISK

As indicated in Table 2 (A), poor implementation of new technology is ranked as the most significant impact on the functioning of all the groups of banks i.e. State Bank Group (Mean=4.25, SD=1.04), Nationalized Banks (Mean=4.17, SD=1.02) and Private Sector Banks (Mean=4.19, SD=1.04), followed by inability to provide ongoing support in State Bank Group (Mean=3.87, SD=1.06), Nationalized Banks (Mean=3.98, SD=0.97) and Private Sector Banks (Mean=4.00, SD=0.92). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the impacts of the risk of outdated staff and lack of management expertise in the selected groups of banks. Statistically, ANOVA results show that the respondents in the selected groups of banks differ significantly towards high cost of providing service (p=0.013) as an impact of the risk of outdated staff and lack of management expertise on the functioning of the selected banks at 5 percent level of significance; therefore the null hypothesis (H02) is rejected. Further, the results of Post-hoc analysis (multiple comparisons) also show that there is a significant difference among the respondents viewpoint of the State Bank Group and Private Sector Banks towards high cost of providing service (p=0.011) as an impact of risk of outdated staff and lack of management expertise at 5 percent level of significance.

As revealed from Table 2 (B), taking all the selected eleven banks together, poor implementation of new technology (Mean=4.20, SD=1.03) is ranked as the most significant impact of the risk of outdated staff and lack of management expertise, followed by inability to provide ongoing support (Mean=3.95, SD=0.98) and poor quality of customer service (Mean=3.87, SD=1.07). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the impacts of the risk of outdated staff and lack of management expertise in the selected banks. Statistically, ANOVA results show that the respondents in the selected banks do not differ significantly towards the impacts of the risk of outdated staff and lack of management expertise on the functioning of the selected banks at 5 percent level of significance; therefore the null hypothesis (H_{02}) is accepted.

MEASURES FOR OVERCOMING THE RISK

As indicated in Table 3 (A), use of modern techniques of recruitment, selection, placement and promotion of staff and management is ranked as the most significant measure in all the groups i.e. State Bank Group (Mean=4.27, SD=0.99), Nationalized Banks (Mean=4.24, SD=0.92) and Private Sector Banks (Mean=4.39, SD=0.80), followed by developing the corporate view of training and development as an ongoing process in State Bank Group (Mean=4.14, SD=0.91), Nationalized Banks (Mean=4.13, SD=0.97) and Private Sector Banks (Mean=4.08, SD=0.93). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the measures for overcoming the risk of outdated staff and lack of management expertise in the selected groups of banks. Statistically, ANOVA results show that the respondents in the selected groups of banks do not differ significantly towards the measures for overcoming the risk of outdated staff and lack of management expertise at 5 percent level of significance; therefore the null hypothesis (H_{03}) is accepted. Further, the results of Post-hoc analysis (multiple comparisons) also show that there is no significant difference among the respondents viewpoint of the selected groups of banks towards the measures adopted for overcoming the risk of outdated staff and lack of management expertise at 5 percent level of significance.

As revealed from Table 3 (B), taking all the selected eleven banks together, use of modern techniques of recruitment, selection, placement and promotion of staff and management (Mean=4.29, SD=0.91) is ranked as the most significant measure for overcoming the risk of outdated staff and lack of management expertise, followed by developing corporate view of training and development as an ongoing process (Mean=4.12, SD=0.94), providing training to staff and management at planning stage (Mean=3.97, SD=1.09), providing training to staff and management at monitoring and control stage (Mean=3.90, SD=1.25) and providing training to staff and management at implementation stage (Mean=3.86, SD=1.15). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the measures for overcoming the risk of outdated staff and lack of management expertise in the selected banks. Statistically, ANOVA results show that the respondents in the selected banks differ significantly towards developing the corporate view of training and development as an ongoing process (p=0.003) and providing training to the staff and management at monitoring and control stage (p=0.034) as measures for overcoming the risk of outdated staff and lack of management expertise at 5 percent level of significance; therefore the null hypothesis (H03) is rejected.

CONCLUSION AND RECOMMENDATIONS

To sum up, lack of proper and timely training and development facilities and outdated recruitment, selection, placement and promotion policies are found the most responsible factors responsible for risk of outdated staff and lack of management expertise in the selected groups of banks. Further, poor implementation of new technology and inability to provide ongoing support are the most significant impacts on the functioning of all the groups of banks. However, use of modern techniques of recruitment, selection, placement and promotion of staff and management, and developing the corporate view of training and development as an ongoing process are most adopted measures for overcoming the risk of outdated staff and lack of management expertise in the selected groups of banks. It is recommended that banks should develop plans to bridge the gap between employee's existing skill sets and needed skill sets. The employees should be well informed why the new skills or skills enhancement is necessary. Such training and development programmes be supported that has measurable objectives and specified outcomes will be transferred back to the job. Management should have discussion with the employees to decide what growth and development opportunities can be offered to them.

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Table 1 (A): Factors Responsible for Risk of Outdated Staff and Lack of Management Expertise in Selected Groups of Banks

Factors	State Bank Group				Nationalized Banks				Private Sector Banks				ANOVA	
	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Outdated recruitment, selection, placement and promotion policies	120	4.04	1.00	2	200	4.11	1.15	1	120	4.24	0.98	1	1.076	0.342
Lack of proper and timely training and development facilities	120	4.05	0.95	1	200	3.96	0.97	2	120	3.89	1.08	2	0.759	0.469
Absence of challenging opportunities to staff for growth and development	120	3.75	1.11	5	200	3.70	1.11	4	120	3.81	1.09	3	0.379	0.685
Lack of abilities to fully understand the new technology	120	3.76	1.12	4	200	3.67	1.09	5	120	3.73	1.17	5	0.301	0.740
Lack of abilities to fully understand the need of technological upgradation	120	3.81	1.18	3	200	3.85	1.18	3	120	3.78	1.16	4	0.122	0.885

Source: Survey, **Note:** *= Significant at 5 percent level, Degrees of Freedom (df) = 2,437

Table 1 (B): Factors Responsible for Risk of Outdated Staff and Lack of Management Expertise in the Selected Banks

Factors	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	S.D.	Rank	F	Sig.
Outdated recruitment, selection, placement and promotion policies	N	14	45	9	174	198	440	4.12	1.07	1	1.988	0.033*
	P	3.2	10.2	2.0	39.5	45.0	100.0					
Lack of proper and timely training and development facilities	N	16	36	23	237	128	440	3.96	0.99	2	0.916	0.518
	P	3.6	8.2	5.2	53.9	29.1	100.0					
Absence of challenging opportunities to staff for growth and development	N	19	68	22	227	104	440	3.74	1.11	4	1.529	0.126
	P	4.3	15.5	5.0	51.6	23.6	100.0					
Lack of abilities to fully understand the nature of new technology	N	17	78	23	218	104	440	3.71	1.12	5	1.118	0.347
	P	3.9	17.7	5.2	49.5	23.6	100.0					
Lack of abilities to fully understand the nature of technological upgrades used by the bank	N	32	48	13	220	127	440	3.82	1.17	3	0.942	0.494
	P	7.3	10.9	3.0	50.0	28.9	100.0					

Source: Survey, **N**=Number of Respondents, **P**=Percent, Degree of Freedom (df)=10,429, *=Significant at 5 percent level.

Table 2 (A): Impacts of Risk of Outdated Staff and Lack of Management Expertise in Selected Groups of Banks

Impacts	State Bank Group				Nationalized Banks				Private Sector				ANOVA	
	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Poor implementation of new technology	120	4.25	1.04	1	200	4.17	1.02	1	120	4.19	1.04	1	0.201	0.818
Inability to provide ongoing support	120	3.87	1.06	2	200	3.98	0.97	2	120	4.00	0.92	2	0.607	0.545
Deficiencies in the system	120	3.70	1.22	5	200	3.90	1.04	4	120	3.79	1.11	5	1.152	0.317
Lack of reliability of staff and system	120	3.57	1.31	6	200	3.78	1.15	6	120	3.69	1.20	7	1.071	0.343
Delay in customer service	120	3.79	1.18	4	200	3.78	1.20	7	120	3.75	1.15	6	0.028	0.973
Poor quality of customer service	120	3.80	1.15	3	200	3.90	1.01	3	120	3.88	1.07	4	0.313	0.731
High cost of providing service	120	3.50	1.29	7	200	3.79	1.24	5	120	3.95	1.03	3	4.356	0.013*

Source: Survey, **Note:** *=Significant at 5 percent level, Degrees of Freedom (df) = 2,437.

Table 2 (B): Impacts of Risk of Outdated Staff and Lack of Management Expertise in the Selected Banks

Measures	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	S.D.	Rank	F	Sig.
Poor implementation of new technology	N	13	39	5	173	210	440	4.20	1.03	1	1.335	0.209
	P	3.0	8.9	1.1	39.3	47.7	100.0					
Inability to provide ongoing support	N	17	35	16	253	119	440	3.95	0.98	2	0.685	0.739
	P	3.9	8.0	3.6	57.5	27.0	100.0					
Deficiencies in the system	N	24	51	24	223	118	440	3.81	1.11	4	0.872	0.560
	P	5.5	11.6	5.5	50.7	26.8	100.0					
Lack of reliability of staff and system	N	28	77	11	207	117	440	3.70	1.21	7	1.051	0.400
	P	6.4	17.5	2.5	47.0	26.6	100.0					
Delay in customer service	N	32	52	19	215	122	440	3.77	1.18	5	1.009	0.435
	P	7.3	11.8	4.3	48.9	27.7	100.0					
Poor quality of customer service	N	15	59	16	227	123	440	3.87	1.07	3	1.149	0.324
	P	3.4	13.4	3.6	51.6	28.0	100.0					
High cost of providing service	N	30	65	16	200	129	440	3.75	1.21	6	1.701	0.078
	P	6.8	14.8	3.6	45.5	29.3	100.0					

Source: Survey, **N**=Number of Respondents, **P**=Percent, Degree of Freedom (df)=10,429, *=Significant at 5 percent level

Table 3 (A): Measures for Overcoming the Risk of Outdated Staff and Lack of Management Expertise in Selected Groups of Banks

Measures	State Bank Group				Nationalized Banks				Private Sector Banks				ANOVA	
	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Use of modern techniques of recruitment, selection, placement and promotion of staff and management	120	4.27	0.99	1	200	4.24	0.92	1	120	4.39	0.80	1	0.997	0.370
Developing corporate view of training and development as an ongoing process	120	4.14	0.91	2	200	4.13	0.97	2	120	4.08	0.93	2	0.133	0.876
Providing training to staff and management at planning stage	120	4.02	1.20	3	200	3.93	1.05	3	120	4.00	1.03	4	0.349	0.705
Providing training to staff and management at implementation stage	120	3.92	1.16	4	200	3.78	1.14	5	120	3.95	1.16	5	1.029	0.358
Providing training to staff and management at monitoring and control stage	120	3.89	1.37	5	200	3.84	1.29	4	120	4.02	1.14	3	0.829	0.437

Source: Survey, **Note:** *= Significant at 5 percent level, Degrees of Freedom (df)=2,437

Table 3 (B): Measures of Risk of Outdated Staff and Lack of Management Expertise in the Selected Banks

Measures	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	S.D.	Rank	F	Sig.
Use of modern techniques of recruitment, selection, placement and promotion of staff and management	N	14	15	9	192	210	440	4.29	0.91	1	1.294	0.231
	P	3.2	3.4	2.0	43.6	47.7	100.0					
Developing corporate view of training and development as an ongoing process	N	15	24	10	235	156	440	4.12	0.94	2	2.683	0.003*
	P	3.4	5.5	2.3	53.4	35.5	100.0					
Providing training to staff and management at planning stage	N	18	48	15	204	155	440	3.97	1.09	3	1.803	0.058
	P	4.1	10.9	3.4	46.4	35.2	100.0					
Providing training to staff and management at implementation stage	N	21	61	17	198	143	440	3.86	1.15	5	1.697	0.079
	P	4.8	13.9	3.9	45.0	32.5	100.0					
Providing training to staff and management at monitoring and control stage	N	37	44	12	178	169	440	3.90	1.25	4	1.982	0.034*
	P	8.4	10.0	2.7	40.5	38.4	100.0					

Source: Survey, N=Number of Respondents, P=Percent, **Note:** *=Significant at 5 percent level, Degree of Freedom (df) =10,429

DEMONETIZATION IN INDIA

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A B S T R A C T

In a 40 minute long speech Prime Minister Narendra Modi announced the demonetization of existing notes of Rs 500 and Rs 1000 during a televised address on Tuesday evening.

Modi announced that the notes of Rs 500 and Rs 1000 "will not be legal tender from midnight tonight" and these will be "just worthless pieces of paper. PM also urged people to ' join this mahayajna against the ills of corruption. Demonetization process is like a two faces of a coin because one side it will benefit the nation and other side its going to create some temporary and long term problems, we ll discuss each side of coin by one:

INTRODUCTION

Demonetization is the withdrawal of a particular form of currency from circulation through demonetization the old currency is replaced by the new currency or a currency circulation is blocked. In a major step to check black money, the government of India on the 8th November 2016 announced demonetiztion of Rs. 500 and Rs 1000 banknotes with effect from the same midnight, making these notes invalid.

A new redesigned series of Rs.500 banknote , in addition to a new demonetization of Rs.2000 banknote is in circulation since 10 November 2016.

It is expected that this move will help in reducing the fiscal deficit of India and promote the cashless economy which can be easily monitored.

BENEFITS OF DEMONETIZATION :-

Counterfeit currency : Possible to stop counterfeit currency using for the terrorism activity.

Black Money : By demonetization of higher currency suddenly it will take out illegally stored money from the holders.

Transparency : Moving towards digital economy may bring the transparency in the system. Easy monitoring : Digital payment easy to monitor cash flow.
Taxes : less chances of avoiding the taxes.

Investment : transparency in the system will bring more invest from the foreign countries.

Removal of fake currency : 100% fake currency out of circulation in one stroke ! This is probably one of the greatest change that is taking place. This is exactly the reason behind this uproar, this madness from media and politicians, of course they are supported and blacked by anti Indian forces.

Removal of terrorism : cash to create chaos and terror lying with terrorists , Maoists ,naxalites, jihadis gone waste!

Hawala transactions : hawala sources dried up for funding of terrorists, Maoists, naxalite, conversion lobby and jihadis. As we know there is a considerable decrease of violence in Kashmir after this decision. Once the funding stopped, there wont be any riots in the valley and we are already witnessing the live effect!

Clearense of Bills :-Defaulters of bank, property tax ,electricity bills,telecom bills are clearing their long pending bills.

The biggest advantage of demonetization is that it helps the government to track people who are having large sums of unaccounted cash or cash on which no income tax has been paid because many people who earn black money keep that money as cash in their houses or in some secret place which is very difficult to find and when demonetization happens all that cash is of no value and such people have two options one is to deposit the money in bank accounts and pay taxes on such amount and second option is to let the value of that cash reduced to zero.

Since black money is used for illegal activities like terrorism funding, gambling, money laundering and also inflating the price of major assets classes like real estate, gold and due to demonetization all such activities will get reduced for some time and also it will take years for people to generate that amount of black money again and hence in a way it helps in putting an end this circle of people doing illegal activities to earn black money and using that black money to do more illegal activities.

Another benefit is that due to people disclosing their income by depositing money in their bank accounts government gets a good amount of tax revenue which can be used by the government towards the betterment of society by providing good infrastructure, hospitals, educational institution.

Growth in cash-intensive sectors such as real estate, construction and FMCG is likely to take a hit in the short term as consumers are deferring purchases. However, there is a positive side to the story: over the medium term, there would be benefits through higher government spending and greater financial inclusion. Also, the movement of household savings from physical to financial will help boost growth, according to Yes Bank report. The near-term fall in growth on account of spending slowdown, could push inflation down. Also, an increase in fiscal headroom will allow the government to maintain fiscal discipline, which in turn will support inflation target in the medium term.

Price level is expected to be lowered only marginally and temporarily due to moderation from demand side.

DRAWBACKS OF DEMONETIZATION :-

Losses to small vendors : Losses to small vendors trade because of cash crunch (violation of article 19 of the Indian constitution.
Death of many People : Many people died because some hospitals not accepted old money and rejected to treat them.
Misleading info : Repeatedly changes in the rules and misleading to the people.
Absence of bank accounts :-many people do not have bank accounts in rural areas and hilly areas.
Problems to labourers : Lots of daily basis labourers removed from the work.
Violation of articles : violation of article 14 (between holder and non holder) Excessive burden on bank employees:

This is a clear fact that there is an excessive burden on bank employees to cope up with the situation and even after working so hard they are not able to satisfy the need of people.

Decrease in demand:

This is a fact that black economy do support the real economy from demand side, that is to say black money used by the consumers to buy goods or services increases demand for those. Although you may say this is unethical or wrong but it is beneficial from economy' s point of view.

Many people are entering ATMs and using 3-4 different ATM cards and withdrawing 4X cash than the prescribed limit for one person.

CHANCES OF INCARNATION OF DE FACTO CURRENCY

De facto currency is a currency that is not recognized by the government as legal tender, but is accepted by a majority of the population. The US Dollar, for example, is accepted in Cambodia as a de facto currency. Similarly if required money is not injected into the circulation there are chances that people belonging to different regions would start using old currency as de facto currency.

Players of informal sector as they mainly deals in cash only are facing tough time due to this Demonetization scheme already. Sudden removal of cash from market put their business on a dormant phase.

It is important to understand that their income is not black as they don' t come under income tax slab because of less income which has become even lesser now.
Plight of Primary Producers.

Lack of liquidity would result in distress to primary producers who don' t have much money, so that they could hold their produce for long and on the other side due to lack of currency in flow they are offered very less by the buyers in the market.

Non-acceptance of Old currency regardless Government Orders.

Many prescribed business houses and establishments are not accepting old currency notes from common people, thus leaving them helpless. The fact that such people have no remedy against such people/ business houses make the situation worst.

Milk Booths, Chemists, Petrol Pumps and Safal Stores etc. are among others. These are dealing with basic necessities of common people.

CONCLUSION :-

In conclusion , I want to only say that every thing has its merits as well as demerits but we can avail the benefits by overcoming the limitations. So, demonetization the step of central government will surely result into something good and help in reducing the black money.

It will surely bring the clear view of every transaction within the country and promote cashless transactions.

Yeah, this step will affect the general people to some extent but for the benefit of future generations such decisions are inevitable. We should not criticize infact we should welcome such brave steps of Indian government.

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ABORTION LAW: AN URGENT NEED FOR UPGRADATION

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ABSTRACT

The Abortion Laws in India allow abortion only in very few circumstances which ultimately leaves women with no choice other than to perform the task themselves at home. Sexual crimes, , the lack of decision making powers in women in India, multiple pregnancies, social taboos, social dynamics of our society as well as the crippling shortage of trained midwives and medical practitioners have all resulted in the creation of a complicated situation where a large number of abortions occur under the radar either by quacks or themselves. The result of unwanted pregnancies can be grave and adversely affects the lives of women and their families. The Abortion law in India is 38 years old and has become obsolete and needs urgent up gradation. A women's reproductive and sexual health, mental health, marital status, family dynamics, financial stability, personal needs, shape her reproductive choices. Reproductive rights are globally recognized as critical both to advancing women's human rights as well as in promoting development. The woman who is carrying the foetus has absolutely no agency over her body under the Indian abortion law. It is high time that we understand the needs of women with respect to the abortion laws and make amends accordingly.

INTRODUCTION

[1]"Abortion has been legal in India since 1971, when the Medical Termination of Pregnancy Act was passed. The law is quite liberal, as it aims to reduce illegal abortion and maternal mortality. An abortion can be performed in India until the 20th week of pregnancy. The opinion of a second doctor is required if the pregnancy is past its 12th week. The Medical Termination of Pregnancy Act was amended in 2002 and 2003 to allow doctors to provide mifepristone and misoprostol (also known as the "morning-after pill") on prescription up until the seventh week of pregnancy."

[2]"Every year 6.7 million abortions take place in India but the sad part is that 5.7 million are illegal. The place and technique used in most of the illegal cases are unsafe and unhygienic, "The result is obvious - India has a steep maternal mortality rate of 498 per 100,000 women, which is very high as compared to other countries, We are following 38 year old law of abortion which prohibits abortion after 20 weeks, unless under exceptional circumstances such as a threat to the mother's life. Importantly, pregnancy that results from rape or failure of a contraceptive device between married couples is viewed as causing grave injury to the mental health of the woman. Many countries like Canada, Korea, China, Germany,

France and several other European countries have comparatively liberal laws on abortion. Canada goes to the extent of not interfering with the issue at all and leaves it entirely to the woman and her physician. The woman is perceived as having complete liberty upon her person and the fetus is seen as a part of her body, acquiring the status of a person only after birth. Korea permits abortions till twenty-eight weeks but spousal consent is mandatory for married women. In India, legal abortion beyond 20 weeks can only be done in certain circumstances. If complications arise either in the mother or the child or some rare disease that the child suffers from, then the legal period needs to be increased to 24 weeks or above."

[3]"When is termination of pregnancy allowed by a medical practitioner?

(i) The continuance of the pregnancy would involve a risk to the life of the pregnant woman or of grave injury physical or mental health; or

(ii) There is a substantial risk that if the child were born, it would suffer from such physical or mental abnormalities as to be seriously handicapped.

(iii) In determining whether the continuance of pregnancy would involve such risk of injury to the health as is mentioned in sub-section (2), account may be taken of the pregnant woman's actual or reasonable foreseeable environment.

[1]Angloinfo India. (2016). Termination & Abortion. [online] Available at: https://www.angloinfo.com/india/how-to/page/india-healthcare-pregnancy-birth-termination-abortion [Accessed 12 Aug. 2016].

[2]Singh Bhati, C. (2016). Legalize Abortion In India. Legal Service India. [online] Available at: http://www.legalserviceindia.com/Supreme-court/Transfer-of-Petition-in-India.htm [Accessed 12 Aug. 2016].

PERMISSION

No pregnancy of a woman, who has not attained the age of eighteen years, or, who, having attained the age of eighteen years, is a lunatic, shall be terminated except with the consent in writing of her guardian. (b) Save as otherwise provided in C1.(a), no pregnancy shall be terminated except with the consent of the pregnant woman."

ABORTION AS A HUMAN RIGHT

[4]"Throughout history, induced abortions have been a source of considerable debate and controversy. An individual's personal stance on the complex ethical, moral, and legal issues has a strong

relationship with the given individual's value system. A person's position on abortion may be described as a combination of their personal beliefs on the morality of induced abortion and the ethical limit of the government's legitimate authority.

It is a woman's individual rights, right to her life, to her liberty, and to the pursuit of her happiness, that sanctions her right to have an abortion. A women's reproductive and sexual health shape her reproductive choices. Reproductive rights are internationally recognized as critical both to advancing women's human rights and to promoting development. In recent years, governments from all over the world have acknowledged and pledged to advance reproductive rights to an unprecedented degree. Formal laws and policies are crucial indicators of government commitment to promoting reproductive rights. Each and every woman has an absolute right to have control over her body, most often known as bodily rights. A woman's right in this respect is doubtful because her right is dependent on certain conditions: proof of risk to her life or grave injury to her physical or mental health, substantial risk of physical or mental abnormalities to the child if born and a situation where abortion could only save her life, all to be arrived at by the medical practitioners. Can a woman request a medical practitioner to perform an abortion on the ground that she does not want a child at that time? Where the liberty of the woman is fully dependent on certain other factors, such are quest cannot be said to be just and reasonable. The M.T.P. Act also does not classify the pregnancy period so that the woman's interests and the state's interests could be given predominance in one's own spheres.

The decision as to abortion may be entirely left with woman provided she is sane and attained majority. Only in cases where an abortion may affect her life, her freedom may be curtailed. All other restrictions on the right to abortion are unwelcome. True, a woman's decision as to abortion may depend upon her physical and mental health or the potential threat to the health of the child. Apart from these reasons, there are also various important factors. She or the family may not be financially sound to welcome an addition. It may be a time when she wants to change her profession, which requires free time and hard work. Her relationship with the husband may virtually be on the verge of collapse and she may prefer not to have a child from him, for it may possibly affect a future marriage. All these factors are quite relevant and the Indian statute on abortion does not pay any respect to them.

[3]The Medical Termination of Pregnancy Act, 1971. (2016).

The law thus is unreasonable and could well be found to be violative of the principles of equality provided under Article 14 of the Constitution. Is it desirable to pay compensation to woman for all her physical and mental inconveniences and liabilities, which arises in that context? Finally it may be noted that the M.T.P. Act does not protect the unborn child. Any indirect protection it gains under the Act is only a by-product resulting from the protection of the woman. The rights provided as well as the restrictions imposed under the statute show that the very purpose of the state is to protect a living woman from dangers which may arise during an abortion process. It is the protection to the mother that protects the unborn."

[5]"The prohibition or severe restriction of abortion has not hindered its practice but instead it has forced high risk abortions that hit poor women harder. Large part of the legislations in Latin America have tried to solve the problem of abortion through prohibition, meaning grave economic, social, health and social justice consequences for the women living in these countries while there is no fall in the high abortion rate that exists in the region. Because of this, it is essential to review the laws that regulate induced abortion."

PREVIOUS CASES

[6]"This is not the first time that the Supreme Court has permitted a woman to abort a foetus older than 20 weeks. In 2015, the apex court overturned a decision by the Gujarat high court in a similar case. The Gujarat high court had denied permission to a 14-year-old rape survivor to abort her 25- week old foetus. Interestingly, while delivering its verdict, the high court acknowledged the adverse physical, emotional and psychological implications of the decision on the petitioner's life, but ultimately chose to subscribe to the law. The girl then approached the Supreme Court, which recommended that a medical panel examine the girl and decide whether the termination of pregnancy was in her best interests; if the panel was in favour of the abortion, and then the girl could go ahead with the termination.

In 2008, the Bombay high court denied a woman, whose foetus had been diagnosed with a congenital heart defect, permission to abort her 26-week foetus. The petitioners argued against the constitutionality of section 5 of the MTP Act – which permits abortion beyond 20 weeks only if it is necessary to save the life of the pregnant woman. The petitioners argued that since the 20-week law includes a provision to terminate a pregnancy if a foetus has severe abnormalities, the same provision should apply if the foetus is over 20-weeks old. However, the high court rejected this argument and held that it was not empowered to read down section 5 as it would virtually amount to usurping the power of the legislature.

Garg, M. (2016). Laws governing the Right to Abortion in India, woman's right to terminate pregnancy under certain circumstances. [online] Available at:
http://www.legalserviceindia.com/articles/adp_tion.htm [Accessed 12 Aug. 2016].

Choike.org. (2016). Choike - List of countries and their present status on abortion legislation. [online] Available at: http://www.choike.org/nuevo_eng/informes/5010.html [Accessed 12 Aug. 2016].

Therefore, on a plain and strict reading of the MTP Act, the court held that abortion on the ground of severe abnormalities of the foetus was only permissible within 20 weeks. As there was no risk to the life of the pregnant woman, the court denied the petitioners the right to abort the foetus.

Similarly, in 2015, the Punjab and Haryana high court denied a 13-year-old rape survivor permission to terminate her 25-26 week old foetus. More recently in R v Haryana, the Punjab and Haryana high court did not grant the petitioner, also a rape survivor, permission to terminate her pregnancy as the commissioned medical report did not agree to an abortion. However, by way of abundant caution, the court requested doctors from AIIMS, the premier medical institution in the country, to reassess the possibility of terminating the pregnancy. The doctors were instructed to take the decision in good faith and in the best interest of the petitioner. However, the petitioner delivered a healthy baby over the course of these lengthy proceedings. Interestingly, the court also directed the Centre to make necessary amendments to the MTP Act – to clearly stipulate that doctors will not be unnecessarily prosecuted if they act in good faith to save a rape survivor's life or to prevent grave injury to the women's physical and mental health."

[7]"The Supreme Court's order passed in the case of "Ms X" v Union of India is a cop-out on an important issue — the constitutional right of a woman to have autonomy over her own body in the context of a pregnancy.

While it has allowed the petitioner to terminate her pregnancy on the basis of medical advice that pointed out that her life would be in danger if the pregnancy was continued, the Court refused to engage with the larger questions that the petition raised – that the provisions of the Medical Termination of Pregnancy Act, 1971 (MTP Act).

It leaves us therefore in a situation where the question of whether an abortion is to be undertaken or not is left purely in the hands of a medical practitioner, with no say for the woman who is actually pregnant. The woman who is actually carrying the foetus has no agency over her body under Indian law. It is this problematic approach of the law in India that should have been examined by the Supreme Court, to see if this is not contrary to the constitutional right to life and liberty, not to mention the right to privacy of a woman."

[6]Bedi, P. (2016). It is Time to Overhaul India's Restrictive Abortion Law. The Wire. *online+ Available at: http://thewire.in/57111/how-indias-abortion-laws-fail-its-women/ [Accessed 12 Aug. 2016].

[7]Alok Prasanna Kumar, A. (2016). Abortion law: In 24-week pregnancy case, Supreme Court failed to address women's right to their bodies. F.India. [online] Available at: http://www.firstpost.com/india/abortion-law-in-24-week-pregnancy-case-supreme-court-failed-to-address-womans-right-to-her-body-2916174.html [Accessed 12 Aug. 2016].

NEED FOR ABORTION

[8]"Women's needs and aspirations are at cross purposes with the MTP Act in many ways. The Act is far from accommodating women's abortion needs; rather, women have to disguise their needs to fit within the conditions of the Act. Hence, many of their abortions are rendered technically illegal. For example, if a woman says she needs an abortion because of failure of contraception, she can hardly resist if a doctor insists that she must now use a so-called foolproof contraceptive method. Nor can she argue that she is capable of handling her contraceptive needs effectively. Hence, she is more vulnerable to the already existing pressures to use a permanent or long-acting method. In the Indian context, where women have limited access to good quality primary health and reproductive health care and where the state has a strong bias in favour of population control, their bargaining power while accessing abortion-services is significantly lowered, in spite of their own need for abortion and safe contraceptives. There is also very little space for a woman to acknowledge her sexuality overtly when she needs an abortion, especially if she is single. Either she has to say that pregnancy is a 'husband's' or that the pregnancy resulted from coercion or rape. Being forced to tell lies-in addition to being seen as 'immoral' and 'heart-less' -makes women feel even worse than they already do about having an unwanted pregnancy. All this turmoil occurs at a time when a woman needs care, support and reassurance. Instead, the law, the biases of health professionals as well as socio-cultural norms act against her.

In addition, a woman is distinctly disadvantaged when a doctor insists upon the husband's signature at the time of abortion. Husbands are sometimes away or absent for long periods of time. Requiring a husband's signature may ensure legal immunity for doctors, but it also reflects the patriarchal values of Indian society. Children belong to the husband; hence, a woman must get his permission to abort a pregnancy. The rights of the father overrule the rights of the woman to regulate her fertility.

On the other hand, if a man denies paternity, neither a single nor even a married woman can get an abortion unconditionally. Some of the women in our study said their husbands would not practice consequence, while the husbands say the pregnancies must be illegitimate.

These problems point to important ethical considerations related to the decision to have an abortion, which are rarely taken into account, e.g. that sex should be safe and non-coercive, that men should take responsibility if they contribute to starting a pregnancy, and that women and their offspring should have recognized legal rights."

[9]"In a significant decision, the Punjab and Haryana High Court ruled that the right to abort a pregnancy in a marriage rests with the wife and not husband.

[8]Gupte, M., Bandewar, S. and Pisal, H. (2016). ABORTION NEEDS OF WOMEN IN INDIA:A CASE STUDY

OF RURAL MAHARASHTRA. [online] Available at: http://www.cehat.org/publications/pc09.html [Accessed 12 Aug. 2016].

A woman is not a machine in which raw material is put and a finished product comes out. She should be mentally prepared to conceive, continue the same and give birth to a child. The unwanted pregnancy would naturally affect the mental health of the pregnant woman…" said the court.

Stressing that marital intimacy between couples does not automatically translate to the woman's consent to child bearing, Justice Jitendra Chauhan said, "Mere consent to conjugal rights does not mean consent to give birth to a child for her husband." Welcoming the judgement, Jagmati Sanwan, All India Democratic Women's Association national vice-president said, "If the family conditions are unsuitable, no woman would like to give birth to a child because after all, she is the one who takes care of the children for all practical purposes. We see around us that fathers often desert their families after a couple of deliveries. But children become a part and parcel of the mother's physical and emotional world. She invests much into their wellbeing and she alone suffers. Hence, the rights of whether to give birth or not, should be with her."

CONSEQUENCES OF UNWANTED PREGNANCY

[10]"The denial of legal abortion services may have serious consequences for women's health and wellbeing. Additional evidence on the risk factors for presenting later in pregnancy, predictors of seeking unsafe illegal abortion, and the health consequences of illegal abortion and childbirth after an unwanted pregnancy is needed. Such data would assist the development of programmes and policies

aimed at increasing access to and utilisation of safe abortion services where abortion is legal, and harm reduction models for women who are unable to access legal abortion services." [11]"Bonding and love between parent and child is a crucial foundation for family integrity and wholesome child development. It is sometimes said that parenthood, particularly motherhood, is a 'natural' condition in which 'there is always room for one more.' But can all parents learn to love a child who was unwanted during pregnancy? Further, even if a woman does love a child born after an unwanted pregnancy, is love ever enough to ensure wholesome child development? Although it is true that unwanted pregnancy does not always translate into unwanted births, research on the development of children who were unwanted during pregnancy suggests that when women say they cannot adequately care for a child, it is important to listen to them. Both unintended and unwanted childbearing can have negative health, social, and psychological consequences. Health problems include greater chances for illness and death for both mother and child. In addition, such childbearing has been linked with a variety of social problems, including divorce, poverty, child abuse, and juvenile delinquency.

[9]The Hindu, (2016). She, the decision maker. [online] Available at: http://www.thehindu.com/sci-tech/health/policy-and-issues/she-the-decision-maker/article2892441.ece [Accessed 12 Aug. 2016].
[10]Gerdts, C., DePiñeres, T., Hajri, S., Harries, J., Hossain, A., Puri, M., Vohra, D. and Foster, D. (2014). Denial of abortion in legal settings: Table 1. J Fam Plann Reprod Health Care, 41(3), pp.161-163.

In one study, unwanted children were found less likely to have had a secure family life. As adults they were more likely to engage in criminal behavior, be on welfare, and receive psychiatric services. Another found that children who were unintended by their mothers had lower self-esteem than their intended peers 23 years later. The adverse health consequences of teenagers' inability to control their childbearing can be particularly severe. Teenage mothers are more likely to suffer toxemia, anemia, birth complications, and death. Babies of teenage mothers are more likely to have low birth weight and suffer birth injury and neurological defects. Such babies are twice as likely to die in the first year of life as babies born to mothers who delay childbearing until after age 20."

[12]"Does it matter whether a pregnancy is unintended at the time of conception—mistimed or unwanted altogether? There is a presumption that it does—that unintended pregnancy has a major impact on numerous social, economic, and cultural aspects of modern life. But it is important to define what these consequences might be. Therefore, in assessing the consequences of unintended pregnancy, it is useful to review the available data on the extent to which these demographic attributes themselves carry increased risks for children and their parents. Information on both socioeconomic and medical risks are reviewed below; because poverty is intertwined with the issues of both age and marital status, as

subsequent text reveals, it is not discussed as a separate issue it is important to note the strong association of teenage childbearing with various problems. The link to diminished socioeconomic well-being, for example, for both children and their mothers has been recognized for several decades (Bacon, 1974). Adolescents who have children are substantially less likely to complete high school than those who delay childbearing. In recent years, the proportion of teenage mothers with high school degrees has increased, in large part because many are able to complete requirements for the general equivalency diploma However, few teenage mothers attend college, and less than 1 percent have been found to complete college by age 2. Moreover, teenage mothers are more likely to be single parents or, if they are married, to experience marital dissolution (Hayes, 1987). Indeed, the proportion of teenagers who are single parents has increased substantially over the years. Births resulting from unintended pregnancies are often conceived out of wedlock and the infants are born to unmarried women. More than 40 percent of infants born after unintended conception begin life with unmarried parents. Births to unmarried parents are twice as likely to be unintended as births to married parents (70.4 compared with 33.9 percent) (Kost et al., 1994). Moreover, couples who marry after conception—usually unintended—are more likely to divorce than couples who marry before conception (Bumpass and Sweet, 1989). Finally, unintended pregnancies within marriage are associated with a greater risk of divorce after the child's birth. For all these reasons, children born after unintended conceptions are very likely to live apart from one or both of their parents, usually their father, sometime during childhood."

[11]Nancy Felipe Russo, N. and P. David, H. (2016). Psychological Issues - When Pregnancies are Unwanted. [online] Prochoiceforum.org.uk. Available at:
http://www.prochoiceforum.org.uk/psy_ocr2.php [Accessed 12 Aug. 2016].
[12]The Best Intentions. (1995).

[13]"The social stigma associated with being an unwed parent is so much that it may lead some women to attempt or commit suicide. In our social setup, pregnancy outside marriage is considered a humiliation that will affect not only the mother but also her family. Such a woman is ostracized in most of our Indian Societies. The immediate family and extended family, which should provide social protection to mothers to be, leave them alone considering them social and financial burden.

According to a research conducted by a Colombo-based lawyer, "The single women both at home and at the work place have to face many physical advances from men young and old, married and unmarried. In our interviews these women found it difficult to discuss these sexual advances." To be single and specially an unwed mother is taken as that you are available or easy to gain access to. Furthermore, what is more critical is that the responsibility of a child born outside marriage rests solely on the mother. The

The lack of support from family, relatives, society, etc makes her living quite hard and sometimes unbearable."

[13]Mathur, P. (2016). [online] Available at: https://palakmathur.wordpress.com/2009/05/03/social- and-cultural-stigma-unwed-mothers/ [Accessed 12 Aug. 2016].

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