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Impact of Cashless Era on Street Vendors

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Abstract

Recent technological developments and the ubiquity of debit cards in developed economies have greatly reduced the use of cash in consumer transactions worldwide. According to Infowars.com, the governments of countries such as Sweden and Israel are considering or have implemented policies to move their countries to cashless economies. And even in the United States, where the symbolic value of the dollar and thus cash is more pervasive, up to 80 percent of consumer transactions are conducted without using cash. The legal and macroeconomic benefits mentioned above are not likely to bring about a cashless society on their own. If history is taken into account, the customer convenience benefits brought about by debit cards and smart cards are more likely to be the driving force to a cashless society. Even though consumer rights groups have warned about loss of privacy and security concerns by completely relying on electronic transactions, customers continue to use them at a rapidly growing pace. Even as ordinary citizens queue up for cash and economists are busy estimating the extent to which economic growth will be hit because of the ongoing drive to replace high-value banknotes, there has been a lot of discussion on whether the government can use the current situation to push India towards a cashless future. In his radio address on Sunday, Honourable Prime Minister once again pitched for creating a cashless society. In this perceptive it is apt and need of the day to understand the cyclical and turbulent economic oscillations in the spectrum an idea economic growth and development towards to know the significant role of street vendors and hence, the present study aims to find out the impact of cashless era on street vendors at Tiruchirappalli district.

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As this study is an empirical one, the field survey method and personal interview techniques were used for the collection of the required data from the respondents. The statistical tools such as Correlation and Regression analysis have been applied for this study to derive and determine the implications on the base of analysis. Based on the findings and problems faced by the producers, suggested solutions. The findings and observations are the result and outcome of the interpretations made also with that there is positive relationship between impact of cashless era on street vendors and demographic variables on the study area.

Keywords: Cashless, Street Vendors, Demographic Variables, Economy and Banknotes

Introduction

The term 'Digital Economy' was coined in Don Tapscott's 1995 book *The Digital Economy: Promise and Peril in the Age of Networked Intelligence*. The Digital Economy was among the first books to consider how the Internet would change the way we did business. According to Thomas Mesenbourg (2001), three main components of the 'Digital Economy' concept can be identified: e-business infrastructure (hardware, software, telecoms, networks, human capital, etc.), e-business (how business is conducted, any process that an organization conducts over computer-mediated networks), e-commerce (transfer of goods, for example when a book is sold online).

In 1999 the independent label Unreleased Records was formed by CEO's Draztik and DJ IQ from Gaborone, Botswana and X-Amount from Johannesburg, South Africa. The idea was to create a platform for the emerging hip-hop talent in Southern Africa which they felt was being secluded from the musical landscape by the industry. Cashless Society were amongst the first groups to sign with Unreleased Records in 1999. The group was made up of Draztik, X-Amount, Snazz D, Black Intellect, Slim a.k.a Fat Free and DJ IQ. Other groups originally signed to the label were Organik Interfaze (Draztik, Slim and DJ IQ) and Nativity (Fifth Light, L biz, Carnage and Swathey) both groups from Gaborone, Botswana. The name Cashless Society sums up the crew via a double meaning: cashless, as in the plastic economic future of the modern world and cashless as in Africa, currently the poorest of the poor. Draztik, Slim and DJ IQ were the hosts of the weekly live radio show 'Strictly Hip-Hop' on radio station RBII in Botswana. They were also the members of the group Organik Interfaze, The three had spent considerable time abroad, with Draztik growing up in Sacramento, California, Slim being born and raised in New York City and DJ IQ growing up in Queens, New York, before they all returned to Botswana. X-Amount and Snazz

D were based out of Johannesburg, South Africa and had formed the group Gun of a Nation (Zulu, "Isizwe se zi bhamu") together. The Son of a former South African MK guerilla soldier, X-Amount was born in a military camp in Nairobi, Kenya before relocating to Toronto, Canada at the age of eight. He returned to South Africa in 1998. Black Intellect, also based out of Johannesburg, was born in Freetown, Sierra Leone and grew up in Baltimore, Maryland before relocating to South Africa and joining the group Cashless Society.

In 2000 Bobbito Garcia, Mr. Len and Jean Grae traveled to South Africa from New York City to perform in South Africa for the first time. Bobbito then released the split-12" single of Cashless Society "Blaze tha Breaks" b/w Mizchif "Place For A Wife" on his own Independent Fondle 'Em Records in 2000 upon their return to the States. The A-side of the record, 'Blaze Tha Breaks' saw Snazz D, X-Amount and Black Intellect rhyming over a Nina Simone sample based beat produced by Draztik and X-Amount. The B-Side saw Mizchif featuring Tsakani Mhinga performing 'Place For A Wife' over a beat by Richard The 3rd. Distribution was handled by Fat Beats with the record becoming one of the first Internationally distributed records for a South African hip-hop artist. The single was released in Southern Africa on Unreleased Records the following year, and it was also featured on the "Farewell Fondle 'Em" compilation released on Definitive Jux as well.

The South African release also features the songs 'History', 'Make It Happen' and Blaze Tha Breaks (Remix). The enhanced portion of the CD features full biographies as well as the 'Blaze Tha Breaks' music video. In 2003 the group released their first full-length album 'African Raw Material volume one' on their own Unreleased Records imprint with distribution handled by Sony BMG Africa. It featured guest appearances by Tumi, Mizchif and Masauko of Blk Sonshine. The album saw the group add additional members Criminal, Tizeye and Gemini, while DJ IQ had left the group to relocate back to Queens, New York. Criminal a rapper originally from Lilongwe, Malawi, Tizeye from Johannesburg and Gemini a rapper and producer from Cape Town who is also a member of Groundworks. The first single off the album 'Hottentot Hop (Bantu 1, 2)' was well received. The song featured Snazz, X-Amount and Fat Free performing a Draztik produced beat. The video directed by Andrew Wessels was filmed in the Kalahari Desert and earned the group an award at the South African Music Awards that year for best video. The song was also featured on the 'Silvertab Harambe Dope Sessions' compilation released by

DIY Records and published by African Dope Records. The compilation was made up of songs voted in by the Bush Radio listenership. It was also featured on the 'Rhyme 'N Reason' compilation released by Ready Rolled Records that same year. The second single off the album 'Taxi Wars' was equally well received. The song was produced by Gemini and saw him rapping alongside Snazz D and X-Amount. The song served to address the territorial conflicts of the taxi commissions in Johannesburg. The video was directed by Wessels as well and was also featured on the CD/DVD release 'Afrolution Vol. 1 - The Original African Hip Hop Collection' released on Afrolution Records. The song '8-3-1 (I Love You)', a dedication to Johannesburg, was featured on the Yizo Yizo 3 Soundtrack released on CCP Record Company. That year, Cashless Society won three SAMA awards, as well as four awards at the annual 'Hip-Hop Indaba awards' in Cape Town. The group then graced the cover of the first issue of HYPE magazine, the first national hip-hop publication in South Africa. The following year saw Unreleased Records recording artists Snazz D and Young Nations feature in the first hip-hop commercial for CNN Inside Africa.

But, as Bill Imlah comments, new applications are blurring these boundaries and adding complexity – for example, social media, and Internet search. In the last decade of the 20th century. Nicholas Negroponte (1995) used a metaphor of shifting from processing atoms to processing bits. He discussed the disadvantages of the former (e.g., mass, materials, transport) and advantages of the latter (e.g., weightlessness, virtual, instant global movement). In this new economy, digital networking and communication infrastructures provide a global platform over which people and organizations devise strategies, interact, communicate, collaborate and search for information. More recently, Digital Economy has been defined as the branch of economics studying zero marginal cost intangible goods over the Net.

Cashless Society sometimes The Hard Cashless Society or THC Society are a Southern African hip hop crew from Gaborone, Botswana and Johannesburg, South Africa. The group consists of Snazz D (Julian Du Plessis), Draztik (Dave Balsher), X-Amount (Kwezi Ngcakani), Black Intellect (Jerry Kai Lewis), Fat Free (Salim Mosidinyane) & DJ IQ (who left the group, when he moved back to Queens, NY), the group made later acquisitions of other likeminded artists with Criminal (Alfred Chirwa), Tizeye (Tyronne Phillips) & Gemini (Thabiso Mofokeng) (the latter is also a member of Groundworks) joining to form the

group well known as Cashless Society. Reducing Indian economy's dependence on cash is desirable for a variety of reasons. India has one of the highest cash to gross domestic product ratios in the world, and lubricating economic activity with paper has costs. According to a 2014 study by Tufts University, *The Cost Of Cash In India*, cash operations cost the Reserve Bank of India (RBI) and commercial banks about Rs21,000 crore annually. Also, a shift away from cash will make it more difficult for tax evaders to hide their income, a substantial benefit in a country that is fiscally constrained. To be sure, the government on its part is working at various levels to reduce the dependence on cash. Opening bank accounts for the unbanked under the and adoption of direct benefit transfer is part of the overall idea to reduce usage of cash and increase transparency.

RBI has also issued licences to open new-age small finance banks and payments banks which are expected to give a push to financial inclusion and bring innovative banking solutions. Things are also falling in place in terms of technology for India. The recently launched Unified Payments Interface by National Payments Corporation of India makes digital transactions as simple as sending a text message. So, will the exercise to exchange currency notes and the ongoing currency crunch be a decisive factor in making India a truly cashless economy? Nandan Nilekani, in an interview to this newspaper, termed this as "a defining point in India moving to cashless". Shortage of cash has significantly increased the use of digital modes of payment, but the actual shift will only be visible after the cash crunch eases. It is possible that a section of people which has used electronic mode of payment for the first time due to the cash crunch will continue to transact through this medium, but there are still a number of hurdles in making India a cashless economy.

First, a large part of the population is still outside the banking net and not in a position to reduce its dependence on cash. According to a 2015 report by PricewaterhouseCoopers, India's unbanked population was at 233 million. Even for people with access to banking, the ability to use their debit or credit card is limited because there are only about 1.46 million points of sale which accept payments through cards. Second, about 90% of the workforce, which produces nearly half of the output in the country, works in the unorganized sector. It will not be easy for the informal sector to become cashless, and this part of the economy is likely to be affected the most because of the ongoing currency swap. Third, there is a general preference for cash transactions in India. Merchants prefer not to keep records in

order to avoid paying taxes and buyers find cash payments more convenient. Although cashless transactions have gone up in recent times, a meaningful transition will depend on a number of things such as awareness, technological developments and government intervention. For instance, mobile wallets have seen notable traction, and it is possible that a large number of Indians will move straight from cash to mobile wallets. A study by Boston Consulting Group and Google in July noted that wallet users have already surpassed the number of mobile banking users and are three times the number of credit card users.

However, as noted above, a material transition to a cashless economy will depend on a number of factors. First, the availability and quality of telecom network will play an important role. Presently, people face difficulties in making electronic payments even in metro cities because of poor network. Second, as one of the biggest beneficiaries of this transition, banks and related service providers will have to constantly invest in technology in order to improve security and ease of transaction. People will only shift when it's easier, certain and safe to make cashless transactions. Third, the government will also need to play its part. It will have to find ways to incentivize cashless transactions and discourage cash payments. Implementation of the goods and services tax, for example, should encourage businesses to go cashless. Government should also use this opportunity to revamp the tax administration, as more than taxes, small businesses fear tax inspectors.

The government will have to create conditions—not necessarily by creating cash shortages—to push cashless transactions to a threshold level after which the network effect will take over. India may not become a cashless economy in the foreseeable future, but it needs to reduce its unusually high dependence on cash to bring in much needed transparency and efficiency in the system. Transaction will be easy & more secure. Risk of theft or pocket thief will be reduced. Money circulation will become more smooth. Convenience in making enormous amount money. Conflicts will be reduce among the buyers & seller regarding the purchase or selling of the product, as now all of transactions will be recorded i.e., there will be proof of every transaction.

Literature Overview

Following reviews collected to find out the research gap of the study. The responsibility of social

scientist is to derive new outcome from the nature, concept and developed outcomes. Hence, every research work is in position to undergo to find out the research gap and hence following reviews are collected. Vaishnavi Pandey (2016) As the country moves towards cashless environment after demonitisation so in a way or another it promotes the concept of digital India. But at the initial stage it gives a lot of confusion to the people whether it will give benefit and convenience or stress. Like everything have two aspects for example, positive and negative, cashless transactions also have its positive effects as well as negative effects, some advantages and disadvantages as well. First of all I want to throw some light on the advantages of the cashless transactions in India. They are:-

1. In various economic activity, paper contains some cost. Thus, currency in physical form also contain some cost, cash operation costs RBI and commercial bank Rs. 21000 annually.
2. It gives convenience to customer because they need not to carry cash with them. In case of internet banking they don't need to carry ATM's with them.
3. Security measures are provided with cashless transactions which is not available with physical availability of cash.
4. It is easy for customers to close their digital wallet and debit cards if it goes in wrong hand.
5. Biometric security system is available with the cashless transaction option.
6. It reduces the chances to forfeit currency.
7. By linking all accounts with ADHAAR card number. it will help in tracking the black money. Same benefit will be received by doing cashless transactions. It will result in more transparency in the system.
8. It gives more discount options especially in purchasing insurance policy, petrol and in rail tickets. Which will result in improved cash flow of an individual.
9. It tracks spending of an individual. It helps in filing income tax returns and in case of any scrutiny one will be able to explain his expenditures.
10. By being cashless one can pay off all his borrowings, alike Government Of India aims to enable all loans to be sanctioned within 5 minutes by digital working of a system.
11. One can pay off to the shopkeepers exact amount without worrying about the change.

But making India a cashless economy, government will face some problems initially. Especially in a country like India where majority of people reside in rural area, the cashless economy concept will face some resistance by the people. So, coming on the point the disadvantages of the cashless transactions in India are as follows:-

1. As majority of the population live in rural area they are still outside the banking net. In spite of having credit and debit cards the ability to use them are still limited.
2. Rural people are not aware or educated enough to use these digital facility.
3. As 90% of the population works in an unorganized sector, it will not be easy for an informal sector to accept this change of cashless transactions.
4. Technological factor plays an important role like in metro cities people are facing problems due to poor networks.
5. Banks have to invest more in technological and security needs which will result in cost increment at initial stage.
6. People will only opt for cashless transactions when they will find it easy and convenient to use.
7. Government will have to take proper steps in encouraging cashless economy by discouraging cash payments and by not taking too aggressive steps.
8. It will result in over spending as people do not feel the pain of parting away with money because the pain of parting away with money will only be felt when the money is available in physical form with the individual.

In spite of these disadvantages the cashless transactions will benefit India in long run. Since Government is making his full effort for making India a cashless economy as an initiative for this the Government Of India had launched a BHIM app which will help rural India in becoming digitally advanced and thus enhancing the cashless transactions by more and more transparency in banking system. Divyakant Dipak Mishra (2016), 100% Cashless Economical Transactions in India will be possible after 100 years or so as India lives in the villages. Only less than 1 % youth using Cashless Systems. India has 2 Wheels of

Economy.1 is Government another is Practical or call it Public Economy. The Vehicle of Economy will move with both of these 2 Wheels. It is seen even Very Highly educated People dislike Cashless and avoid it due to many reasons. Its a mind set. Cashless Systems cannot be forced to each. There are + as advertised but the main negative is Slow Growth due to restricted Transactions. The Cashless System Steal the inertia of the Smoothness of Public Transactions. Which results in stale or diminished Speed. More the Transactions Better the Growth will be. Hence mixed System must Prevail with a freedom to adopt either or mixed Style of Cashless Plus Traditional Systems.

Mesenbourg, T.L. (2016), It will be very convenient for everyone if cashless transactions are widely accepted. No hassle to carry cash and less risky. I have seen in other countries you hardly need to carry any cash as most of the transactions can be cashless. You can view history of your expenses easily and manage your budget smartly. All cashless transactions become above ground and visible / traceable. So they are taxable (less black money) and also encourage people to transact legally and pay taxes. Tax collections will increase significantly and that revenue can be used for the benefit of society - building infrastructure, helping poor and less privileged people, education, health care etc. It can be used to lift Indians out of poverty and also fuel economic growth. As tax collection increases; tax rates can be reduced (as tax net becomes wider) and tax rules simplified. Any monetary help to poor and needy people can be through bank transfers (even payment for rural employment generation schemes like MNREGA). No instances of middle men siphoning off the aid and exploiting the poor. This is coupled with infrastructure so that those people can use the money in their bank accounts for cashless transactions (even using non-smart feature phones). It will be difficult to have counterfeit currency and / or support criminal activities and terrorism. Much better data of India's GDP including informal and service sector to understand what sectors are growing and where support is needed. Less need to print paper currency and replace it so reducing those costs. Wealth stored with banks as savings accounts, FDs or investments is used for productive use (invested back in public and private sector by their banks) instead of wealth lying unused as stacks of currency bills hidden under mattresses and in cupboards. So conceptually cashless society is beneficial and that is why everyone is praising the decision. There are teething pains for sure....mind that this is first time in recent history anywhere in the world such massive transformation is implemented in such a short period. It has taken other developed countries generations to move from reliance on cash to a cashless society. Will there be frauds and generation of black money in a cashless society. Sure there will be as there will always be crooks who will try to misuse any system. It is just that

it will be difficult. Security of data in cashless transactions will be a worry also and that is true everywhere in the world and a race where governments and banks are trying to make data secure by implementing new technologies and hackers are trying to find loopholes.

Research Gap

The literature reviewed above related to Impact of Cashless Era on Street Vendors at Tiruchirappali District. However, majority of literature has ignored the Impact of Cashless Era on Street Vendors and thus this study realises to pave way for these parameters in Impact of Cashless Era at Tiruchirappali District. And hence necessary data are collected over to assess the Impact of Cashless Era on Street Vendors.

Objectives of the Study

The objectives of the study are described below:

1. To understand the types and modes of street vending in the study area.
2. To find out the problems faced by the women vendors.
3. To examine the prospects of women vendors and evaluating policy implications on the base of study.

Methodology Applications

As this study is an empirical one, the field survey method and personal interview techniques were used for the collection of the required data from the respondents. The researcher met all the street women vendors on the work spot and collected the necessary data through interview and interaction. After elimination, the researcher suitably found only 100 women vendors are there and the researcher intended to study one third of the total women vendors. The statistical tools such as correlation and stepwise regression analysis have been applied for this study.

Data Collection

The researcher has prepared the list of women vendors alphabetically. Then the researcher identified

every fourth women as respondent. Of the 200 identified respondents, the researcher could collect data from 100 respondents only. Though the researcher has made several repeated attempts, data could not be collected from two respondents. Thus the researcher has collected data from 100 respondents in the study area on the basis of proportionate random sampling method.

Discussion and Results

To foster and enforce the objective and significant of the study theme purpose the collected data analysed with suitable way so as to reach its end.

Table 1

Stepwise regression analysis on impact of significant factors

Sl.No	Step/Source	Cumulative R ²	ΔR^2	Step t	P
1.	Business Area	0.039	0.043*	3.189	0.01
2.	Daily Income	0.055	0.034*	2.645	0.01
3.	Nature of the Business	0.064	0.052*	2.327	0.01
4.	Experience	0.075	0.064*	2.654	0.01
5.	Residence	0.060	0.075*	2.788	0.01

Source : Primary data

* P < 0.01

Constant value = 13.339

Five variables namely, Business Area, Daily Income, Nature of the Business, Experience and Residence have significantly contributed for predicting the impact of cashless era on street vendors. The

variable Number of business area predictive value of impact of cashless era on street vendors seems to be 0.043, when paired with the variable Daily income is 0.034, with nature of the business is 0.052, with experience is 0.064 and with residence is 0.075. The predictive value of these variables separately is 0.01 and constant value is 13.339.

Table 2

Stepwise regression analysis on problems faced by the women street vendors

Sl.No	Step/Source	Cumulative R ²	ΔR ²	Step t	P
1.	Nature of the Business	0.036	0.045*	3.249	0.01
2.	Residence	0.055	0.037*	2.779	0.01
3.	Experience	0.062	0.056*	2.461	0.01

Source : Primary data

* P < 0.01

Constant value = 15.559

Three variables namely, Nature of the Business, Residence and Experience have significantly contributed for predicting the problems faced by the women vendors. The variable Nature of the Business predictive value of problems faced by the women vendors seems to be 0.045, when paired with the variable residence is 0.037 and with experience is 0.062. The predictive value of these variables separately is 0.01 and constant value is 15.559.

Table 3

Correlation co-efficient for impact of cashless era on street women vendors and demographic variables

Demographic variables	Impact of cashless era on street vendors
Business Area	0.311**
Daily Income	0.243**
Nature of the Business	0.336**
Experience	0.371**
Residence	0.294**

** Correlation is significant at the 0.01 level

Ho: There is a significant relationship between impact of cashless era on street vendors and demographic variables.

The obtained correlation value is found to be greater than the table value for 0.01 level of significance. This indicates that there is positive relationship between impact of cashless era on street vendors and demographic variables.

Policy Implications and Conclusion

Street vendors are very important part of the informal sector in the country. Women form a large segment of street vending in almost every area street vending is not only a source of self employment to the poor but a means to provide affordable as well as convenient services to a majority of the population. The main advantage of a cashless society is that a record of all economic transactions through electronic means makes it almost impossible to sustain black market or underground economies that often prove

damaging to national economies, according to Infowars.com. Because it is also much more risky to conduct criminal transactions or avoid the proper payment of due taxes in a cashless society, such violations are likely to be greatly reduced. Street women vendors are often those who are unable to get regular jobs in the remunerative formal sector on account of their low level of education, skills and opportunities. They try to message cash less problems through their own meager financial resource. The importance of this sector cannot be undermined, especially considering that the government is also not in a position to provide jobs to all rather it considers various policy measures to elevate their socio-economic position, economic sustainability and empowerment of street women vendors growth and improvement on their hole for the prospects of digitalised India.

Scope of the Further Study

The scope of the study is examining the Impact of Cashless Era on Street Vendors. Therefore the study is confined to Tiruchirappali District only. Street Vendors is the vast subject, more importantly in the present study the most common areas like factors influencing the socio economic, facing the problems and perception on various attributes of the Street Vendors have been considered.

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PERFORMANCE OF INDIA INC. IN CORPORATE SOCIAL RESPONSIBILITY

2015 – 16

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Abstract: *With a strategic intent, firms today engage in Corporate Social Responsibility (CSR) as it is considered to be a long-term investment that leads to improved competitive advantages, reputation and customer relations. It is further considered to lead to improved financial and non-financial performance. Hence, CSR is considered to be a part of the strategic management field. Indian corporate and business enterprises have a long tradition of working within the framework of the ethical values that have defined in our nation's character for millennia. India's ancient wisdom inspires people to work for the large objectives of well-being of stakeholder's interest. These sound and encompassing values are even more relevant in current times as corporates have been facing the global challenges. India's economy continues to remain robust. In this context, it is important that along with financial performance, social and environmental performances are also given their due recognition by Indian businesses. It is now the third year since the introduction of Companies Act 2013 and notification of Section 135. Since India was one of the first countries across the world to mandate CSR, there is a growing interest among various stakeholders to see how the scenario is progressing. What was earlier a voluntary pursuit for corporates has now become a regulatory requirement. The Act is quite comprehensive in nature and provides adequate framework and guidance for CSR project implementation. The Act focuses on implementing CSR on project mode and also requires a detailed disclosure as part of the Annual Report. The Act also brings in a higher level of governance requirements and hence accountability on CSR. This paper tries to highlight the ten Performance components of India Inc. in CSR in the year 2015 – 2016. Finally, the paper tries to conclude how furthermore the corporates can contribute to the society in meeting the challenges through the adoption of the Effective CSR policy framework.*

1.0 Introduction

In 1917, Henry Ford announced that the aim of Ford Motor company is that “To do as much as possible for everybody concerned, to make money and use it, give employment, and send out the car where the people can use it and incidentally to make money” (Lee 2008, p. 54). Eighty years later, Henry Ford's great-grandson, William Clay Ford Jr. emphasized that Ford company valued all stakeholders' interests as well as the social welfare of employees and shareholders, as he said that “we want to find ingenious new ways to delight consumers, provide superior returns to shareholders and make the world a better place for us” (Meredith 1999, p. 157).

Businesses across the world are operating under highly complex and competitive environments. They can no longer afford to insulate themselves from the rapid and transformational changes happening in the society. Similar trends are observable in the Indian business scenario. Businesses are being monitored and evaluated like never before on new dimensions.

The concept of Corporate Social Responsibility (CSR) is not new and in fact India has had the earliest tradition of companies dispensing their social responsibility. Some of the oldest business houses in the

country have made and continue to make exemplary contributions to the society. However, while earlier these activities came under the ambit of companies own initiative towards philanthropy, the concept of CSR gained more formal prominence towards the late 1990s.

With changing face of Indian businesses, it is the next most palpable thing that companies also look at changing the way they engage with society. Indian companies have grown by leaps and bounds over the past two and a half decades and have been able to establish a strong footprint globally. These companies have made a remarkable contribution in furthering India's growth story.

CSR has become an important aspect for Indian businesses and there is a discernible trend in CSR activity becoming more a part of strategic decision making for companies. Clause 135 and Schedule VII of the Companies Act 2013 govern the CSR activity of the companies, mandating not only compulsory reporting but also clearly defining the ambit of areas that can come under CSR. India has become the first country to strictly formalize CSR spending by making reporting obligatory and we are already into the second year of reporting of such activities.

This paper is an attempt to study the Performance of the Indian Companies that has contributed to the Corporate Social Responsibility in the year 2015 – 2016.

2.0 Evolution of the Concept of Corporate Social Responsibility

There is an impressive history associated with the evolution of the concept and definition of Corporate Social Responsibility. The general understanding of the term, 'Corporate Social Responsibility', is that business has an obligation to society, which extends beyond its narrow obligation to its owners or shareholders. This idea has been discussed throughout the twentieth century, but it was Howard R. Bowen's book 'Social Responsibilities of Businessman' published in 1953, which was the origin of modern debate on the subject. Since then, the topic of corporate social responsibility has been explored extensively. Bowen reasoned that there would be general, social and economic benefits that would accrue to society, if business recognized its broader social goals in its decisions.

India has witnessed high economic growth in the last two decades. India continues to be one of the fastest growing economies in the world and has made progress on several development indicators. Despite progress, challenges persist. India continues to face several challenges in health and sanitation, education, water, un-employment, environment and others. The passage of Companies Act 2013, notification of CSR rules and further notifications (hence forth referred as the Act) can be seen as a move by the Government of India to strengthen the relation of the business with communities and also better transparency and governance around CSR. While the Act provides the overall guidance framework for

the corporate to lead their CSR initiatives, it also provides ample autonomy and flexibility to design and implement programs.

As per the Act, companies with a net worth of INR 500 Cr. or more, or a turnover of INR 1,000 Cr. or more, or a net profit of INR 5 Cr. in a given fiscal year must have a CSR committee. Additionally, companies are required to adhere to a set of criteria including: Formulating a well-defined CSR policy Undertaking project in alignment with Schedule VII of the Act and the CSR Rules Monitoring CSR policy and projects Reporting details of the CSR activities in the Annual Report in accordance with the prescribed format.

3.0 Evolution of CSR in India

India has a long tradition of paternalistic philanthropy. The process, though acclaimed recently, has been followed since ancient times albeit informally. Philosophers such as Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged was cited in several ancient literatures. In the pre-industrialized period philanthropy, religion and charity were the key drivers of CSR. The industrial families of the 19th century had a strong inclination toward charity and other social considerations. However, the donations, either monetary or otherwise, were sporadic activities of charity or philanthropy that were taken out of personal savings, which neither belonged to the shareholders nor did it constitute an integral part of business. During this period, the industrial families also established temples, schools, higher education institutions and other infrastructure of public use.

The term CSR itself came into common use in the early 1970s. The last decade of the twentieth century witnessed a shift in focus from charity and traditional philanthropy toward more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. In India, there is a growing realization that business cannot succeed in isolation and social progress is necessary for sustainable growth. An ideal CSR practice has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well socio-economic status (Bajpai, 2001).

Currently, there is an increased focus and a changing policy environment to enable sustainable practices and increased participation in the socially inclusive practices.

4.0 Current Scenario of CSR in India

Corporate Social Responsibility has become an important aspect for Indian businesses and there is a discernible trend in CSR activity becoming more a part of strategic decision making for companies. Clause 135 and Schedule VII of the Companies Act 2013 govern the CSR activity of the companies, mandating not only compulsory reporting but also clearly defining the ambit of areas that can come under CSR. India has become the first country to strictly formalize CSR spending by making reporting obligatory and we are already into the second year of reporting of such activities.

Top Strategies adopted by companies to identify CSR Projects

- ✓ Participatory rural appraisal by team through regular community interaction, need assessment surveys conducted by professional consultancy firm engaged by the company; undertaking stakeholder engagements and baseline studies to understand the concerns of the community
- ✓ Detailed discussions with village panchayats to identify specific needs
- ✓ Mapping CSR activities in local community with the help of local NGO's & local Government authorities
- ✓ Third party needs assessment studies
- ✓ Selection of project based on impact, sustainability & scalability
- ✓ Brain Storming in senior management group and the CSR Committee. And identify an area in accordance with the corporate policy
- ✓ Something that increases the employee engagement and volunteering in contributing to the social cause

Obstacles in implementing CSR projects

- ✓ Inadequate clarity on laws and tax related regulations
- ✓ Delay in project implementation due to problems in getting NOC from a competent authority. Problems in getting clearances for land for rural infrastructure projects.
- ✓ At times in rural areas, the community fails to understand the development perspective underlying the project and has inhibitions
- ✓ NGO accreditation and availability of good and suitable NGOs
- ✓ Lack of skilled human resource that are willing to work at grassroots level. Lack of CSR professionals for project implementation
- ✓ If the CSR project involves provision of healthcare facilities, then getting doctors and medical staff in remote villages to run primary care facilities is a key concern for companies

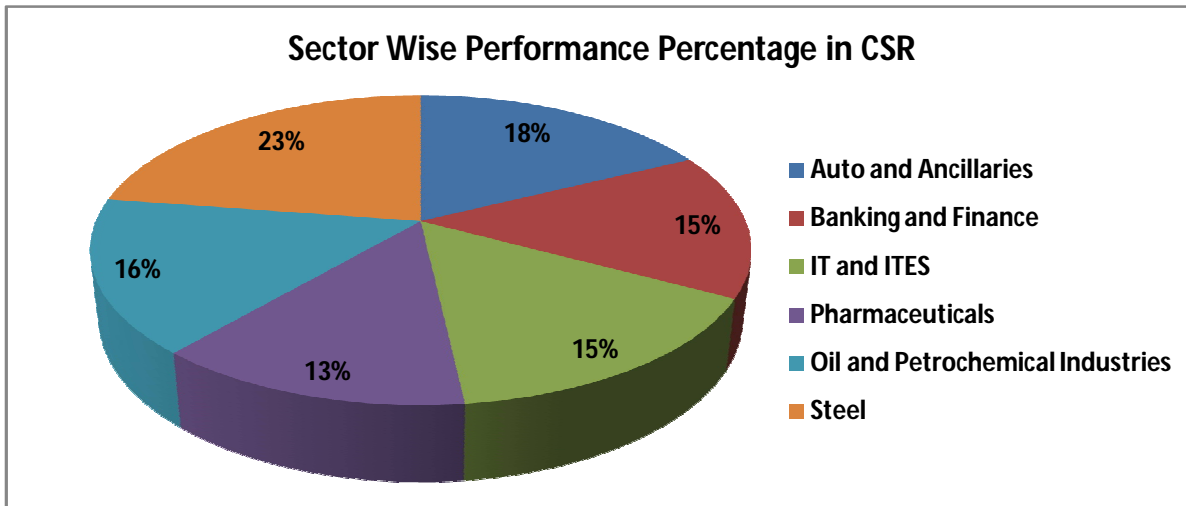
- ✓ Conflicts among local stakeholders. Nonetheless, such conflicts are resolved through regular interaction.
- ✓ There is sometimes lack of parity in understanding of CSR terms among stakeholders
- ✓ Limitation of funds for project implementation
- ✓ Lack of effective and transparent monitoring mechanisms

5.0 Performance Report of the Corporate In CSR in India

Indian Industry currently continues to be actively engaged in meaningful CSR. There is a genuine effort from members of India Inc. to effectively contribute to the society and ecology at large. The survey made by E&Y, KPMG, FICCI, CII and by other NGO’s to assess how companies have fared with regard to their spending pattern of CSR is considered for this study. It is happy to note that companies have continued to base their CSR programmes according to community needs aligning with the national development agenda, especially those impacting women and children.

5.1 Sector Wise Spending For CSR In India

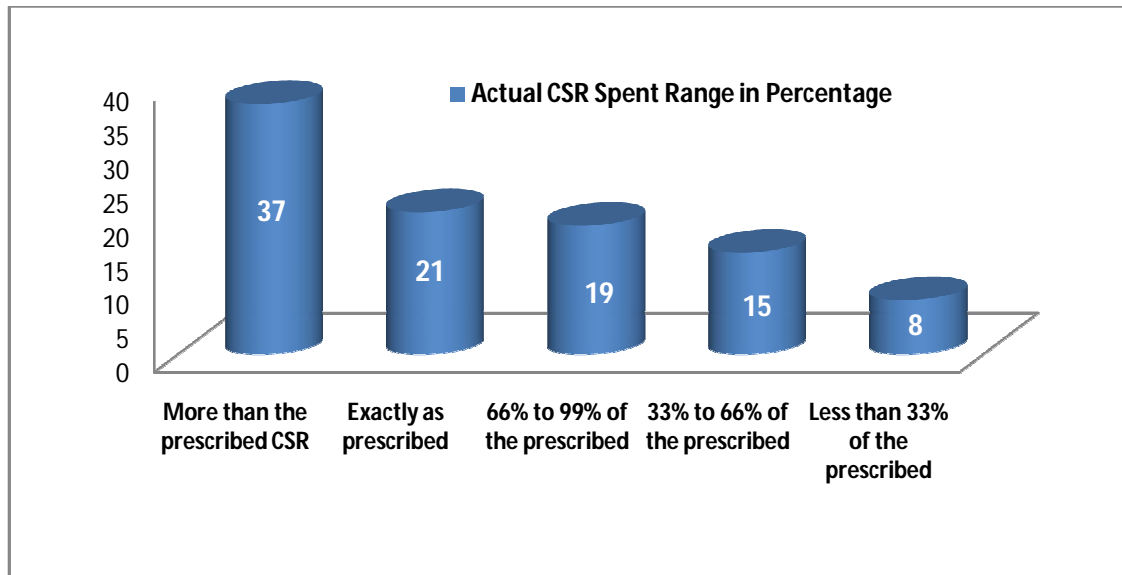
Graph 1 – Sector wise spending percentage in CSR



It is evident to note at Steel Industries have contributed more towards the CSR activities compared to any other sectors.

5.2 Actual To Prescribed CSR Spend: CSR Compliance Meter

Graph 2 – Actual : Prescribed amount spent on CSR

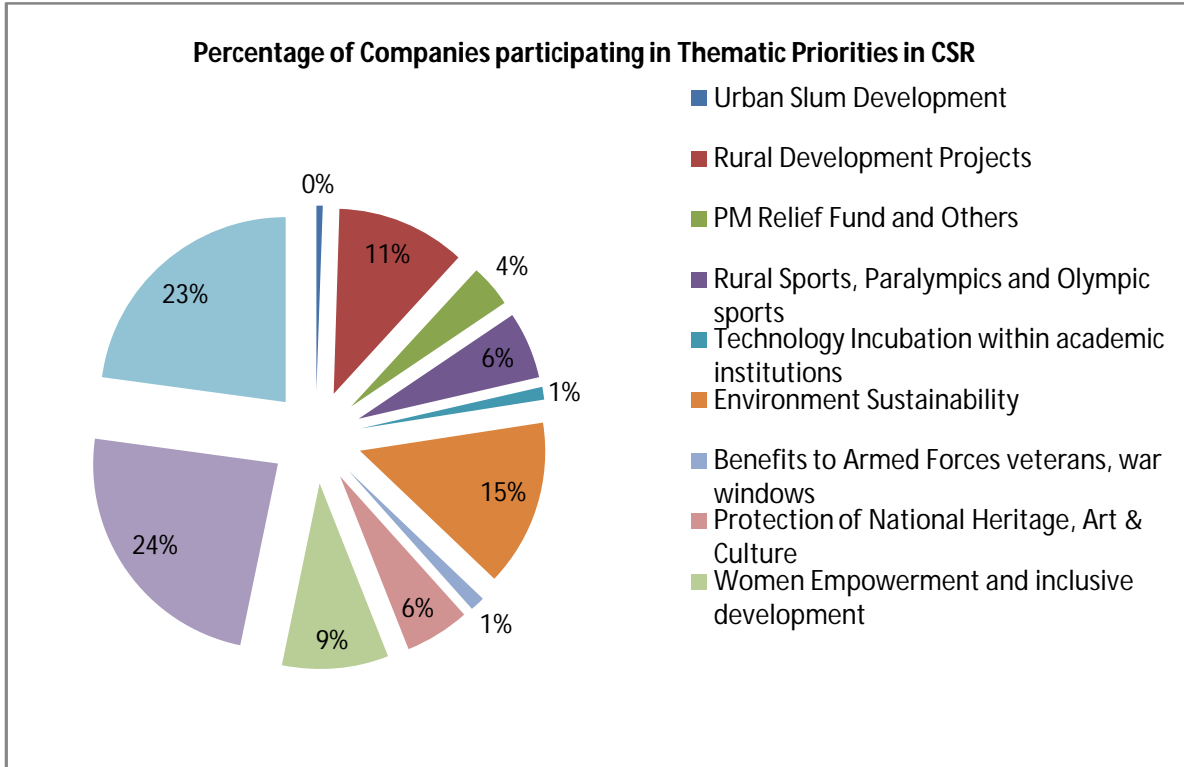


58% of the companies have spent either exactly as the prescribed CSR or more than the prescribed CSR. This is a good improvement from the Financial Year 2014-15 where this percentage was 48%. While in 2014-15, there were 3 companies who had not spent any single penny from the prescribed CSR budget, in 2015-16 all companies have spent certain amount from the CSR budget. This indicates that companies have become serious about the CSR and they are endeavoring to match the prescribed CSR requirements with the actual CSR spend. The fact that 58% of the companies spent exactly as prescribed or more than the prescribed, shows a lot of improvement in the CSR compliance level.

5.3 Thematic Priorities In CSR As Per Schedule Vii-Theme-Wise Number Of Companies

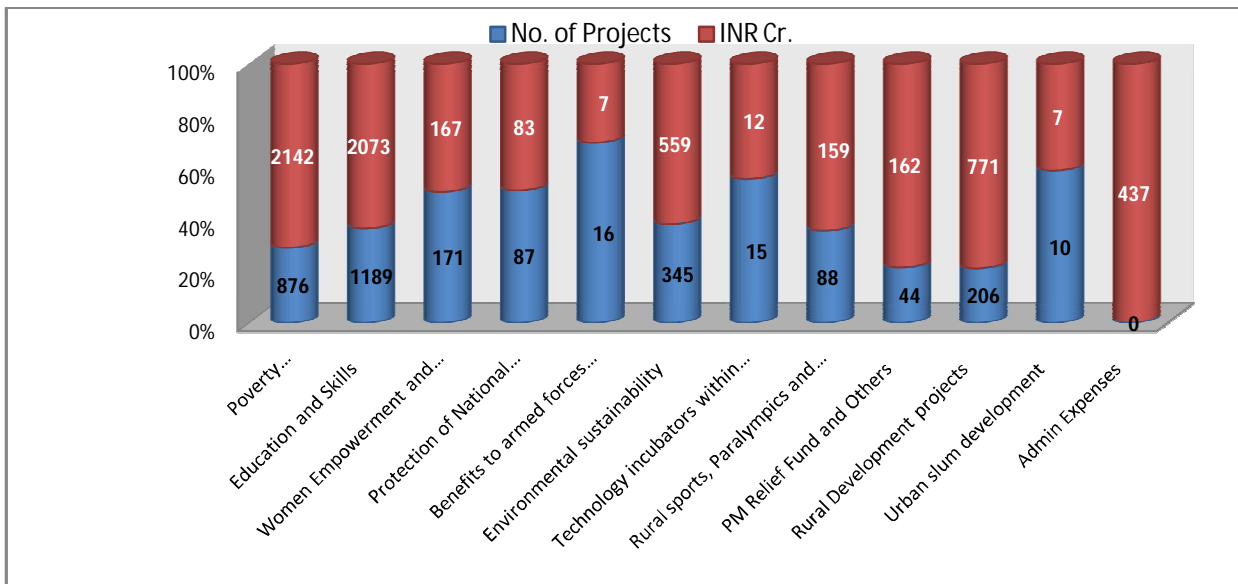
Education (including skilling) and Healthcare (including WASH) themes have been favorites of companies for implementing CSR projects. Rural sports promotion is the new area which is gradually becoming popular in CSR projects.

Graph 3 – Percentage of Companies participating in Thematic Priorities in CSR



5.4 Theme-Wise Number Of Projects

Graph 4 – Percentage of Number of Projects and Amount Spent in Crores

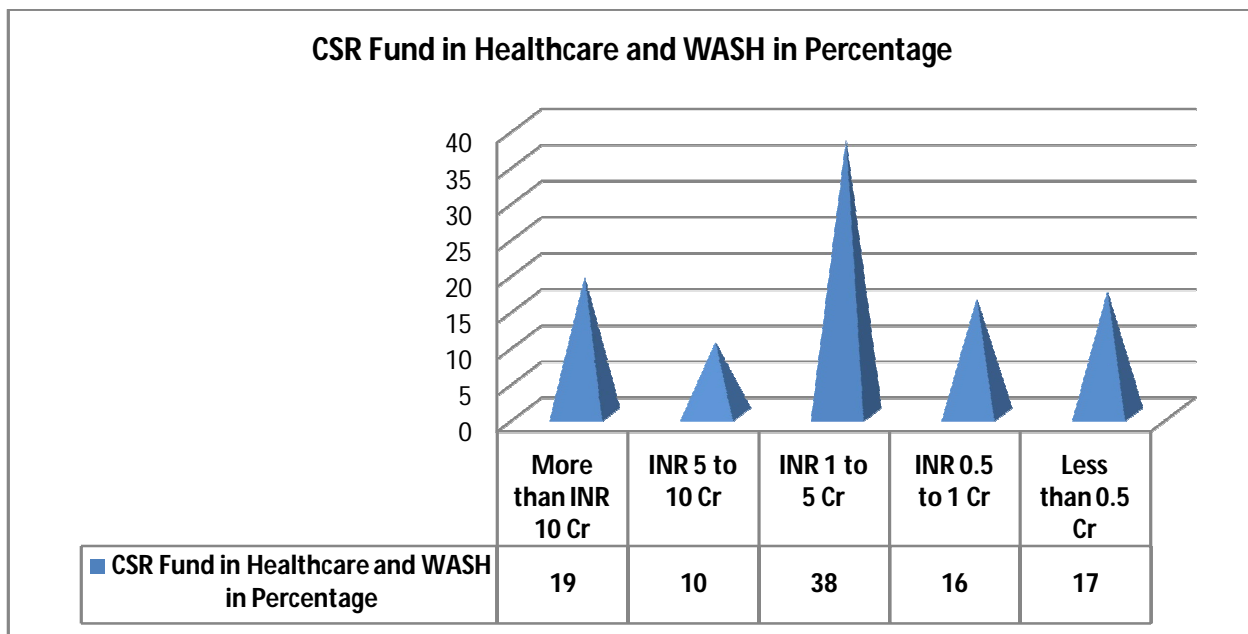


Particulars	No. of Projects	INR Cr.
Poverty Alleviation, Healthcare and WASH	876	2142
Education and Skills	1189	2073
Women Empowerment and Inclusive Development	171	167
Protection of National Heritage, art and culture	87	83
Benefits to armed forces veterans, war widows	16	7
Environmental sustainability	345	559
Technology incubators within academic institutions	15	12
Rural sports, Paralympics and Olympic sports	88	159
PM Relief Fund and Others	44	162
Rural Development projects	206	771
Urban slum development	10	7
Admin Expenses	0	437

It is again noted from the above table that more number of CSR Projects are adopted by Education and Skills followed by Poverty, Healthcare and WASH. More Corporate are focusing on these areas to promote their CSR Activity.

5.5 CSR Fund In Healthcare And Wash

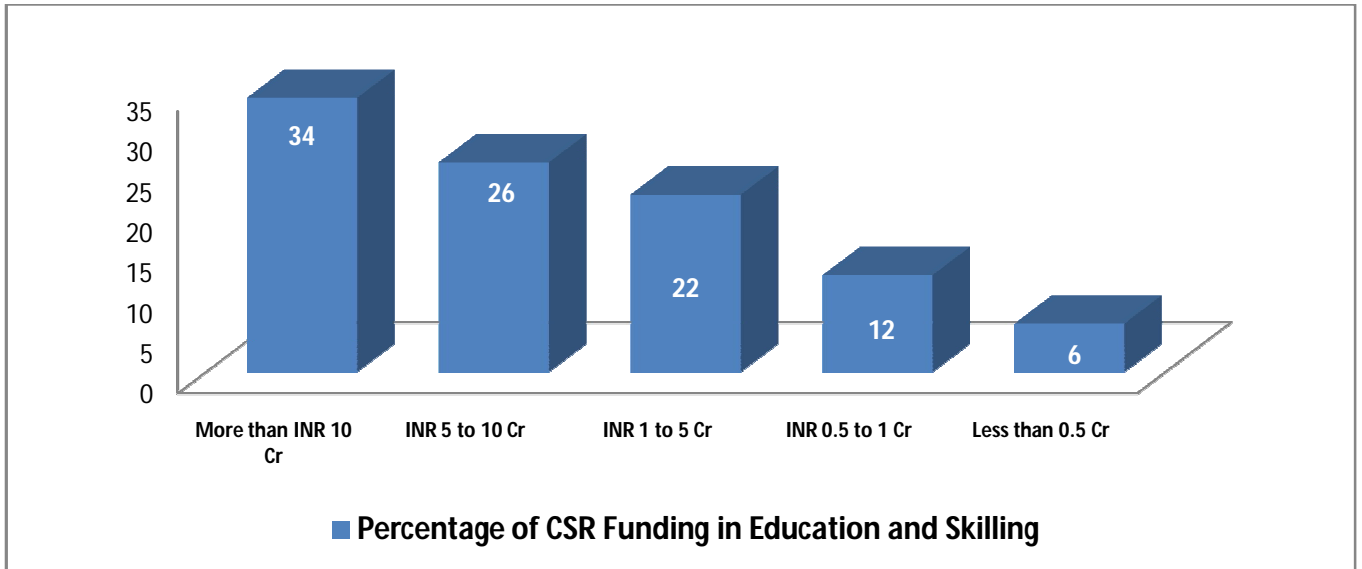
Graph 5– Funding Pattern in Healthcare and WASH



It is calculated and noted that more than one third of the companies spend more than INR 10 Cr (each) in Healthcare and WASH projects

5.6 CSR Fund In Education And Skilling

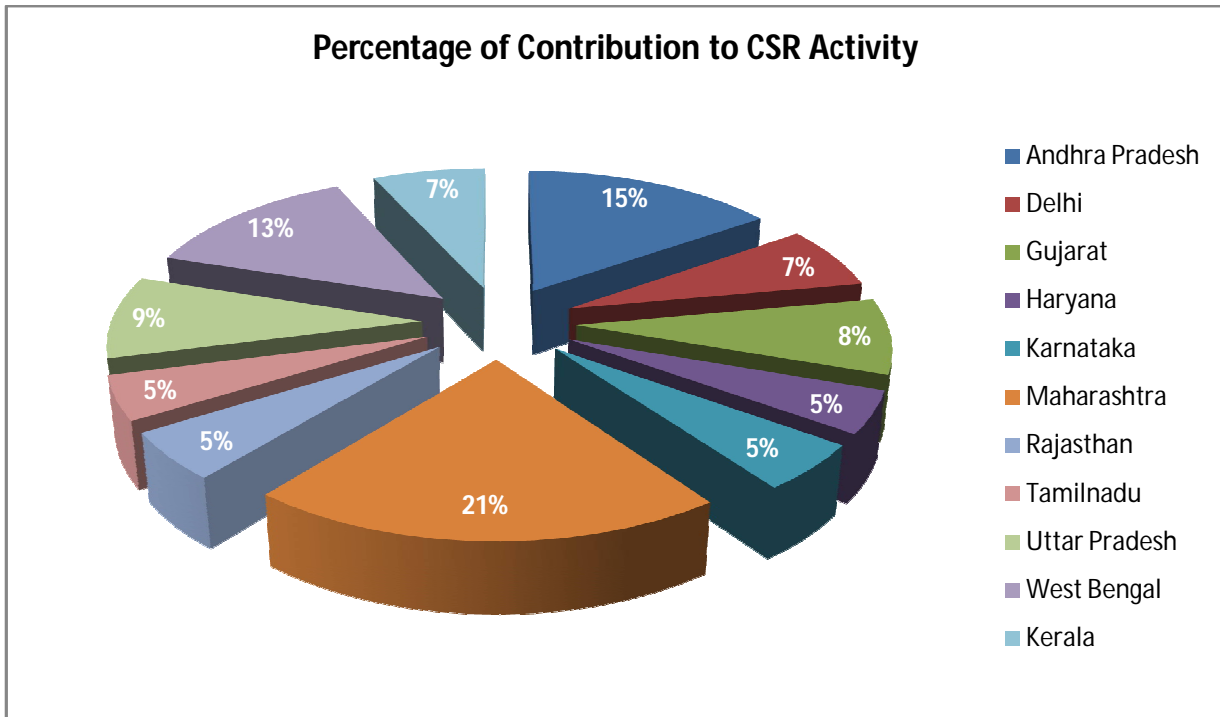
Graph 6 – Education and Skilling and its take on CSR by Corporate



Almost 50 percent of the companies spent more than INR 5 Cr.(each) in Education and Skill Development projects

5.7 Geographic Distribution Of CSR Funds - Top 10 States (CSR Fund Flow-Wise-INR CR.)

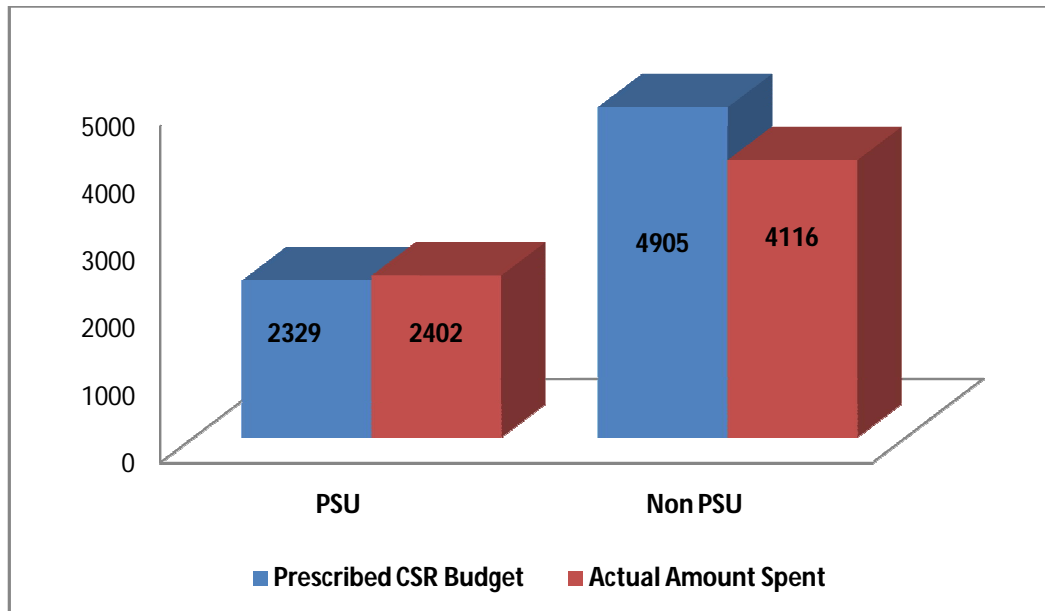
Graph 7 – Top 10 States in CSR Funding



Maharashtra, West Bengal and Andhra Pradesh together spent one-fourth of India's Total CSR Fund.

5.8 CSR Prescribed Budget And Actual Amount Spent In PSU And Non PSU

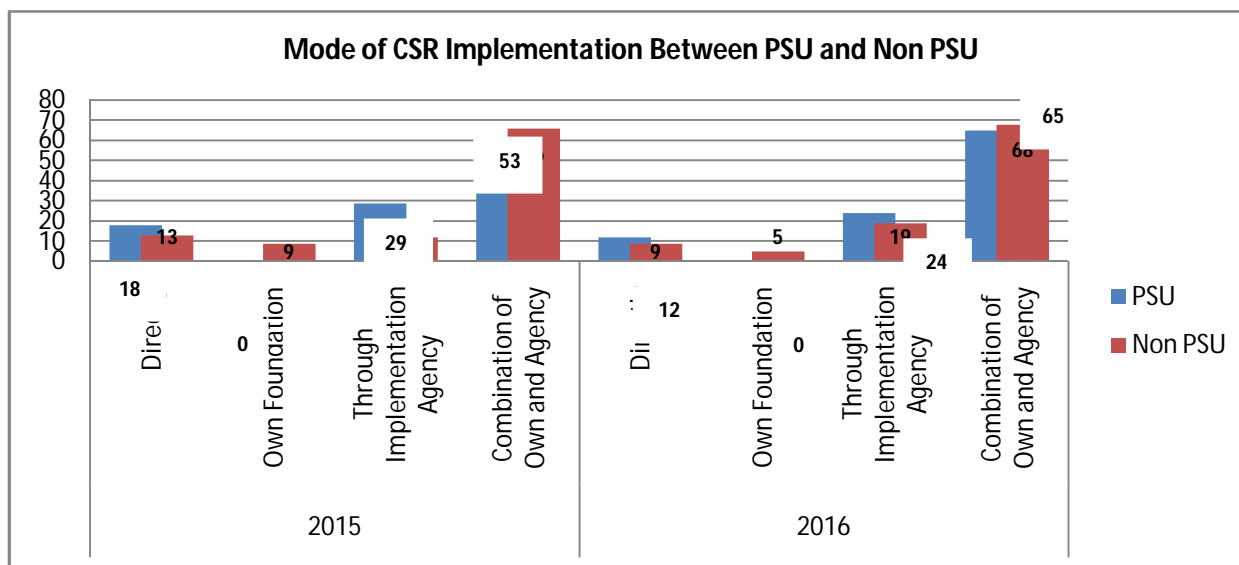
Graph 8 – CSR Spends/Expenditure



During the current year, against the requirement to spend INR 2329 Cr. by PSU companies, they have spent INR 2402 Cr. (more than the prescribed 2 percent for PSU companies). However, against the requirement to spend INR 4905Cr. by non-PSU companies, they have spent INR 4116Cr. (84 per cent, less than the prescribed 2 per cent for non-PSU companies). The average spends against the prescribed 2 per cent amount per company has gone up by 64 per cent in case of PSU companies as compared to 15 per cent in the case of non-PSU companies.

5.9 Mode Of Implementation Of CSR

Graph 9 – CSR Implementation Mode by PSU and Non PSU



During the current year, 65 per cent PSU companies have reported to have implemented CSR projects through a combination of direct /through foundations or agencies against 53 percent during the last year. 68 per cent (up by only 2 per cent) non-PSU companies have implemented projects through a combination of these options. The Act allows PSU companies as well as non-PSU companies to implement the project through its own foundation, however, the presence of a foundation and expenditure through it seems to be primarily missing in the case of PSU companies.

6.0 Framework for Effective CSR

The Global Hunger Index (GHI) 2015, India was ranked at 80 among 104 emerging economies; and fighting hunger, undernourishment and mortality among children remain major challenges in the country. Further, the Global Human Development 2015 report released by the United Nations Development Programme (UNDP), ranked India at a level of 130 out of 188 countries on the Human Development Index for 2014 with a score of 0.609. Further, according to the Labor Bureau Report 2014 the size of India's formally skilled workforce is just about 2 per cent, which is meagre relative to countries like Japan (80%), Germany (75%), South Korea (96%) and United Kingdom (68%). The contemporary businesses have the potential to make a difference at the ground level and this possibility should be leveraged earnestly. A business can be sustainable only when it sees itself as an integral part of the broader community. Adhering to the concept of triple bottom line of 3Ps- People, Profit and Planet – can be the only way forward for companies.

CSR has now become the means to achieve sustainable development of organizations. The businesses can no longer limit themselves to using resources to engage in activities to enhance the profit but it should be used for 'value creation' through sustainable development. The Government is also offering various substantial tax benefits to PEs. With the emphasis on CSR there would be a balance in the society. There are around 150 Public enterprises which are making profit for the past three years continuously. The CSR contribution by these enterprises would support to integrating economic, environmental and social objectives of the company's operations and growth in general and country in particular. Finally, these initiatives are emphasized to see that the damage caused to environment, communities, etc are rectified by creating awareness among the stakeholders towards these CSR initiatives among the society.

Overall CSR spending has increased and thematic areas of health, education and sanitation witnessed higher budget allocation from corporates. It is heartening to see that a few corporates have gone beyond the 2 per cent mandate and spent more. This opportunity needs to be seized to demonstrate to the world that Indian businesses are contributing constructively to address India's development challenges and are doing it in an impactful way.

There are various methods that enable effective CSR, beginning with a thorough assessment of the existing processes and approaches employed to managing CSR expectations. These include clearly identifying the CSR strategy and aligning it to considerations such as the existing policy framework and the vision and mission of an organization. Initially, the CSR strategy needs to include transparent systems and risk mitigation tools, which need to be communicated adequately within the organization and all those involved in implementation.

Secondly, an organized focus on the project planning and design is beneficial in the actual project implementation and monitoring and finally achieving the intended outcomes and assessing if the program or project has an impact on the identified factors. The actions described above ensure that maximum utilization occurs and that interventions yield results.

Currently, the stance of CSR in India is headed in a positive direction as there already exist a multitude of enabling organizations and regulatory bodies that have already set the wheels in motion and are playing an important role in making CSR a widespread practice and ensuring success in reducing inequalities without risking business growth.

Following are some of the main points CSR, corporates should (1) Align CSR with their business objectives (2) Make it sustainable (3) Comply with the provision of Companies Act 2013 and Companies Bill 2012 and (4) CSR Activities should be scalable.

At the end an Effective CSR every corporate should have (1) Brand visibility (2) Social Capital (3) Partnerships (4) Business opportunities (5) Relationships and (6) Nation Building.

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