Vol. 36 No. 1 (April – June 2018)

Pre and Post Impact of Demonetization on Economic Growth: Evidence from Countries Implemented Demonetization

Demonetization is the process by which government of any country cancel the legal tender of currency unit. Demonetization is necessary whenever there is a parallel economy run by black money. The old unit of currency must be retired and replaced with a new currency unit. This measure has been taken by the country to address the issue of corruption, black money and counterfeit notes. Demonetization move is expected to cleanse the formal economic system and discard black money from the economy. On 8 November 2016, the Government of India announced the demonetization of all 500 and 1,000 banknotes of the Mahatma Gandhi Series on the recommendation of the Reserve Bank of India (RBI). The government claimed that the demonetization would restrict the shadow economy and crack down on the use of illegal and counterfeit cash to fund illegal activity and terrorism. The announcement of demonetization and the prolonged cash shortages created significant commotion throughout the economy, intimidating economic output. The move was seriously criticized as inadequately designed and inequitable, and was met with protests, litigation, and strikes. This paper elucidates the Pre & Post impact of demonetization on economic growth. The study covers a pre and post period of demonetization of selected countries (Australia, Ghana, Myanmar and Nigeria). The study is based on changes in Gross domestic product (GDP) of selected countries during pre and post demonetization.

Keywords: Demonetization, Economic Growth, Cashless Economy, Black Money, Indian Rupee.

Kali Charan Modak
Assistant Professor,
IPS Academy,
Institute of Business Management and Research,
Indore.

Vivek S. Kushwaha
Director
IPS Academy,
Institute of Business Management and Research,
Indore.

Asset Reconstruction Companies: An Analysis of Growth (A Case Study of ARCIL)

Asset Reconstruction Companies (ARCs) established under SARFAESI Act 2002, has been proved as one of the most effective curative management strategies in resolving the problem of Non-Performing Assets (NPAs) in Indian Banking Sector. The paper discussed the recovery mechanism of NPAs followed by ARCs and the problems faced by ARCs in India. As ARCs is more capable in resolving the problems of NPAs but the total net worth of all the existing ARCs is not enough to acquire all the stressed assets of Indian banks, there is a huge growth prospects not only for existing ARCs but also for new upcoming ARCs in future. The correlation between the profits of ARCIL and Gross NPAs of banks is depicting a clear picture in this context. Many analysts consider profits earned by ARCs as Money from Junk. Moreover, the paper also highlights the how the New Bankruptcy Code 2016 will bring more opportunities for ARCs.
Key Words: NPAs, SARFAESI Act, Asset Reconstruction Companies (ARC), ARCIL, New Bankruptcy Code 2016

Bharat Kumar Meher
Senior Research Fellow,
Department of Commerce,
Dr. Harisingh Gour Central University,
Sagar.

G. L. Puntambekar
Professor and Dean
School of Commerce & Management,
Dr. Harisingh Gour Central University,
Sagar.

Disinvestment and Firm Performance- A Comparative Analysis of Strategic Sale vs. Public Offerings by Indian Pubic Sector Enterprises

The state owned enterprises tend to suffer from operational and financial inefficiency due to severe agency problem and lack of market discipline. Disinvesting the state's stake in the state owned firms to either a strategic partner or offloading it to the general public or financial institutions, is considered as one of the effective solution to the agency problem of these firms. Sale of stake to the strategic partner is supposed to inculcate profit maximization objective in state owned firms and offloading minority stake to the general public and/or financial institutions is supposed to bring the firm under stock market monitoring mechanism, and better analyst coverage.

In the present paper, two modes of disinvestment are compared and contrasted for pre and post disinvestment performance of firms on certain parameters such as valuation, financial leverage, and operating efficiency. Paper found no statistically significant difference between pre and post disinvestment valuation ratios, financial leverage, and operating efficiencies for either of the data sets, i.e., minority sales as well as strategic sales. However, results indicate that strategic sale as a mode of disinvestment improves the valuation, operating efficiency and financial leverage for the firm.

Key Words: Disinvestment, Strategic Sale, Public Offering, Agency Problem, Public Sector Enterprises.

Himanshu Joshi
Associate Professor,
FORE School of Management,
New Delhi.

An Assessment of Economic Health of BRICS Economies after Economic Crises 2008

At present BRICS encompass 40 percent of the world's population and account for nearly 30 percent of total global GDP in terms of PPP (Purchasing Power Parity). Further, with the total foreign exchange reserves of member countries estimated at US$ 4.3 trillion, BRICS accounts for approximately 40 percent of global reserves. China has the largest share (17.08 percent) in world's GDP and is the first largest growing economy in the world, whereas India's share in world GDP is 7.01 percent and is secured second fastest growing economy in the world. Each of the BRICS countries has multiple and different attributes and thus each has a huge potential to develop. This is the reason that the balance of global economic power is now shifting from United States and Europe to a number of fast growing and large developing countries. This paper is an attempt to study the economic health of BRICS after economic crisis. The study suggests that BRICS economies should improve their business environment to attract FDI and also focus on manufacturing sector and skill development to reduce unemployment.

Keywords: Economic Health, BRICS, Purchasing Power Parity, GDP, Economic Crisis.

Ritu Rani
Assistant Professor,
Government College for Women,
Sampla, (Rohtak).

Kamlesh Gakhar
Professor,
Institute of Management Studies
and Research, Maharshi Dayanand
University, Rohtak.

Perceived Risks in Online Shopping for Non Users of Internet– An Empirical Study in New Delhi

As e-commerce grows, problems related to consumer identity theft and online security of consumers' private information is increasing which have make consumers more risk averse towards online shopping. This paper examines the validity of various perceived risks in online shopping by the non users, identified after review of literature in Delhi. Data were collected from 425 respondents from New Delhi between age group of 21-60 years, who were not involved in online shopping. Confirmatory Factor Analysis (CFA) and Descriptive Analysis (DA) were used for analysis. Financial Risk is the first most important factor. The next important factor that concluded from the study is Performance Risk The third important factor is Time Loss Risk as non-users of online shopping are very much vary of wastage of their time through online shopping.

Keywords: Perceived Risks, Non-Users, Online Shopping, Internet, Confirmatory Factor Analysis.

Geetu Tuteja
Assistant Professor,
Bharati Vidyapeeth Institute
of Management and Research,
Paschim Vihar, New Delhi.

Falak Goyal
Executive Analyst,
Unity Group, Delhi.

Factors that Matter for Financial Inclusion: Assessment of Empirical Evidences, with Special Reference to India

The issue of financial inclusion has become a developmental policy priority in almost all countries, including India. It therefore becomes important to find out and differentiate between the factors that matter for and against financial inclusion. The current article is an aim in this regard, and establishes a strong conceptual framework by carefully reviewing the existing evidences on the determinants of financial inclusion (with special reference to India). Among the various socio-economic variables, income is the most significant enabler of financial inclusion.

Other than income; literacy, education, and absence of income inequality affect financial access/inclusion positively. In terms of the infrastructure related variables; road, telephone and internet connectivity foster greater financial inclusion. Among the banking variables, easy banking procedures, low credit/deposits ratio and NPAs, and high branch density enable greater financial services' availability to 'all'.

Keywords: Financial Inclusion, Financial Access, Inclusive Finance, Social Development, Social Banking.

Kajole Nanda
Doctoral Research Scholar,
Department of Commerce,
Guru Nanak Dev University,
Amritsar.

Modelling Customer's Vision towards Distribution Channels of Indian Life Insurance Industry

The study endeavours to examine relationship between customer satisfaction and dimensions of behavioral consequences, specifically toward services provided by distribution channels of Indian Life Insurance Industry. A total of 617 responses have been generated from life insurance policyholders. Using Exploratory and Confirmatory Factor Analyses, instruments to measure customer's satisfaction and behavioral intentions have been tested specifically for life insurance intermediaries and relationships have been confirmed through Structural Equation Modelling. The resulting instrument provides support for the original constructs- core service, human element of service delivery, systematization of service delivery, tangibles of service and social responsibility- but with 32 items instead of prior 41 items, as important antecedents for measuring customer's satisfaction. The results provide empirical support for comprehensive nature of positive effects of satisfaction on word of mouth, purchase intention and price sensitivity but negative influence on complaining behavior.

Keywords: Customer Satisfaction, Behavioral Consequences, Distribution Channels, Life Insurance Services, India.

Samiya Chattha
Research Scholar,
University Business School
Guru Nanak Dev University,
Amritsar.

Sumninder Kaur Bawa
Associate Professor,
University Business School
Guru Nanak Dev University,
Amritsar.