Impact Factor 6.522

E-ISSN : 2348-7143

INTERNATIONAL RESEARCH FELLOWS ASSOCIATION'S

RESEARCH JOURNEY

International E-Research Journal

Peer Reviewed, Referred & Indexed Journal

Issue -304 (A) October- 2022

Indian Economy

Challenges & Opportunities

Guest Editor:
Dr. Pandit S. Nalawade,
Principal,
Pandit Jawaharlal Nehru Mahavidyalaya,
Aurangabad, (MS) India.

Executive Editor of the Issue:
Dr. Pandurang N. Dapke,
Associate Professor & Head,
Dept. of Economics,
Pandit Jawaharlal Nehru Mahavidyalaya,
Aurangabad, (MS) India.

Associate Executive Editor of the Issue:
Dr. Prashant N. Deshmukh
Associate Professor,
Dept. of Economics,
Pandit Jawaharlal Nehru Mahavidyalaya,
Aurangabad, (MS) India.

Chief Editor : Dr. Dhanraj T. Dhangar

For Details Visit To : www.researchjourney.net SWATIDHAN PUBLICATIONS

'RESEARCH JOURNEY' *International E- Research Journal*
Issue -304 (A): Indian Economy : Challenges & Opportunities
Impact Factor : 6.522 Peer Reviewed Journal
E-ISSN : 2348-7143
October-2022

INDEX

'RESEARCH JOURNEY' International E- Research Journal
Issue -304 (A): Indian Economy : Challenges & Opportunities
Impact Factor : 6.522 Peer Reviewed Journal
E-ISSN : 2348-7143
October-2022

Progress of Indian Industrial Sector in the Last 75 Year

Prof. Dr. Balkrushna S. Ingle
S.P. M.T.M.Art's & Commerce College
Chikhli, Dist. Buldhana
balkrushnaingle14@gmail.com
Pho.9623004837

Economic development is the primary objective of the majority of world nations. This truth is accepted almost without any controversy. As a consequence of rapid growth in Indian economy, the industrial development has become a matter of serious concern for the planners and policy makers. Industrialization plays a vital role in the development of developing countries because they can solve their problems of general poverty, unemployment, backwardness, low production, low productivity and low standard of living etc. It is equally important for developed countries as it helps them not only to maintain their existing growth but also to enjoy still higher standards of living to avoid cyclic fluctuations. Therefore, rapid industrial growth has been a major objective of planning in India. In 1951 India"s Prime Minister Jawaharlal Nehru announced that India had to become industrialized, and that as fast as possible. While the politicians have done everything they could since then, including Sovietlike planning, to industrialize the country, India has yet to become a manufacturing powerhouse like China. India"s post-independence development plans emphasized industrialization as a very important instrument for sustained growth. Industrial development is considered necessary to achieve high rate of economic growth, to provide for the basic needs of population, to lead to an increasingly diversified economy and to give rise to social psychology and institutional changes. Before 1980, based on the perception of Soviet Union success, it was thought that the key strategy for development was to focus on large and heavy industries under state control and central planning. The strategy also involved import substitution, rigid price controls and severe restrictions on private initiatives. Around 1980s, there was considerable gloom about the immediate prospects for industrial growth, despite having a surplus of food and foreign exchange stocks for a few years in the late1970s widely regarded as long-term constraints on India"s economic growth. For a variety of reasons, lack of industrial demand, especially for investment goods, was widely accepted to be the principal reason for the relative stagnation since the 1960s. However, there was also an argument that control on output, investment and trade popularly called the permit licence raj were stifling private initiative and wasting meager public resources. Reportedly, controls led to widespread inefficiency in resource use, as reflected in poor total factor productivity growth, or rise in incremental capital output ratios in the 1970s. The gloom was perhaps accentuated by the oil price and agriculture supply shocks in the late 1970s, together with political uncertainty which standard prevailing when Indian democracy entered the coalition era at the national level for the first time in 1977. The Indian Government had undertaken policy reforms since 1980, but the most radical reforms have occurred since 1991, after the severe economic crisis in fiscal year 1990-91. The rupee was depreciated in order to expand exports. At the same time, many capital goods added to the list of products where imports do not need to be cleared by the government authorities. Moreover, import-licensing restrictions for a wide range of industrial inputs either eased or lifted while the maximum rate of import duties lowered. The

canalization system was liberalized too. Finally, foreign investment was liberalized. As a result, foreign direct investment up to 51 per cent equity participation in high priority industries was automatically authorized.

The economic development strategy that India chose after the Second World War was very similar to China's – near autarky, industrialization and the dominance of the state in the economy. Development was considered synonymous with industrialization and industry was concentrating mainly on basic goods like steel and machinery. Private capital was not seen as an efficient motor for development, and it was considered to have a tendency towards monopolization. Because of that, state control was considered to be essential. The chosen development strategy was one of import substitution. Development policies included licensing of industrial activity, the reservation of key areas for state activity, controls over foreign direct investment, and interventions in the labour market (Kaplinsky, 1997). As the chosen strategy turned out to be ineffective, bureaucratic and conducive to rent-seeking behaviour, policy reforms were started in the 1980s, and some provisional moves to encourage capital-goods imports, rationalize the tax system and relax industrial regulations were made. In the 1980s, however, reforms were less consistent than in China, and they only became systematic and broader at the beginning of 1990s, following a severe macroeconomic crisis. Acceleration of economic growth, however, started already in the 1980s, and Rodrik and Subramanian (2004) and DeLong (2001) consider the reforms and attitudinal changes of the 1980s as important reasons for India's current success. In the 1980s, the allocative role of the state in India's industrialization remained important, and only after the 1991 reforms did the driving force of resource allocation shift in favour of the market. The reforms undertaken in 1991 and thereafter included relaxation of the licensing system controlling internal production, currency devaluation, relaxation of restrictions on the inflow of foreign capital and technology transfer, abolition of quantitative restrictions on imports of raw materials, intermediates and capital goods, reduced tariff levels, relaxation of rules restricting large companies to expand existing units and construct new ones, and simplification of exchange controls (Kaplinsky, 1997). Furthermore, reforms included breaking public sector monopolies, reducing foreign currency debt dependence and tax reforms. However, most of the restrictive labour legislation was left intact and, in addition, the agricultural sector was left largely untouched. In general, the approach to liberalization in India has differed from the standard, Washington consensus, approach. Liberalization has been gradual and controlled, slow liberalization of trade and very gradual privatization have been emphasized, and capital account liberalization has been avoided thus far (Jha, 2002). During the past 40 years, the Indian economy has undergone remarkable structural change. The share of agricultural value added in GDP has more than halved between 1965 and 2005, from 45 per cent to 19 pre cent (Figure 3). Despite structural changes, agriculture still accounts for a very high share of employment. At the same time, the expansion of services has been sizable, with its share of GDP increasing from 35 per cent in 1965 to 54 per cent in 2005. In contrast to many rapidly growing developing countries (especially in East Asia), there have not been sizable changes in the share of manufacturing (16 per cent in 2005 vs. 14 per cent in 1965). The share of textiles and clothing in manufacturing value added decreased between 1965 and 2000 (from 25 per cent to 13 per cent) (World Bank, 2006). The share of machinery and transport equipment was 19 per cent of manufacturing value added in 2000 (roughly the same as in 1965) and the share of chemicals was about the same (up from 10 per cent in 1965), with much of the increase in the 1990s. In the

1980s and 1990s, GDP growth was moderately strong in India, the compound annual growth rate being 5.8 per cent in the 1980s and 5.4 per cent in 1990-2002. Growth has been occurring mainly in manufacturing and services. Between 1980 and 2002, the growth rate of manufacturing value-added averaged 6.6 per cent and that of services 7.1 per cent, while agriculture grew at only 2.8 per cent per year. In the 1990s, growth was remarkable in services. High growth has been accompanied by increasing trade flows. For example, during the period 1991/92-2001/02, India's gross trade flows almost tripled, and the trade-GDP ratio increased from 21.3 per cent to 33.1 per cent. Growth has been especially rapid in services exports, which grew by 275 per cent, whereas merchandise exports grew by 145 per cent (Kelkar, 2004). The share of manufactures in merchandise exports has been increasing gradually but significantly. In 1962, manufactures made up 43 per cent of merchandise exports, while in 2003 the share was already three-quarters. Food exports comprised 11 per cent of merchandise exports in 2003 (World Bank, 2006). Within manufactures exports, light industries have significance, especially textiles and clothing. Gems (part of sub-category 66 in Figure 4) are also important exports. Recently, India has developed significant exports of chemicals, mostly drugs and dyes, and automotive components (Economist Intelligence Unit, 2005a). In addition to rapid GDP growth, a sharp reduction in growth volatility has been important for the Indian economy. In the 24 years after 1980, the standard deviation of GDP growth has fallen to 1.9 per cent (Kelkar, 2004), one reason being the shift in the sectoral composition of output and the decrease in the importance of agriculture. . According to government estimates (presented e.g. in Srinivasan, 2004), the proportion of poor people in the total population (using national poverty lines) declined from 45.7 per cent in 1983 to 27.1 per cent in 1999–2000 in rural areas, and from 40.8 per cent to 23.6 per cent in urban areas. For the country as a whole, poverty declined from 44.5 per cent to 26.1 per cent. The widening of regional disparities has, however, been significant. After reforms, per capita expenditure differences between states have increased, with already better-off states growing more rapidly than poorer states (Deaton and Drèze, 2002). Southern and western states have been doing relatively better, as they have been able to utilize the opportunities of globalization and the market economy, whereas in some other states weaknesses in human capital and governance have generated reduced growth rates in the post-1990 period (Kelkar, 2004). Furthermore, rural-urban disparities of per capita expenditure have risen (Deaton and Drèze, 2002), even if inequality has increased faster within urban areas than in rural areas (see e.g. Deaton and Drèze, 2002; Jha, 2002). Due to slow liberalization, however, changes in inequality following reforms have been relatively modest in India compared e.g. to transition economies (Jha, 2002). The impact of the reforms of the early 1990s on manufacturing firms depended, inter alia, on their location and technological level. According to Aghion et al. (2003), liberalization fostered innovation, profits and growth in industries that were close to the technological frontier, while it reduced them in industries that were far from the frontier. Also, pro-worker labour regulations at state level discouraged innovation and growth in all industries and this effect increased with liberalization (Aghion et al. 2003, 2006). Lall and Chakravorty (2004) conclude that structural reforms have had different impact on different states. In seeking efficient locations, private sector investments favoured existing industrial clusters and coastal districts, whereas stateowned industry has been less oriented towards such locations (Lall and Chakravorty, 2004). Due to reforms, the role of the state as industrial owner and industrial location regulator has been substantially curtailed and the dominance of private sector industrialization has increased, which

is likely to lead to higher inequality between regions. According to Mishra and Kumar (2005), however, trade liberalization has decreased wage inequality in industry. In sectors with large tariff reductions, wages increased relative to the economy-wide average. An analysis of industrial revival would be incomplete without a comment on the quality of the growth. The structural distortion brought about in the 1980s had also its effects at the micro-level. Within the secondary sector, the share of the elite-oriented products increased at a perceptibly faster pace than that of others. The structural distortion at this micro level continued in the 1980s too, but the distortion at the macro level was certainly arrested. Yet another feature of industrial performance over the period was that growth rates of value added were higher in the 1980s than what they were in the 1970s.

References :-

1. Alfaro, Laura and Anusha Chari (2009): India Transformed?, National Bureau of Economic Research.
2. Virmani, Arvind (2009): The Sudoko of India's Growth, Business Standard, New Delhi.

(SJIF) Impact Factor-8.575 ISSN-2278-9308

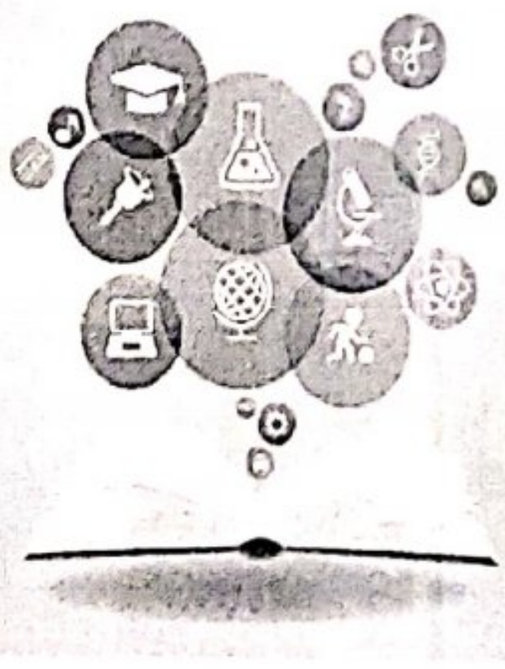
B.Aadhar

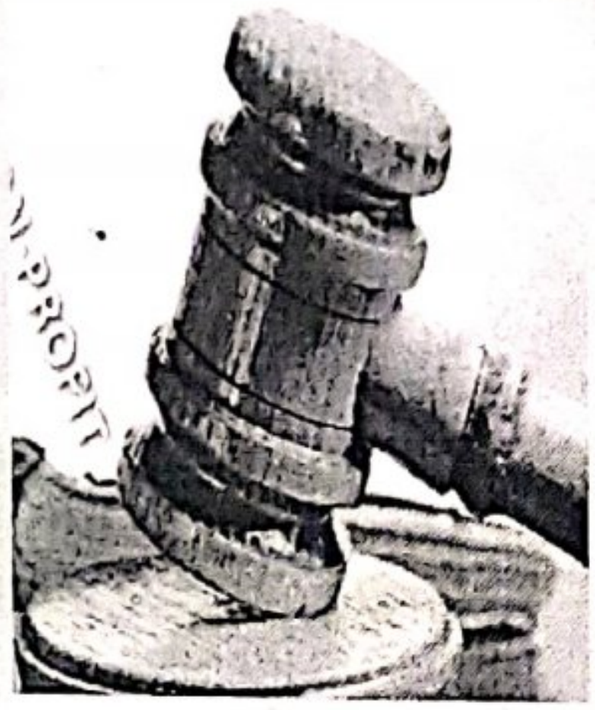
Peer-Reviewed & Refereed Indexed

Multidisciplinary International Research Journal

May -2022

ISSUE No- 351(CCCLI) A





The Journal is indexed in:

Scientific Journal Impact Factor (SJIF)

Cosmos Impact Factor (CIF)

International Impact Factor Services (IIFS)

Impact Factor – 8.575 ISSN – 2278-9308

B.Aadhar

Peer-Reviewed & Refereed Indexed

Multidisciplinary International Research Journal

May -2022

ISSUE No- (CCCLI) 351-A

Sciences, Social Sciences, Commerce, Education, Language & Law

Prof. Virag.S.Gawande
Chief Editor
Director
Aadhar Social Research &, Development Training Institute, Amravati.

Dr.Dinesh W.Nichit
Editor
Principal,
Sant Gadge Maharaj Art's Comm,Sci Collage, Walgaon.Dist. Amravati.

Aadhar International Publication

For Details Visit To : www.aadharsocial.com

INDEX

B.Aadhar International Peer-Reviewed Indexed Research Journal

Impact Factor -(SJIF) -8.575,Issue NO, 351 (CCCLI) A

ISSN : 2278-9308

May, 2022

Innovation In E-Commerce

Prof. Dr. Balkrushna S. Ingle

S. P. M. T. M. Arts and commerce College, Chikhli, Dis . Buldhana

Pin--- 443201 (pho—9623004837),balkrushnaingle14@gmail.com

Introduction-

WE are living in e-century. The Internet and information and communications technologies (ICT) are central to economic growth and productivity. Internet-based technologies and networks can increase productivity, decrease costs and open new market opportunities. Now-a-days, using the Internet and email to conduct business is not uncommon. However, lack of technical and management skills in Information and Communications Technology is a barrier. There are a wide variety of resources available to help you to improve your e-commerce skills. Simply, decide what .skills you need and identify the appropriate resources to help you to build those skills. The skills that may be required range from basic abilities, like word processing and Internet navigation, to more complex capabilities such as designing and building websites and database management. There are a range of resources to help you broaden your understanding of the e-commerce environment and develop your technical skills. These include online resources, books and magazines, seminars and training courses. Keeping this in mind, a summary on the background of Electronic Commerce is being provided. E-Commerce or Electronics Commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. E-commerce refers to paperless exchange of business information using following ways. Electronic Data Exchange (EDI), Electronic Mail (e-mail), Electronic Bulletin Boards, Electronic Fund Transfer (EFT), Other Network-based technologies . The concept of e-commerce is all about using the internet to do business better and faster. E-commerce is the process of buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network without using any paper document. Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by .physical exchanges or direct physical contact." Business transacted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances without the exchange of paper-based documents. It includes procurement, order entry, transaction processing, payment authentication, inventory control, and customer support. E-commerce is subdivided into three categories: business to business or B2B (Cisco), business to consumer or B2C (Amazon), and consumer to consumer or C2C (eBay) also called electronic commerce. E-commerce the phrase is used to describe business that is conducted over the Internet using any of the applications that rely on the Internet, such as e-mail, instant messaging, shopping carts, Web services, UDDI, FTP, and EDI, among others. A type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business. Ecommerce has allowed firms to establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services.

Examples of E-Commerce ----1) An individual purchases a book on the Internet.2) A government employee reserves a hotel room over the Internet.3) A business calls a toll free number and orders a computer using the seller's interactive4) telephone system. A business buys office supplies on-line or through an electronic auction.5) Retailer orders merchandise using an EDI network or a supplier's extranet.6) A manufacturing plant orders electronic components from another plant within the7) company using the company's intranet. An individual withdraws funds from an automatic teller machine (ATM).8) Accepting credit cards for commercial online sales 9) Driving information through a company via its intranet. 10) Driving manufacturing and distribution through a value chain

with partners on an.11) extranet Selling to consumers on a pay-per-download basis, through a Web site, etc

E-Commerce – Features Electronic commerce, or e-Commerce, refers to the purchasing and selling of goods or services via electronic means, such as the Internet or mobile phone applications. It may also refer to the process of creating, marketing, servicing and paying for services and goods. Businesses, governments and the public can participate in e-Commerce transactions. The following discussion will elicit the unique features of e-commerce. The unique features of e-commerce technology include:

- **Ubiquity**: e-Commerce is ubiquitous, It is available just about everywhere and at all times by using internet and Wi-Fi hotspot such as airport, coffee cafe and hill station places.. Consumer can connect it to the Internet at any time, including at their homes, their offices, on their video game systems with an Internet connection and mobile phone devices. E-Commerce is ubiquitous technology which is available everywhere Moreover, individuals who have cell phones with data capabilities can access the Internet without a Wi-Fi connection

Global reach: The potential market size is roughly equal to the size of the online population of the world. E-Commerce Technology seamlessly stretches across traditional cultural and national boundaries and enables worldwide access to the client. E-Commerce website has ability to translate the multilingual websites as well as allow the access to visitors all over the world, purchase products and make business interactions.

Universal standards: The technical standards of the Internet are shared by all of the nations in the world. The whole online tradition are growing and expanding their features in the world. To development any kind of business need Internet and communication application which make the business relationship more lovingly and attractive for secure business and successful business

Interactivity: E-commerce technologies allow two-way communication between the merchant and the consumer. As a result, e-Commerce technologies can adjust to each individual's experience. For example, while shopping online, an individual is able to view different angles of some items, add products into a virtual shopping cart, checkout by inputting his payment information and then submit the order

Personalization: Technologies within e-Commerce allow for the personalization and customization of marketing messages that groups or individuals receive. An example of personalization includes product recommendations based on a user's search history on a Web site that allows individuals to create an account.

Information density: The use of e-Commerce reduces the cost to store, process and communicate information, At the same time, accuracy and timeliness increase; thus, making information accurate, inexpensive and plentiful. For example, the online shopping process allows a company to receive personal, shipping, billing and payment information from a customer all at once and sends the customer's information to the appropriate departments in a matter of seconds.

Social technology: E-Commerce technology has tie up the social media networking application to provide the best source of content sharing technology and e-Marketing systems. You can share your content or data easily in just one click.

Why it's changed e-commerce

There's a reason there are 50 million small business brand pages on Facebook - because we know that if we want to be effective at reaching, selling to, and building relationships with our customers, we have to be where they are. This is a natural extension to using social media for business. It means customers don't have to visit our sites to interact with us or even make a purchase; the entire process can take place without the customer ever needing to leave their comfort zone - the familiarity of a chat app like Facebook Messenger.

Data Integration I would like to stress the importance and impact of data integration for retailers with an example that explains how Aldo took new technology to build necessary bridges between legacy andmore modern system. Lance Martel, Vice President **and CIO at Aldo Group**, a global chain of shoe and accessory stores, shifted his focus to building out a new e-commerce platform that would effectively, meld in-store and online shopping experiences. On the front end, the platform uses Hybris, SAP□s e-commerce solution that enables organizations to deliver convenient, contextual, and relevant shopping experiences by personalizing each customer's needs, while the back-end system is **IBM Sterling Order Management**, software that keeps tabs on inventory andorder fulfillment. As a

whole, they both connect to Aldo's existing systems. *"We realized the need for a data integration product between those products and our legacy system, like our core merchandising and warehouse system,"* he said. Although the brand was keeping up with the digital transformation, using a handful of small applications wasn□t a type of integration Aldo wanted to implement on a global level. At this point, Martel and his team decided to experiment with a new integrator on the block: Redwood City-California based open source integration software provider Talend. According to what the software company stated, with using Talend, Aldo was able to integrate more than 100 applications, services, and databases, processing millions of events per day. Additionally, the platform provides enough flexibility to support integration with the Restful APIs commonly used by websites, mobile applications and social networking sites, as well as with flat filintegrations. As a result, in a few months, Aldo already started to receive immediate ROI as it **saw the largest Black Friday and Cyber Monday in its e-commerce sales history**. According to Lance Martel, the general growth of e-commerce, mobile and in-store technologies were all **powered by this data integration technology.**

Drone Delivery ----- The growing popularity and availability of drone delivery is expected to be one of the most innovative technologies in the retail industry over the next decade. Though regulations (primarily concerning airspace governance) have yet to be established in some parts of the world and are therefore delaying the widespread use of drones, the new delivery system has already played a big role in delivering products to aid disaster relief efforts. The existing delivery technology for these efforts easily translates to the online retail industry, with major retail and delivery companies exploring how they can incorporate drone technology and future eCommerce solutions. Most drones have a cruising altitude of 400 feet and can fly at roughly 60 miles per hour. Radius distances vary from 10 to 15 miles away depending on the prototype, and drones can generally carry packages up to 5 pounds. Alongside eCommerce giants who want to deploy the technology, startups like Flirtey, a U.S. company specializing in the delivery of medical supplies, have achieved ground-breaking developments like making the first FAA approved doorstep delivery drone. Australia Post is currently testing drones to commercially deliver parcels to civilian addresses, and sites in the U.S. and Europe have been quick to build airports specifically for drones (internally referred to as "droneports"). In time, drones could enable some companies to offer same-day shipping, or even same-hour delivery in highly populous areas. These faster delivery times along with a growing number of online shoppers worldwide will likely encourage more online purchases in the future

CONCLUSION -----

`The growth of e-commerce is fantastic for customers, who benefit from the convenience of being able to shop from anywhere at any time - and even better for entrepreneurs, who can launch an online business for minimal capital and risk.

Numerous innovations are helping to drive this growth and ease the process of setting up shop and selling online, and in turn, building a successful e-commerce business. If you're thinking about launching an e-commerce business yourself, there has never been a better time than now.

2017 will definitely bring much innovation to e-businesses. Think of the solutions that will turn first-time buyers into loyal fans of your brand, who are brought together by similar interests, who engage and contribute. Work on your social media offerings and engage your admirers. Encourage consumers to write reviews and share their opinion. Word-of-mouth marketing can seamlessly enhance the consumer□s shopping experience and boost your conversion rates.

REFERENCES

1) Ravi Mahajan (2017), "A comparative cost analysis of E-business " ,International Journal of Electronic commerce, Volume 13, Issue 2

2) An Article in Magazine, E-Commerce Times :- "companies seeks to build on-line B2B ecosystems"

Impact Factor – 7.675 **ISSN – 2278-9308**

B.Aadhar

Peer-Reviewed & Refereed Indexed

Multidisciplinary International Research Journal

February,2022

ISSUE No- (CCCXXXVII) 337-B

ICCHST-2022

Prof. Virag.S.Gawande
Chief Editor
Director
Aadhar Social Research &, Development Training Institute, Amravati.

Editor

Dr.Archana P. Khandelwal

Dr.Jagdish M. Ssboo

SHANKARLAL KHANDELWAL ARTS, SCIENCE AND COMMERCE COLLEGE, AKOLA (MS)

Aadhar International Publication
For Details Visit To : www.aadharsocial.com

B.Aadhar International Peer-Reviewed Indexed Research Journal

Impact Factor -(SJIF) -8.572 Issue NO, 337(CCCXXXVII) B

ISSN : 2278-9308 February, 2022

Cashless Economy in India – Present Scenario

Dr. Prof.Balkrushna S. Ingle

S. P. M. T. M. College , Chikhli. Dis. Buldhana

To make India a cashless economy, during the Union Budget 2019-20, the Finance Minister had stated that 2% tax deducted at source will be levied on cash withdrawals that exceed Rs.1 crore in a year from the bank account to discourage the practice of making business payments through cash transactions. The government had also said that the businesses with an annual turnover of over Rs.50 crore can offer low-cost digital modes of payments and no charges or Merchant Discount Rate will be imposed on them or their customers. This is a noteworthy move by the government of India to incentivize people to adapt to the emerging cashless economy. Transforming the cash-dependent India into a cashless economy is proving to a great challenge for the Indian government given the size of the informal sector within the Indian economy. It is estimated that nearly 90% of all transactions in the Indian economy is dependent on cash. This is due to the large informal sector that employs 90% of the workforce. India cannot become cashless unless this mammoth sector adapts to the digital payments. Incentivizing the people alone is not sufficient. The government needs to develop the supporting infrastructures and technologies for India to become a cashless economy while also providing awareness to its people.

Cashless economy is the term that is used to describe the situation wherein the flow of cash doesn't exist within the economy and that all the transactions are undertaken through electronic channels. This can include cash transfer through credit and debit cards, direct debit, and electronic clearing and payment systems such as Immediate Payment Services (IMPS), National Electronic Funds Transfer (NEFT) and Real-Time Gross Settlement (RTGS) in India. India should shift to a cashless economy. The reasons for this statement are as follows: Cash is expensive: A significant amount of time and money is needed to print the currency. RBI has spent Rs.32.1 billion on printing the currency. The effort is also needed to steer the money through the system and to the consumers. Also, there is the cost for the setting up of and maintaining of the ATMs. Furthermore, the paper currencies have shelf-life after which it needs to be replaced. It is estimated that the direct cost of running a cash-based economy is about 0.25% of India's GDP. Cash is the driver of the shadow economy: Cash is difficult to trace. Its transaction provides secrecy enabling the people to carry out illegal activities like tax evasion, black money, etc. In 2007, currency in circulation was almost on par with the bank deposits. However, in the last three years, the currency with Indians was more than the bank deposits by 50%. According to the government data, the amount of black money (unaccounted money) in India is 15-16 lakh crores. The unaccounted money is used to finance the shadow economy that is running parallel to the government as it finances illegal activities terrorist activities, purchasing votes, smuggling, betting, trafficking, etcDemonetisation: Demonetisation drive has not curbed the black money. However, it had nudged India towards being a cashless economy. It has become a radical 'reform' to transform India into a cashless economy. Paytm had witnessed 5 million daily usage post demonetisation as opposed to their average transaction of three million. It also saw a 700% increase in the overall traffic and a 1000% increase in the amount of money added to its account in the first two days of post-demonetisation. Ola Money too saw a 1500% increase in its ewallet. Apart from demonetisation, the government has undertaken various other measures to reduce people's dependence on cash in recent years.

Pradhan Mantri Jan Dhan Yojana, - one of the biggest financial inclusion initiatives in the world, was launched in 2014. It is a national mission on financial inclusion which has an integrated approach to bring about comprehensive financial inclusion and provide banking services to all households within the country. This scheme ensures access to a range of financial services like availability of basic savings,

bank accounts, access to need-based credit, insurance and pension. It has played a significant role in the opening of bank accounts for the poor.

Direct Benefit Transfer (DBT):- It is a scheme that was launched by the Government of India to transfer the benefits and subsidies of various social welfare schemes like LPG subsidy, Old Age Pension, Scholarship, MGREGA, etc. directly to the bank account of the beneficiaries. This allowed for the penetration of digital banking into rural India.

Unified Payment Interface (UPI): It is a system that powers multiple bank accounts into a single mobile application (of any participating banks), merging several banking features, seamless fund routing, and merchant payments into one hood. This makes digital transactions a simplified process. Transaction via UPI had increased the monthly transaction from nil to 754 million in less than 3 years.

GST- The implementation of GST has encouraged businesses to opt for cashless transactions.

Financial Literacy Centres:- The RBI and Finance Ministry have established the Financial Literacy Centres (FLCs), a keystone of the PMJDY. This initiative has provided financial education programmes to spread awareness of banking products and benefits. The RBI has also provided licences to open new-age small finance banks and payment banks which are expected to give a push to financial inclusion and bring in innovative banking solutions. Other promotions like e-banking, debit and credit cards, card-swipe or PoS machines and digital wallets have made the transition to cashless economy easier..

What are the factors that determine the transition to the cashless economy?

Several factors determine the transition to the cashless economy. They are as follows:

1. Awareness and skills related to banking and e-transactions
2. Technological developments to support the cashless economy
3. Government interventions to promote the transition.
4. Indications in India of transition to the cashless economy are as follows:
5. Mobile wallets have significant market traction in India in recent times
6. Banks and related service providers have invested highly to improve security and ease of cash transactions.

As previously mentioned, the Government of India is undertaking various measures to incentivize the population to shift to the cashless economy while also discouraging the cash payments. In India, as per the 2011 census, more households had mobile phones than toilets. 58% of households had mobile phones while 47% had toilets within the houses in 2011. 5 years later, the gap between the two has widened as the march of telecom connectivity has outpaced the march of water connectivity in the country. According to fresh data from a nationally representative household survey, the proportion of households with toilets has increased while the proportion of those with mobile phones has grown even more sharply. This shows the increased potential of the Indian economy to transform into a cashless economy if the government intervenes. India's current economic situation has created a crucial turning point. If this situation is handled correctly, there is a high probability of India becoming a cashless economy.

References

Adil, M. H., & Hatekar, N. R. (2020). Demonetisation, Banking and Trust in 'Bricks' Or 'Clicks.' South Asia Research, 40(2)

Alibekova, G., Medeni, T., Panzabekova, A., & Mussayeva, D. (2020). Digital transformation enablers and barriers in the economy of Kazakhstan. Journal of Asian Finance, Economics and Business,

Athique, A. (2019). A great leap of faith: The cashless agenda in Digital India. New Media and Society

Attigeri, G., Manohara Pai, M. M., Pai, R. M., & Kulkarni, R. (2018). Knowledge Base Ontology Building for Fraud Detection Using Topic Modeling. Procedia Computer Science,

(SJIF) Impact Factor-7.675 ISSN-2278-9308

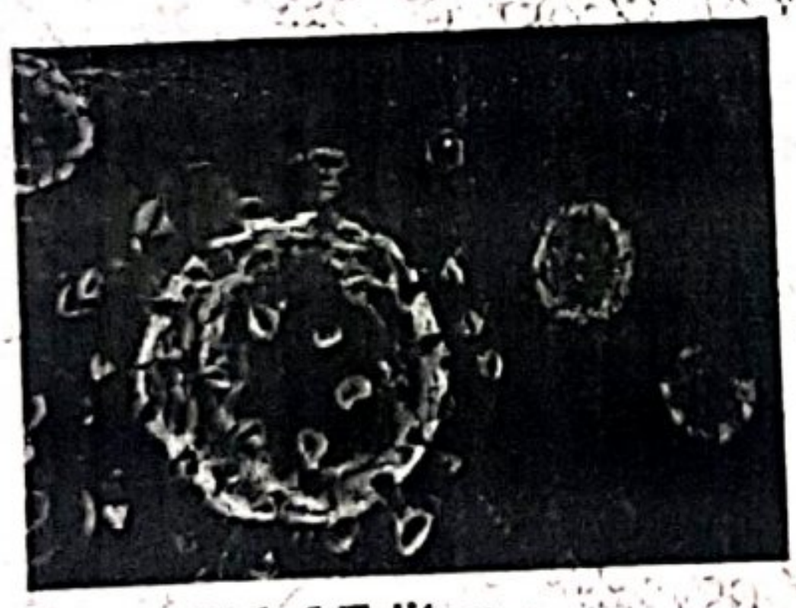
B.Aadhar

Peer-Reviewed & Refreed Indexed
Multidisciplinary International Research Journal

March -2021

ISSUE No- CCLXXVII (277) -A

Impact of COVID-19 on Indian Economy



The Journal is indexed in:
Scientific Journal Impact Factor (SJIF)
Cosmos Impact Factor (CIF)
International Impact Factor Services (IIFS)
Aadhar International Publication
For Details Visit To : www.aadharsocial.com

B.Aadhar International Peer-Reviewed Indexed Research Journal

Impact Factor - (SJIF) -7.675, Issue NO, 277 (CCLXXVII) A

ISSN : 2278-9308 March, 2021

Impact of covid-19 on banking sector

Dr. Balkrushna s. Ingle

S.p.m.t.m. Art and commerce college , Chikhli, Dist. Buldhana

The spread of COVID-19 represents an unpresented global shock, with the disease itself and mitigation efforts –such as social distancing measures and partial and national lockdowns measures– both having a significant impact on the economy. In the immediate aftermath, the financial sector, particularly banks, were expected to play an important role in absorbing the shock by supplying vital credit to the corporate sector and households. In an effort to facilitate this, central banks and governments around world enacted a wide range of policy measures to provide greater liquidity and support the flow of credit.

To reduce the spread of the novel COVID-19, governments enacted mitigation strategies based on social distancing, national quarantines, and shutdown of non-essential businesses. The halt to the economy represented a large shock to the corporate sector, which had to scramble for cash to cover operating costs as a result of the revenue shortfall. The financial sector, and banks in particular, are expected to play a key role absorbing the shock, by supplying much needed funding (Acharya & Steffen, 2020; Borio, 2020). 4 Under these unprecedented circumstances, central banks and governments enacted a wide range of policy interventions. While some measures were aimed to reduce the sharp tightening of financial conditions in the short term, others sought to support the flow of credit to firms, either by direct intervention of credit markets (e.g., government sponsored credit lines and liability guarantees), or by relaxing banks' constraints on the use of capital buffers. The COVID-19 pandemic is causing havoc across the global economic and financial sphere, as it emerges as the biggest test for financial systems since the 2008–09 global financial crisis (GFC). The Asian Development Bank predicts that the global economic cost of the pandemic is likely to be between $5.8 and $8.8 trillion (about 6.4–9.7% of world GDP) (Park et al. 2020). More than anything else, the unprecedented macroeconomic and health systems shocks are likely to have spillover effects on financial systems of every nation in a wide range of channels. As the pandemic pushes aggregate demand, production, trade and economic activities to slow down and unemployment to rise, financial institutions (FIs) in almost every country fear an increasing risk of fallout without government support (IMF 2020). Since the COVID-19 pandemic is a novel experience for the world, the literature regarding its implications for banks is still developing. Yet, lessons from globally spilled-over systemic financial crises such as the global financial crisis (GFC) of 2008 could have some relevance, particularly because the effects are likely to be similar. Systemic events external to the banking system such as economic recessions, pandemics, war, political unrest, and environmental disasters could have massive adverse effects on the firm value and performance of banks, forcing many to fail or go bankrupt in extreme cases. The 2008–09 GFC is such a phenomenon, during which many cited 'epidemiology' as a reference point to explain the spillover of volatility and financial and economic distress situations through an intra-financial system, considering that the crisis outcomes are contagious like a pandemic (Caballero and Simsek 2009; Roubini 2008). The comparison argues that the outbreak and spillover effects of systemic economic and financial crises spread fast through both the intra-financial and inter-financial systems approach. Because of this nature, global or large-scale systemic crises could be termed as contagious just like the COVID-19 pandemic (Cecchetti and Schoenholtz 2020; Bachman 2020). As such, financial bubbles behave like disease pandemics and they should be treated the same way (Shiller 2020; Haldane and May 2011)

To study the stock market reaction to different policy measures, we identify financial sector initiatives by government authorities from February 2 to April 17. The data was compiled and made

publicly available by the World Bank (World Bank, 2020). Our final sample contains 389 4 financial sector policy announcements in 45 countries (17 developed and 28 developing). We classify approved measures that target the banking sector into four categories. Liquidity support are measures used by monetary authorities to expand bank short-term funding in domestic and foreign currency. Prudential measures deal with the temporary relaxation of regulatory and supervisory requirements, including capital buffers. Borrower assistance include governmentsponsored credit lines or liability guarantees to promote the flow of credit to households and firms. Finally, monetary policy includes policy rate cuts and quantitative easing (i.e., asset purchases). Our empirical methodology consists of estimating banks' abnormal returns around the announcement day. Our results can be summarized as follows:

Borrower assistance announcements appeared to have the strongest immediate impact on bank stock prices, both on aggregate and in the cross-section. Banks experienced large abnormal returns following the announcement of these policies. Additionally, borrower assistance measures reduced the liquidity risk premium –banks with lower liquidity provisions experienced larger abnormal returns after announcements. Furthermore, larger banks seem to benefit more compared to smaller banks. This is consistent with the observation that new government credit lines, interest rate subsidies, and liability guarantees are more likely to be used by large banks. 5 Borrower assistance initiatives, which typically include the introduction of government guarantees, automatically transfer risks from banks' balance sheets to the sovereign. In turn, these policies require significant fiscal commitments. Relatedly, we find that the positive association between excess stock returns and borrower assistance measures is exclusive to developed countries. In developing countries, where thereis less room for fiscal expansion, announcements of borrower support had no effect on stock prices (if anything the relationship is negative). The market response seems to suggest that the extent of borrower assistance measures is limited in such settings. Liquidity support initiatives seem to have a favorable impact in the reduction of the liquidity risk premium. Also, smaller banks and public banks experienced large abnormal returns when liquidity support measures were announced. It appears that during the crisis, access to central bank refinancing and initiatives that address shortages in bank funding had a calming effect on markets, as evidenced by bank stocks overperformance around these events. In contrast, countercyclical prudential measures are associated with negative abnormal returns in bank stocks. Prudential policies allow banks to run down some of their buffers. They also send a strong signal of the willingness of policymakers to lessen the economic impact from the pandemic. However, the fact that bank stock prices drop following the announcements of these policies suggests that markets are also pricing the downside risk from the depletion of capital buffers, as well as the additional expansion of riskier loans in the balance sheets of banks. Finally, results for monetary policy announcements are more mixed. While such announcements were not associated with aggregate bank stock price increases, both policy rate cuts and asset purchases did seem to reduce the liquidity premium. That is, banks with lower liquidity displayed higher stock returns around the announcement window. The result confirms that the interest rate policy remained a key tool at the onset of the crisis, as well as quantitative easing, as markets have become more familiar with these measures since the global financial crisis of 2008 (GFC).

The spread of COVID-19 represents an unpresented global shock, with the disease itself and mitigation efforts –such as social distancing measures and partial and national lockdowns measures– both having a significant impact on the economy. In the immediate aftermath, the financial sector, particularly banks, were expected to play an important role in absorbing the shock by supplying vital credit to the corporate sector and households. In an effort to facilitate this, central banks and governments around world enacted a wide range of policy measures to provide greater liquidity and support the flow of credit. An important policy question is the potential impact of these countercyclical lending policies on the future stability of the banking systems and to what extent their strengthened capital positions since the global financial crisis will allow them to absorb this shock

without undermining their resilience. we use daily stock prices and other balance sheet information for a sample of banks in 53 countries to take a first look at this issue. Our contribution is twofold. We first assess the impact of the pandemic on the banking sector and investigate whether the shock had a differential impact on banks versus corporates, as well as those banks with different characteristics. Second, using a global database of financial sector policy responses and an event study methodology, we investigate the role of different policy initiatives on addressing bank stress as perceived by markets, in the aggregate, as well as across different banks. Our results suggest that the adverse impact of the COVID-19 shock on banks was much more pronounced and long-lasting than on the corporates as well as other non-bank financial 28 institutions, revealing the expectation that banks are to absorb at least part of the shock to the corporate sector. Furthermore, larger banks, public banks, and to some extent better capitalized banks suffered greater reductions in their stock returns, reflecting their greater anticipated role in dealing with the crisis. Banks with lower pre-crisis liquidity and oil sector exposure also suffered greater reduction in returns, consistent with their greater vulnerability to such a shock.

References

1.Acharya, V., & Steffen, S. (2020). The risk of being a fallen angel and the corporate dash for cash in the midst of COVID. CEPR COVID Economics, 10.

2. Ait-Sahalia, Y., Andritzky, J., Jobst, A., Nowak, S., & Tamirisa, N. (2012). Market response to policy initiatives during the global financial crisis. Journal of International Economics, 87, 162-177.

3.Baker, S., Bloom, N., Davis, S., & Terry, S. (2020). Covid-induced economic uncertainty. National Bureau of Economic Research.