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Editorial

Greetings from the Editorial Board of Business Spectrum, a bi-annual peer-reviewed journal of the Indian Accounting Association South Bengal Branch. You will be glad to know that each article undergoes a constructive peer review and editing process to enhance the article's value. For the issue of January-June 2022, we have published five interesting articles from academics and research scholars. The *first article* by Ramesh Prasad and Dr. Amitava Mondal describes the non-financial reporting status of Indian SMEs. The study examines the non-financial disclosure level and quality of listed SMEs in India. The *second article* by Bankim Chandra Ghosh examines the growth rate cropping intensity in various districts of West Bengal during 1997-2017 with the help of semi log econometric model. The *third article* by Oindrila Banerjee tries to examine CSR expenditures between the public and private companies in India during the Pre- and Post-Companies Act, 2013. The *fourth article* by Madhurima Basu tries to evaluate the role of social media as an effective moderator in consumers' purchase intention. The focus of the study is to investigate consumers' engagement with the brand at the social media network appears to influence consumers' buying decision/s in the long run. The *last article* by Dr. Baneswar Kapasi and Sapana Shaw describes the SWOT analysis of LIC and also how LIC performed in the last two months of its listing.

Allow me the pleasure of sharing the final issue of Business Spectrum under my chief editorship. My deep respect to the entire editorial board and reviewers for their thoughtful comments for improving the manuscript, and congratulations to the authors for their publication in Business Spectrum. We hope that you enjoy reading these articles. Kindly email us and submit your article to editor.businessspectrum@gmail.com.

Editor-in-Chief
Prof. Pradip Kumar Samanta

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Non-Financial Reporting Status of Indian SMEs: An Empirical Study

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Abstract

Demand for non-financial information is a paradigm shift in corporate disclosure practices. In the information-driven economy, SMEs are facing intense pressure from stakeholders and demanding non-financial information. The present study aims to examine the non-financial disclosure level and quality of listed SMEs in India.We selected100 samples listed SMEs in India belonging to both the manufacturing and service sectors. The time frame of the study is one year (2019-20). We applied NGRBC guidelines to investigate non-financial disclosure practices. The non-financial information is gathered from annual reports, websites, and other relevant documents by applying the content analysis technique. Further, the non-financial disclosure index (NFDI) developed based on a set of NGRBC guidelines is used to examine the disclosure level and quality of SMEs. Principle-wise analysis reveals that non-financial disclosure practices of Indian SMEs are still in the initial stages. They are not wholeheartedly adopted non-financial reporting guidelines to disseminate non-financial information. Indian SMEs use a relatively unstandardized approach to transmit non-financial information. Out of the nine principles of NGRBC, disclosure levels of three principles consisting of human rights, environmental and ethical transparency principles are below 30%, indicating low-quality disclosure. Furthermore, the disclosure level of the rest of the principles (consumer value, stakeholders engagement, employee's well-being, sustainable goods/services, inclusive growth, equitable development, public and regulatory principles) are below 40%, representing medium quality disclosure. Additionally, the overall non-financial disclosure level of sample SMEs is 31.06% and the quality of their disclosure is medium.

The study provides information about the non-financial disclosure status of Indian SMEs for stakeholders. They can use this information for any investment decisions. The proposed method of disclosure analysis might be helpful to identify poor non-financial reported items.

Keywords: Non-financial reporting, Non-financial disclosure index (NFDI), Content analysis NGRBC,SMEs.

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Non-Financial Reporting Status of Indian SMEs: An Empirical Study

1: Introduction

With the emergence of the information-driven society of the 21st century, corporate disclosure practices have undergone significant transformation due to the diverse needs of stakeholders. The demand for non-financial information has gained quick momentum and the theme of non-financial reporting is rapidly mushrooming in the business world and academic literature (**Stolowy & Paugam, 2018; Rossi & Harjoto, 2019; Tarquinio & Posadas, 2020**). The 21st-century society is entirely based on information, where financial disclosure is not sufficient to meet the expectation of primary and secondary stakeholders (**Bhatia & Tuli, 2016**).Conventional financial disclosure has been criticized since; it does not provide information relating to the impact of business operations on the economic, social, and environment **(Simnet *et al.*, 2009; Johnson-Rokusu & Olanrewaju, 2016).** It fails to reflect a true corporation's value in terms of transparency and accountability. It is, therefore, stakeholders urge the demand for non-financial information (**Krawczyk, 2021**). Non-financial reporting is generally prevalent in big corporate houses and has hardly been practiced by small and medium-sized enterprises (**Singh *et al.*, 2021; Krawczyk, 2021**). However, the non-financial report is not only limited to large companies (**Bergman, 2018; Krawczyk, 2021**). In the information-based society, SMEs also encounter considerable pressure from stakeholders to disclose non-financial information (**Shield & Shelleman, 2017).**

The term non-financial reporting is a wide term and difficult to define with a single sentence. There is not yet a universally accepted definition or a shared understanding of what is non-financial reporting and the definition is still ambiguous (**Tarquinio & Posadas, 2020; Torre *et al.*, 2020;Stolowy & Paugam, 2018).** It is a contemporary theme and research is continuously going on this topic. However, there are certain underlying concepts that can be used to understand the concept of non-financial reporting (**Stolowy & Paugam, 2018**).Non-financial reporting covers multiple dimensions of non-financial information, a few of them like company's social accountability information (**Lim *et al.*, 2007**), social responsibility information (**Abidin *et al.*, 2014**), information about environment, social and governance (ESG) (**Farooq, 2015; Ochi, 2018**), information relating to corporate social responsibility (**Krasodomska & Cho, 2017**), information about the environment & social issue like pollution, gender equality, waste management, climate change, health & safety precaution of employee (**Manes-Rossi *et al.*, 2018**), information connecting to human right, inclusive growth, well being of the employees, circular economy, sustainable development goal (SDG) related items, etc (**NGRBC, 2018**), sustainable development goals information (**Pizzi*et al.*, 2021**). Sometimes, non-financial reporting is used interchangeably as sustainability reporting (**RBI, 2011**), environment, social & governance (ESG) reporting (**Farooq, 2015; Vukić *et al.*, 2017; Ochi, 2018; Tarquinio & Posadas, 2020**), corporate social responsibility (CSR) reporting (**Krasodomska & Cho, 2017; Uwuigbe *et al.*, 2018**), triple bottom line reporting (**Uwuigbe*et al.*, 2018**), intellectual capital reporting (**Tarquinio & Posadas, 2020**).

Perhaps, the adoption of non-financial reporting is not compulsory for SMEs. Yet, it serves a series of benefits to SMEs, such as; it helps to access finance, attracting new consumers and clients, and new business partners (**Thomson, 2019**). **Ortiz-Marínez & Marín-Hernández (2021), Altman**

et al. **(2010)** further added that disclosure of non-financial information helps SMEs to manage credit risk and sustainability risk. Given the rising popularity of non-financial reporting, the demand for non-financial information has been voiced by a group of SME's stakeholders. They continuously demand various information such as climate disclosure, environmental issues, social issues, human rights, corruption, sustainable development goals, corporate social responsibility, child labour practices, etc. It is, therefore, a matter of great concern to meet the present dialogue of SME's stakeholders, it is imperative for them to embrace non-financial disclosure. Publication of non-financial information is recognized as a modern mantra for SMEs that significantly removed the information asymmetry problem and developed a long-lasting relationship with stakeholders. **Krawczyk (2021)** discussed that non-financial reporting is anticipated to increase substantially in forthcoming years as small enterprises will also be required to submit such report.

SMEs contribute a significant role in developing economies, like India. Small and medium-sized enterprises (SMEs) are considered an important pillar of the Indian economy. It acts as a savior to deal with multiple economic woes in the aspect of reducing poverty, unemployment problems, income disparities problems, regional development, etc. Prior literature suggests there are few countable research papers available relating to non-financial reporting practices of Indian SMEs. The prior studies grossly neglected or ignored to identify the non-financial disclosure status of Indian SMEs based on national guidelines. Here we have tried to present the non-financial reporting status of Indian SMEs considering the national guidelines. The present paper attempts to incorporate NGRBC guidelines and developed a disclosure index followed by **Dumitru** ***et al.*** **(2017)**. They developed a disclosure index considering 2014/95/EU Directive. In our research paper, we have followed a similar pattern of indexation considering NGRBC guidelines. Our empirical attempt is the first modest attempt which distinguished from previous literature.

The foregoing discussion of the present paper is arranged into seven different sections. The first section is the introduction, second, literature review, then, objectives of study; next, research design and methodology, fifth section analysis and results interpretations, then, conclusions. The last section is practical implications of the study.

2.Literature review

There are different national and international guidelines for disclosing non-financial information. For instance, Global Reporting Initiative (GRI), National Guidelines of Responsible Business Conduct (NGRBC) renamed as Business Responsibility and Sustainability Reporting (BRSR) w.e.f financial year 2021-22, Sustainability Accounting Standard Board (SASB), Climate Disclosure Standards Board (CDSB), United Nations Global Compact (UNGC), World Business Council for Sustainable Development (WBCSD), Non-Financial Reporting Directive (NFRD) or EU Directive 2014/95. A brief explanation of the national guideline for non-financial reporting is explained below.

In the year 2011 (July), the Ministry of Corporate Affairs released a framework, National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs). NVG's rule aimed to encourage the Indian business houses to inculcate or adopt responsible business. The term responsible business means operating the business in a manner that is to be economically, environmentally and socially sustainable that tries to maintain a balance among

different stakeholder groups (www.mca.gov.in***NVGs, 2011***). Indeed, NVG guideline is an updated version of the 2009 corporate social responsibility voluntary guidelines. These principles are covered a wide range of areas relating to economic, social, governance, and many more which are vital for conducting responsible business. It helps business houses to conduct business in sustainable manner. These principles also guide businesses to prepare business responsibility reports. NVGs, 2011 guidelines were voluntary during this time and applicable mainly for large corporate houses. But, again in the year 2018, the NVGs guidelines have revised and renamed as National Guidelines on Responsible Business Conduct (NGRBC, 2018). NGRBC is specifically designed for large corporate houses. There is no specific guideline of non-financial reporting for SMEs. There are nine principles of NGRBC.

Principle 1 (P1): Governing businesses with integrity and ethical, accountable & transparent manner.

Principle 2 (P2): Providing goods and services that are sustainable and safe

Principle 3 (P3): Respect and promote well-being of all employees

Principle 4 (P4): All stakeholders' interests should be respected, and businesses should be responsive to them.

Principle 5 (P5): Respecting and promoting human rights**.** This principle deals with UN Guiding Principles on Business and Human Rights

Principle 6 (P6): Businesses should respect the environment and strive to conserve & restore the environment.

Principle 7 (P7): Influencing public and regulatory policy in a transparent & responsible manner.

Principle 8 (P8): Promoting inclusive growth and equitable development.

Principle 9 (P9): Businesses should engage with their consumers and provide responsible value.

In the era of the 21st century, there have been intensified changes in the reporting practices of SMEs. Therefore, we reviewed a series of previous literature. A recent study by **Krawczyk (2021)** examined the standardization of non-financial reporting in the SME context and highlighted that there is not any single standard and norms to communicate non-financial information. **Bhatia & Tuli (2016)** analyzed the sustainability reporting practices of 19 Chinese companies over the period of five years. The study demonstrated that the economic dimension is the highest reported item under category-wise analysis, the transport industry has a disclosure level of 50%, and company-wise analysis revealed 66.46% disclosure level. Another study conducted by **Singh & Roy (2019)** examined the sustainability report of the Indian manufacturing sector MSME through a sustainability disclosure index and found that sustainability reporting practices in the Indian MSME context are scarce. **Singh *et al.* (2021)** again assessed sustainability reporting practices of 29 manufacturing listed SMEs in India. They developed a sustainability disclosure index and demonstrated that environmental and social dimensions are less reported items. **Chakraborti & Mishra (2017)** investigated environmentally responsible practices of 200 Indian SMEs in the state of Odisha and West Bengal. The survey results highlighted that commitment of Indian SMEs

towards environmental practices is poor. **Das & Rangarajan (2020)** examined the effect of environment and social sustainability practices on the business growth of SMEs in India. The study found that government policy initiative and collaborative synergy have affected the environment, and social sustainability leads to business growth of SMEs. **Steinhöfel *et al.* (2019)**investigated sustainability practices of manufacturing SMEs based on GRI guidelines. They found that German SMEs have still too far to adopt sustainability reporting with full fledge. **Moneva & Hernández-Pajares (2018)**attempted to understand the perceptions of the owner and manager regarding CSR performance as well as sustainability reporting of Spanish and Peruvian SMEs. The study revealed that the owner and manager viewed CSR performance as a moral obligation, not as an economic benefit. Further, sustainability reporting has been more practiced in Spanish SMEs than in Peruvian SMEs due to institutional pressure.

After reviewing a series of relevant and recent literature, it is found that the area of non-financial reporting practices of SMEs is not widely explored. A handful of the previous literature has studied the non-financial reporting practices in SMEs, particularly in developing countries like India. **Singh & Roy (2019)** studied non-financial reporting practices of Indian manufacturing MSMEs only. **Singh *et al.* (2021)** examined non-financial reporting practices of listed Indian 29 manufacturing SMEs. The Indian studies have mainly concentrated on International guidelines (GRI). Neither single literature examines the non-financial reporting status of Indian SMEs based on NGRBC guidelines. We tried to fill this literature gap by incorporating Indian guidelines with a larger sample size comprise of manufacturing and service sector SMEs.

3: Objective of the study

The objective of the present research is to examine the non-financial disclosure level and quality of Indian SMEs with special attention on National Guidelines on Responsible Business Conduct (NGRBC)

4: Research design and methodology

4.1 Design of the study

The study attempts to examine the non-financial disclosure level and quality of Indian SMEs. The population size consists of 383 listed SMEs. Out of which, we selected 100 listed Indian SMEs for the period of 2019-20. The sample SMEs consists of 65 manufacturing sector SMEs and 35 service sector SMEs. Selection of the sample has been made based on listing criteria and availability of non-financial information. National Guidelines on Responsible Business Conduct (NGRBC), a national guideline is studied to identify the reporting status of SMEs. In the present study, we applied the content analysis technique to gather non-financial information guided by previous literature (**Uwuigbe*et al.*, 2018; Bhatia & Tuli, 2016; Johnson-Rokosu & Olanrewaju, 2016)**. The non-financial information is collected from SME's website, annual reports, and prospectus. These information sources are reliable and provided sufficient information to analyze the non-financial reporting practices of SMEs (**Singh *et al.*, 2021**).

4.2 Methodology applied for the study

In order to fulfill the study's objective, we developed a Non-financial Disclosure Index (NFDI) as discussed by **Dumitru *et al.* (2017)** in their research paper. For the computation of the Non-financial Disclosure Index, first, we divided non-financial information into four categories and assigned a different score to each category of non-financial information guided by **Dumitru *et al.*(2017**), **Laskar & Maji (2016), Munshi & Dutta (2016)**, **Hoffmann *et al.* (2018).** There are four categories of scores 0, 1, 2, and 3. The minimum score is zero (0) for no disclosure items, scores 1 for narrative disclosure items, score 2 for quantitative disclosure items and the maximum score is 3 for both narrative & quantitative disclosure items. If the score of sample SMEs is higher, the level of non-financial disclosure will also be higher. Classifications of non-financial information and their corresponding score are presented below.

Table 1: Category of non-financial information and assigned score

Types of non-financial information	Score assigned
No disclosure	0
Statement or narrative disclosure	1
Numerical or quantitative disclosure (other numerical/ quantitative)	2
Narrative and quantitative disclosure	3

Source: Own compilation

Non-financial disclosure index/ disclosure level is calculated by the score obtained in respect of the maximum score of the non-financial reporting item. There are nine principles of NGRBC guidelines; hence, we have calculated nine disclosure indexes. The formula for nine indexes is as follows.

I_1= (S_1/2700)*100; I_2 = (S_2/900)*100; I_3= (S_3/3000)*100; I_4= (S_4/900)*100; I_5= (S_5/1500)*100; I_6= (S_6/1800)*100;I_7= (S_7/900)*100; I_8= (S_8/1800)*100; I_9= (S_9/2400)*100. Here I_1, I_2, I_3……I_9 represents disclosure levels of nine principle items. S_1, S_2S_3 …..S_9 indicates the score obtained under principle items. There are 9 core items of principle 1. So the maximum score would be 9*3=27. Therefore total maximum score of I_1index for 100 sample SMEs will be 27*100=2700. In this similar procedure, we calculated the maximum score of different indexes.

Further, a combined disclosure index or overall non-financial reporting level is calculated on the basis of the average of nine disclosure indexes as followed by **Dymitru *et al*. (2017).**

$I_{\text{Combined Disclosure Index}}$= ($I_1$+$I_2$ +I_3 +I_4 + I_5+I_6 +I_7 +I_8 +I_9 /9)

Based on the individual as well as combined disclosure index, we examined levels of disclosure. For measuring the quality of non-financial disclosure, we followed the procedure mentioned in the study of **Dumitru *et al*. (2017).** The disclosure index is again classified into different divisions for measuring the quality of disclosure. If disclosure is 0%, then it will fall under the no disclosure category. If disclosure falls within the range of 1% to 30%, then low-quality disclosure, between 31% -70%, medium quality and high-quality disclosure if disclosure level crossed 70%. The criteria of reporting quality are presented below.

Table 2: Classification criteria of non-financial reporting quality

Disclosure level (%)	Quality of disclosure
0	No disclosure
1-30	Low-quality disclosure
31-70	Medium-quality disclosure
71-100	High-quality disclosure

Source: Own compilation

5: Analysis and results interpretations

The present research attempts to examine the non-financial disclosure level and quality of Indian SMEs based on NGRBC guidelines. The disclosure level and quality of non-financial information are presented below. Principle-wise non-financial disclosure levels and quality are presented below. The number of sample SMEs that fall under different categories of the score of non-financial items is represented in the following tables and the disclosure index/disclosure level is calculated accordingly.

Table 3: *Disclosure of Ethical, Transparent and Accountable Issues*

Score / P1	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P1 *(i)*	87	7	-	6	25	300	8.33%	Low
P1*(ii)*	22	63	1	14	107	300	35.67%	Medium
P1*(iii)*	80	14	_	6	32	300	10.67%	Low
P1*(iv)*	61	9	1	29	98	300	32.67%	Medium
P1*(v)*	27	69	1	3	80	300	26.67%	Low
P1*(vi)*	67	33	_	_	33	300	11.00%	Low
P1*(vii)*	16	81	_	3	90	300	30.00%	Low
P1*(viii)*	26	53	3	18	113	300	37.67%	Medium
P1*(ix)*	12	29	8	51	198	300	66.00%	Medium
Total					**776**	**2700**	***I*$_1$=28.74%**	**Low**

Source: Own calculation

Interpretation: Table 3 is represented the integrity, ethical, transparent, and accountable behavior related to disclosure levels and the qualities of sample SMEs. The above table illustrates that non-financial disclosure of ethical, transparent & accountable behavior of sample SMEs varies from the 8% of minimum disclosure level to the 66% of maximum disclosure. Principle wise content analysis shows that statutory payment disclosure P1(*ix*) has highest disclosure with 66 % level of disclosure followed by illegal, corruption, abusive practices category with 37% level of disclosure (medium quality); adoption & implementation of NGRBC principles category with 35% level of

disclosure (medium quality); disclosing information relating to organization policy with marginalized & vulnerable category with 32% (medium quality); addressing clash of interest of business partners, employees category with 30% (low quality); responsible towards legal matters, promoting fair competition, serving all stakeholders fairly category with 26% (low quality); avoiding complicit with any third party action that contradict NGRBC principles category with 11% (low quality); encouraging for adopting NGRBC principles across the value chain category with 10% disclosure level (low quality) and lastly the least category of disclosure, promotion preventing & necessary action against violation of NGRBC with 8% disclosure level (low quality) respectively. The disclosure level of Ethical, Transparent, and Accountable related matters is 28.74% (low-quality disclosure). The findings corroborate with a previous study conducted by **Chakraborti & Mishra (2018),** they also demonstrated that ethical practices among Indian SMEs are still not established properly.

Table 4: ***Disclosure of Sustainable and Safe Goods/ Services Matters***

Score / P2	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P2 *(i)*	13	41	13	33	166	300	55.33%	Medium
P2*(ii)*	43	39	6	12	87	300	29%	Low
P2*(iii)*	69	21	-	10	51	300	17%	Low
Total					**304**	**900**	***I*$_2$=33.78%**	**Medium**

Source: Own calculation

Interpretation: Table 4 is depicted the disclosure of information about sustainable and safe goods & services related to the guidelines of NGRBC. The lowest disclosure level is 17% (low quality) relating to waste management practices and it indicates that recycling of waste product practices has poor among sample SMEs. More than 60% of sample SMEs do not disclose information about waste management practices. While only 10% of SMEs are involved in waste management practices and disclose information (statement & quantitative form). The maximum disclosure level of Principle 2 is 53% (medium quality) regarding the efficient use of resources, uses of low carbon emission processes, and technology in the business. Sample SMEs are very concerned about energy consumption. Most of the manufacturing & service sector sample SMEs are used low energy consumption lights (LED light), which indirectly helps to reduce pollution. The majority of the sample SMEs do not report any information relating to CO_2 emission, carbon footprint arises from manufacturing operations. Further, sample SMEs have provided sufficient information in their websites and annual reports relating to the environmental risk that arises from manufactured goods. 43% of sample SMEs do not share information about the environmental risk on their websites & reports. While, 39% of the sample SMEs (in narrative form), 6% of sample SMEs (in monetary & other numeric figures), and the rest 12% (in both narrative & numeric form) have reported the environment & social risk arises from business activities.

Table 5: ***Disclosure Employees Well-being Matters***

Score / P3	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P3*(i)*	7	61	4	28	153	300	51%	Medium
P3*(ii)*	65	32	1	2	39	300	13%	Low
P3*(iii)*	46	49	_	5	64	300	21.33%	Low
P3*(iv)*	87	12	_	1	15	300	5%	Low
P3*(v)*	53	23	5	19	90	300	30%	Low
P3*(vi)*	17	23	2	58	201	300	67%	Medium
P3*(vii)*	31	21	2	47	166	300	55.33%	Medium
P3*(viii)*	2	80	4	14	130	300	43.33%	Medium
P3*(ix)*	4	59	4	33	166	300	55.33%	Medium
P3 *(x)*	_	70	_	30	160	300	53.33%	Medium
Total					**1184**	**3000**	I_3 **=39.47%**	**Medium**

Source: Own calculation

Interpretation: Table 5 explains disclosure matters relating to employees' concerns. Item by item analysis shows that minimum disclosure of employees' matters is 5% (child labour practices) and maximum disclosure is 67% (fair, transparent, and timely wages).The level of disclosure of complying with employees' statutory requirements P3*(i),* is 51% (medium quality). However, gender equality and fair recruitment-related disclosure level P3*(ii)*is 13% (low quality). P3*(iii)*addresses reporting items related to workers' participation, right to freedom of association, and collective bargaining. Nearly 50% of sample SMEs reported in statement form that they are concerned over workers/employees' views for making organizational decisions. The disclosure level of such type of information is only 21.33% (low quality). The work-life balance of organization employees is very important to engage or create a long-lasting relationship with the employee and to retain caliber employees within the organization. Only 19 % of sample SMEs spend money on certain programs, like Diwali celebration, charismas celebration, employee birthday celebration, refreshment party, vacation leave for employees to spend more quality time with family, leisure plans, etc. Disclosure quality of work-life balance P3(v) of sample SMEs is low with a 30% disclosure level. 80% of SMEs have explicitly disclosed (statement form) in their reports that they provided a working environment that is to be completely safe and helps the employee to work smoothly. Only 4% of SMEs have received complaints regarding unsafe working environments P3(viii) and resolved the same. Healthy workplace environment disclosure of sample SMEs is 43.33% with medium quality disclosure. Sample SMEs reported that they are not tolerated any violence & sexual harassment activities within organization premises. There are no pending cases and complaints received for any violence & sexual harassment-related cases. The disclosure status relating to safe, hygiene working environment-related information is approximately 55.33%. While, the disclosure level regarding the up-gradation of employees' skills,

and career development of employees is 53.33% (medium quality). SMEs spend adequate finance for career growth and training of employees. The overall disclosure level of employees' matters is 39.47%, but, the quality of disclosure is medium.

Table 6: *Disclosure Stakeholders Engagement Matters*

Score / P4	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P4*(i)*	12	70	2	16	122	300	40.67%	Medium
P4*(ii)*	4	85	2	9	116	300	38.67%	Medium
P4*(iii)*	6	81	2	11	118	300	39.33%	Medium
Total					**356**	**900**	***I*$_4$=39.56%**	**Medium**

Source: Own calculation

Interpretation: From table 6, it is clearly seen that the disclosure level of each core element of stakeholder engagement is below 45%. The majority of sample SMEs provide information about stakeholders' engagement in a description form. SMEs do not disclose a list of stakeholders relevant to their business. However, out of the sample SMEs, few of them are providing value to their stakeholders by procuring raw materials & services from the local supplier. Stakeholder engagement disclosure of sample SMEs is medium quality during the study period. The percentages of disclosures are 40.67%, 38.67%, and 39.33% respectively. The overall disclosure quality of SME's stakeholders' engagement is medium with a 39.56% level.

Table 7:*Disclosure of Human Rights Issues*

Score / P5	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P5*(i)*	81	15	1	3	26	300	8.67%	Low
P5*(ii)*	73	19	1	7	42	300	14%	Low
P5*(iii)*	76	18	_	6	36	300	12%	Low
P5*(iv)*	75	20	_	5	35	300	11.67%	Low
P5*(v)*	79	15	_	6	33	300	11%	Low
Total					**172**	**1500**	***I*$_5$ =11.47%**	**Low**

Source: Own calculation

Interpretation: Table 7 shows human rights disclosure practices among sample SMEs. It is clearly observed from the table that human rights awareness/ commitment is very poor among sample SMEs. Disclosure levels of different core principles of human rights are quite below, rotating below than 15% disclosure level (low quality) in all cases. In every case, less than 21% selected sample SMEs addressing human right disclosure in descriptive manner. The majority of sample SMEs are not imparting knowledge to their employees about their human rights P5(i), and

do not disclose preventive measures if employees' human rights are neglected or violated. The disclosure levels of five different core principles of human rights are 8.67%, 14%, 12%, 11.67%, and 11% respectively. If we compare core elements of human rights with each other, it is found from table 6 that respecting the human rights of all stakeholders [P5(ii)] related disclosure is comparatively higher than other core elements. In contrast, making awareness of human rights education to employees P5(i) is the least reported item. The overall disclosure of human rights is least reported consistent with an earlier study by **Singh *et al.* (2021).** The disclosure level of the human rights principle is approximately 11.47% (low quality)

Table 8: ***Disclosure of Environmental Issues***

Score / P6	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P6*(i)*	28	48	5	19	115	300	38.33%	Medium
P6*(ii)*	33	50	3	14	98	300	32.67%	Medium
P6*(iii)*	65	20	1	14	64	300	21.33%	Low
P6*(iv)*	73	18	-	9	45	300	15%	Low
P6*(v)*	69	25	2	4	41	300	13.67%	Low
P6*(vi)*	42	37	2	19	79	300	26.33%	Low
Total					**442**	**1800**	***I*$_6$=24.56%**	**Low**

Source: Own calculation

Interpretation: The above table is presented the environmental disclosure practices of sample SMEs. Environmental disclosures of SMEs are varied from 13.67% level to 38.33% level. The core elements of the environment principle refer to measures taken to minimize and mitigate the adverse impact of business operations on the environment is the highest disclosure level (38.33%) item. The disclosure level of efficient use of natural resources is 32.67%. More than 50% of sample SMEs are assigned a zero score to the items water management, climate disclosure, waste management, and disclosure qualities of these items are lower with 21.33%, 15% & 13.67%. Waste management P6(v) is the least reported item under environmental disclosure. It is evidence that 3R (Reduce, Reuse & Recycle) practices of waste management are poor among sample SMEs. Similarly, climate disclosure is not properly addressed. P6 (vi) indicates carbon footprint disclosure. Sample SMEs have effectively consumed electricity (energy conservation LED bulbs) and investing in pollution control equipment, which will help to maintain an eco-friendly environment for the community. CO2 emission disclosure by sampled SMEs is 26% with low-quality disclosure. The disclosure level of the environmental item is 24.56%.

Table 9: ***Disclosure of Public and Regulatory Policy Matters***

Score / P7	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P7*(i)*	20	32	13	35	163	300	54.33%	Medium
P7*(ii)*	32	62	1	5	79	300	26.33%	Low
P7*(iii)*	53	38	2	7	63	300	21%	low
Total					**305**	**900**	I_7 **=33.89%**	**Medium**

Source: Own calculation

Interpretation: Every business has been conducted within certain national and/or international boundaries, where the government has framed different rules & regulations, and desirable restrictions. It indicates legitimate practices of business. Table 8 explains whether sample SMEs are influencing government policy in a responsible & transparent manner. P7 (i) indicates the lobbying practices of sample SMEs. Lobbying in business is an effective corporate strategy for influencing government policy, especially for businesses feeling uncomfortable adopting government policy and harm their business. In such a situation businesses attempt to turn government policy in their favor that safeguards their interest, say by donating to political parties. Under P7 (i) we have found that 20% sample do not clearly disclose lobbying practices. While 32% of sample SMEs have reported that they have used their advocacy position in a responsible manner. They complied with SDGs practices to the extent possible. Sustainable development goals are important indicators of P7(i). 32% of sample SMEs are spending money as a donation but it is not found in SMEs' reports, whether they are resorting to lobbying or not. Sample SMEs have supported advocacy policy framed by the Federation of Indian Chamber of Commerce and Industry (FCCI), Confederation of Indian Industry (CII), and Federation of Indian Micro and Small & Medium Enterprises (FISME). The level of disclosure of undertaking policy advocacy proposed by trade & industry chambers and associations is comparatively low at 26%. Advocacy relating to fair competition and human rights is significantly low with 21% disclosure (low quality). The combined disclosure level of public and regulatory policy matters is 33.89%.

Table 10: ***Disclosure of Inclusive Growth and Equitable Development Matters***

Score / P8	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P8*(i)*	36	32	1	31	127	300	42.33%	Medium
P8*(ii)*	35	35	2	28	123	300	41%	Medium
P8*(iii)*	38	26	6	30	128	300	42.67%	Medium
P8*(iv)*	47	15	1	37	128	300	42.67%	Medium
P8*(v)*	75	12	3	10	48	300	16%	Low
P8*(vi)*	54	11	16	19	100	300	33.33%	Medium
Total					**654**	**1800**	I_8**=36.33%**	**Medium**

Source: Own calculation

Interpretations: The above table depicts disclosure practices of inclusive growth and equitable development-related information. Item by item analysis reveals that around 32% of sample SMEs reported in statement form about sustainable water management practices and arrange campaigns for the promotion of sustainable development goals (SDG 6, SDG14). The disclosure level of such types of practices is 42.33%. Some larger size SMEs donate to mid-day meal schemes in rural area schools and promote Sustainable Development Goals (SDG 2 zero hunger; SDG3 good health and well-being) as reported in their annual report. The disclosure level is 41% indicates medium-quality disclosure. In the context of principle P8 *(iii)*, it provides information relating to innovation in products, business processes, and technology which is to be beneficial for society. From table 9 it is seen that 30% of sample SMEs use renewal energy, low consumption energy equipment for manufacturing the product and they are properly disclosed such type of information on their company website and annual report. However, the disclosure level is 42.67% reflecting medium-quality disclosure. P8*(iv)* represents corporate social responsibilities (CSR) disclosure by SMEs. 47% of sample SMEs do not involve in any CSR activities assigned 0 scores. Only 15% of SMEs reported in a statement manner that they are actively involved in CSR activities. However, 37% of sample SMEs reported in a statement and monetary form. The disclosure level of CSR items is 42.67%. P8*(v)* is the least reported item relating to the promotion of SDG1 (No poverty), and SDG4 (quality education). Few large-size SMEs are directly involved with such activities and reported as well. Though the quality of disclosure is poor with a disclosure level of 16%. P8*(vi)*deals with complying IPR Act due to the fear of being stolen, misused, and duplicate of their intellectual assets. The disclosure quality of P8*(vi)*is medium with a 33.33% disclosure level. The overall disclosure level of inclusive growth and equitable development matters is 36.33% with medium quality.

Table 11: ***Disclosure of Consumers' values***

Score / P9	0	1	2	3	Score obtained (S)	Maximum Score(M) (100*3)	Disclosure Index (%) S/M	Quality of disclosure
P9*(i)*	33	41	1	25	118	300	39.33%	Medium
P9*(ii)*	50	45	2	3	58	300	19.33%	Low
P9*(iii)*	48	43	2	7	68	300	22.67%	Low
P9*(iv)*	32	53	4	11	94	300	31.33%	Medium
P9*(v)*	58	38	_	4	50	300	16.67%	Low
P9*(vi)*	20	16	50	14	158	300	52.67%	Medium
P9*(vii)*	6	77	2	15	126	300	42%	Medium
P9*(viii)*	60	15	-	25	90	300	30%	Low
Total					**762**	**2400**	***I*$_9$=31.75%**	**Medium**

Source: Own calculation

Interpretation: Table 10 presents disclosure relating to consumers' engagement and their values. Making consumers aware of safe & responsible consumption and disposal of product category disclosure P9(v) is in the preliminarily stage with a 16% disclosure level, followed by avoiding restricting the freedom of choice of consumers & conducting business in free competition category disclosure P9(ii) with 19% disclosure level, communicating information through product labeling

category disclosure P9(iii) with 22% disclosure level, providing essential services to needy category disclosure P9(viii) with 30%, consumer data privacy category disclosure P9(iv) with 31%, unfavorable effect of goods & services on the environment, consumer & society category disclosure P9(i) with 39%, consumer complains & feedback category disclosure P9 (vii) and misguide or confusing consumers through advertising category disclosure P9(vi) with 52%. The majority of SMEs in our sample represent advertisement expenses in monetary terms only, however, 16% of sample SMEs have reported in a statement form that they do not mislead their consumers by deceptive advertisements. SMEs have considered their consumers' complaints very seriously and try to resolve them as early as possible. SMEs provides essential services to the needy by complying with SDG goals like the initiative of mid-day meal (SDG2), and by the opening of school in rural areas (SDG4). Packaging of the product might be useful to acknowledge information relating to how to dispose of the product after use, and how the product can harm society & environment. But sample SMEs are still too far to adopt such types of communication practices. The overall disclosure level of consumers value is 31.75% indicates medium-quality disclosure.

Table 12: Principle-wise non-financial disclosure level and quality based on NGRBC guidelines

NGRBC Principles of Non-financial reporting	Disclosure Index (I) $\frac{\text{Score obtained (S)}}{\text{Maximum score(M)}} * 100$	Quality of disclosure
P1:*Integrity, Ethical, Transparent & Accountable*	I_1=28.74%	Low
P2:*Sustainable & safe Goods & Services*	I_2=33.78%	Medium
P3:*Well-being of Employee*	I_3=39.47%	Medium
P4:*Respect the interest & Responsible to Stakeholders*	I_4=39.56%	Medium
P5:*Hunan Rights*	I_5=11.47%	Low
P6:*Protect & Restore the Environment*	I_6=24.56%	Low
P7:*Public & Regulatory Policy*	I_7=33.89%	Medium
P8:*Inclusive Growth & Equitable Development*	I_8=36.33%	Medium
P9:*Value to Consumers in responsible manner*	I_9=31.75%	Medium

Source: Own calculation

Table 13: Combined non-financial reporting level and quality of sample SMEs

Calculation of combined disclosure index/ disclosure level	Combined disclosure index / Overall disclosure level	Overall quality of disclosure
$I_1+I_2+I_3+I_4+I_5+I_6+I_7+I_8+I_9/9$	$I_{\text{Combined Disclosure Index}}$=31.06%	Medium

Source: Own calculation

Interpretation: The above table shows the non-financial disclosure level of each principle following the NGRBC guidelines. The item-wise analysis reveals that human rights category

disclosure is the least reported item of 11.47% disclosure level. However, Indian SMEs have provided greater disclosure about the stakeholder engagement category of 39.56% followed by employees' interest category with 39.47%, inclusive growth & equitable development category with 36.33%, public & regulatory policy category with 33.89%, sustainable and safe goods & services category with 33.78%, consumers' value category with 31.75%, accountable & ethical value category with 28.74%, the environmental category with 24.56% respectively. The overall non-financial reporting level is 31.06%. Disclosure qualities of human rights, environmental and ethical practices items are low. Since the level of disclosure is below 30%. Qualities of disclosure of the rest of the items are medium quality. Further, the above table also presents the overall non-financial disclosure status of SMEs. After calculating the combined disclosure index, the study confirmed that the non-financial disclosure level is 31.06% and the quality of sharing non-financial information is medium.

6: Conclusion

In the information-driven society, financial reporting is not sufficient to meet the high requirement of non-financial information. Non-financial reporting is the modern mantra to meet the present requirements of stakeholders. Our present research seeks to gain a broader understanding of the non-financial reporting status of Indian SMEs based on Indian guidelines. Non-financial disclosure index developed under NGRBC guidelines is applied to examine the non-financial reporting level and quality of Indian SMEs.

After analyzing item-wise non-financial disclosure practices of SMEs, it is revealed a low score for the environment item (442/1800) and human rights item (172/1500). It indicates human rights disclosure (P5) and environmental disclosure (P6) are poorly reported items. The findings confirm the prior results demonstrated by **Singh & Roy (2019)**, **Singh *et al.* (2021), Chakraborti & Mishra (2018)**. Further, sub-items of employee matters disclosure such as gender equality P3(ii), workers participation P3(iii), child labour P3(iv), and work-life balance of employees P3(v) are measly reported items. The study conducted by **Singh *et al.* (2021)** also found that child labour practices are the least reported content in Indian SMEs. The analysis also highlighted that Indian SMEs have been shown to be reticent and dismissive with water management, waste management, investment on low carbon emission equipment, and climate disclosure being the least disclosure items. The reasons for lack of disclosure may be because of lack of awareness, limited resources, and voluntary obligation to report non-financial information. Employee disclosure (P3) and stakeholders engagement (P4) disclosure are reported the most. The majority of sample SMEs are concerned over efficient use of energy consumption and reported the same. The results corroborate with **Singh *et al.* (2021),** they also found similar results in their research work. Moreover, it is also found that neither manufacturing nor service sector SMEs promote NGRBC guidelines. However, SMEs are properly reported consumer quarries and feedback.

The overall non-financial disclosure level is merely 31.06%, leading us to the conclusion that non-financial reporting practices is not yet widely used among Indian SMEs. A low level of non-financial disclosure may be due to various fronts such as; Indian SMEs have not yet recognized the importance of this voluntary communication, due to limited resources, poor awareness, and

lack of formal guidelines of non-financial reporting. They suppose that sharing non-financial information would put them at a competitive disadvantage. Indian SMEs are viewed disclosing non-financial information as a burden rather than a benefit. This similar view is supported by **Bhatia & Tuli (2016)** and **Singh & Roy (2019)**. Indian SMEs are not wholeheartedly adopted non-financial reporting guidelines to disseminate non-financial information. Yet, stakeholders demand and expect that SMEs would provide material non-financial information. SMEs should take the initiative to communicate non-financial information with stakeholders. A further noticeable fact is that Indian SMEs disseminate non-financial information using a method that is comparatively non-standardized. The non-financial reporting is expected to grow significantly in the future years as such reports will become mandatory for small businesses as well (**Krawczyk, 2021**). On the basis of the results, it is recommended that the Indian government and policymakers should design a simplified and precise rule for non-financial reporting of SMEs so that SMEs adopt the guidelines wholeheartedly.

7: Practical implications

The current research might be viewed as the first modest attempt among Indian studies. The present work is different from prior Indian studies in the SMEs context. The present study has contributed novel insight to the existing body of knowledge and provided practical implications for different stakeholders, like policymakers, managers, management teams, investors, academicians & other stakeholders.

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Appendix 1

Principles of NGRBC

Principle 1 ***Business Ethics, Transparency & Accountability***

P1(i) Promote NGRBC principles, prevent its contravention and fair measures against infringement.

P1 (ii) Adoption & implementation of NGRBC guideline in business operation.

P1(iii) Promote to adopt NGRBC guidelines throughout the value chain.

P1(iv) Access to transparent business policies, performance, policies by marginalized & vulnerable segment.

P1(v) Fair competition, statutory obligation, considering all stakeholder equally.

P1(vi) Violation of principle of NGRBC by joining hand with third party.

P1(vii) Conflict with business partner, employees, member.

P1(viii) Corruption, bribery, illegal practices.

P1(ix) timely payment of Statutory obligation (tax).

Principle 2 ***Sustainable & Safe goods and services***

P2(i) Energy consumption, Efficient use of resources , low carbon methods & technology, SDG7(affordable & clean energy), SDG12 (Responsible consumption & production), Water management

P2(ii) Disclosing information about social & environment issues, impact of product on environment & society

P2(iii) promote circular economy through collection, reuse and recycling of waste product.

Principle 3 ***Employees wellbeing***

P3(i) Regulatory provisions of employees.

P3(ii) Fair recruitment, separation without any partiality, SDG5 (Gender equality)

P3 (iii) Right to freedom of association, collective bargaining and participation of worker.

P3(iv) Child labour

P3(v) Work life balance

P3(vi) Fair, transparent and timely wages

P3(vii) fair wages having sufficient to meet basic livelihood and economic security

P3(viii) safe, hygiene workplace environment

P3(ix) upgradation of skills, learning opportunity, career development

P3(x) Grievance redressal measures for violence, sexual harassment

Principle 4 ***Stakeholders engagement***

P4(i) Business initiatives to address stakeholders, particularly vulnerable/ marginalized group.

P4(ii)list of stakeholders group, Number of stakeholders engaged in environment and social issues.

P4(iii) Material & services procure from local supplier and vendors.

Principle 5 ***Human right***

P5(i) Awareness to employees about human right.

P5(ii) Respect to human right of all stakeholders.

P5(iii) Corrective measure to address human right impact.

P5(iv) promote human right across its value chain.

P5(v) Effective grievance redressal measures for all those individuals & group whose human right suffered by business.

Principle 6 ***Environment***

P6(i) Measures taken against the adverse impact to protect eco sensitive area.

P6(ii) Efficient use of natural resources.

P6(iii) water management,

P6(iv) climate disclosure

P6(v) waste management

P6(vi) low carbon emission technology, innovative technology (environment friendly).

Principle 7 ***Public & Regulatory principle***

P7(i) Business advocacy (lobbying)

P7(ii) Affiliation with trade and industry chamber / other similar collective platform.

P7(iii) Details of anti competitive agreement with regulatory authority.

Table 4.9: Principle 8 of NGRBC

Principle 8 ***Inclusive growth & equitable development***

P8(i) Clean water & sanitation (SDG6), Life below water (SDG14), Life on land (SDG15), Sustainable cities & communities (SDG11)

P8(ii) Zero hunger (SDG2), good health & well being (SDG3),

P8(iii) Industry innovation and infrastructure (SDG9)

P8(iv) Corporate social responsibility (CSR) activities.

P8(v) No poverty (SDG1), quality education (SDG4), zero hunger (SDG2), gender equality (SDG5)

P8(vi) Respect to intellectual property & its benefit equally shared (Patent Act 1970),

Principle 9 ***Value to consumers in a responsible way***

P9(i) Steps to reduce & mitigate any adverse effect of goods and services on society, environment & consumers, SDG14, SDG15

P9(ii) Business will not restrict freedom of choice and free competition at the time of designing, promotion & selling their products

P9(iii) Disclosing product information causing risk to society, individual & planet.

P9(iv) Business would not violate Right to privacy of consumer data

P9(v) Safe and responsible consumption and disposal, responsible consumption & production (SDG12)

P9 (vi) Business would not involved to mislead or confuse through advertisement.

P9(vii) Grievance redressal mechanism for consumer quarries and feedback.

P9(viii) Zero hunger (SDG2), Quality education (SDG4).

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District wise Variation of Growth of Cropping Intensity in West Bengal

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Abstract

This paper attempts to examine the growth rate of cropping intensity in various districts of West Bengal during 1997-2017 with the help of semi log econometrics model. The rate of growth of cropping intensity in West Bengal is only 0.45 percent and it is significant. Out of 15 districts, the growth rate of cropping intensity of 11 districts is significant. The regression model explains the variation of cropping intensity in West Bengal by 74%.

Keywords: Cropping intensities, Growth rate, rainfall etc.

Introduction

Agriculture is the main source of livelihood in India as well as in west Bengal. As per 2011 census, around 68.3% of population of West Bengal still lives in rural areas for which agriculture continues to be the main source of livelihood. West Bengal is a state endowed with rich natural resources and climatic conditions favourable for agriculture. These include large areas of good alluvial soil, abundant surface water and groundwater resources, and good rainfall. The climate of the region (other than in the hill regions) is tropical, hot and humid. Annual rainfall is between 1,300 mm and 1,750 mm. Despite these favourable conditions, the State has witnessed wide fluctuations in the growth of agricultural production (Rawal and Swaminathan, 1998). West Bengal is divided into four agro-climatic sub-zones, viz., Barind Plains, Central Alluvial Plains, Alluvial Coastal Saline Plains, and Rarh Plains. The barind Plains zone covers two districts namely West Dinajpur and Malda, has a relatively high Rainfall and high Net Sown Area (NSA) but the irrigation facilities are not developed. On the other hand the zone of Central Alluvial Plains covers the districts of Murshidabad, Nadia, Burdwan, Hooghly, Howrah and Medinipur. In this zone about 68 percent of the land cultivated and over 60 percent of the cultivated land is irrigated resulting in a reasonably high cropping intensity. The alluvial coastal saline plains cover the districts of North and South 24-Parganas and also the metropolitan city of Calcutta. Only about 26 % of the Net Sown Area of this is irrigated. The zone of rarh plains that include Birbhum and Bankura districts. In this zone about two-thirds of the land is cultivated with 23 percent falling under forest cover. Poor irrigation facilities in this zone have resulted in a very low cropping intensity. The most disturbing feature of the State pertains to its high density of population. The population density of West Bengal

is 1028 per square km. as against 382 per square km. in India as per 2011 census. West Bengal predominantly an agrarian state. It has 52.05 lakh ha net cropped area comprising 68% of the total geographical area and cropping intensity is 176%. The State has a surplus production of rice, vegetables and potato but a huge gap exists between the requirement and production of pulses, oilseeds and maize. Deterioration of soil health due to imbalance in the use of chemical fertilizers, lack of suitable improved varieties of seed, inadequate farm mechanization, unorganized marketing structure etc. are major challenges to agricultural growth. Cropping intensity plays a vital role in agricultural growth. Agricultural production can be increased either the cultivation of more land or intensified agricultural land use. As the availability of land is limited, intensifying agricultural land use may be the only option. Higher intensity of cropping shows more the usages of land for agricultural purpose. There are crucial factors that significantly determined the level of cropping intensities such as quality of irrigation water, availability of surplus labour, occurrence of natural rainfall, high yielding seeds, farm size, machinery etc. Narayanamoorthy, Alli and Suresh (2015) stated that irrigation facility allows the farmers to use the land more intensively throughout the year with higher level of cropping intensity, which is not possible under un-irrigated land. They also stated that given the highly inelastic supply of land and reduced net sown area, the future growth of agriculture will have to heavily rely on irrigation facility as it allows for multiple cropping on the same piece of land. Now in the present day, the main problem is growing the pressure of population on land and increasing concern food security. So, food security is another aspect for enhancement of cropping intensity in various districts of West Bengal. Wu et al. (2011) argues that a significant number of people still live in an insecure food situation despite the remarkable growth in food production over the past half-century. If we are to meet targets of agricultural growth and poverty alleviation there is urgency to better exploit potential of rain-fed and other less competent areas. There are only two ways to meet the increasing demand for agricultural products and other demands of the country's growing population either increasing the net area under cultivation or intensifying cropping over the existing cultivable land. Within agriculture, croplands take a vital role by producing food and feed crops but it would be difficult to increase cropland area particularly in poor soil quality regions and high population density regions. In such regions, intensifying agricultural land use via increased cropping intensity may be the only option.

Objective of the study

Our main objective is to show the growth rate of cropping intensity in various districts of West Bengal from the period 1997-2017.

Review of Literature

We have presented here a few studies on growth and variation of cropping intensity to justify the relevance of our present study.

According to Patil &Sirohi, (1987) the use of tube well irrigation facilities and other related mechanical equipments helped the farmers in raising the cropping intensity of their farms.

Datta & Dhawan(1992) assess the actual impact of irrigation on cropping intensity and confirmed that there is a close relationship between the rise in cropping intensity and irrigation development at the all India level.

In a study in Tamil Nadu Karunakaran and Palanisami (1998) found a close positive relationship between cropping intensity and irrigation intensity. They also found that tube well and dug well irrigation had significantly positive impact on cropping intensity.

Magare, P.Y.& Suryawanshi, D.S. (2010) experienced that irrigation is the major input in the agricultural practices and it improve the cropping intensity. He also shows that where irrigation intensity is higher there cropping intensity is also higher and lowers the net sown area.

Kalaiselvi and Sundar (2011) have described the variations in cropping intensity in India and concluded that highest cropping intensity was found in states of northern region while lower cropping intensity were observed in dry regions depending on rainfall. In another study they also found the cropping intensity was dependent on irrigation facilities.

According to Jain et al. (2013) for smallholder farmers cropping intensity can be used as an effective measure of food security and also greatly affect net production in a region is largely dependent on it. In an another study Kumar and Jain (2013) examined the district wise disparity in agricultural productivity in India. They found that variations were due to differences in rainfall, the use of fertilizers, resources for irrigation and use of modern agricultural techniques.

Ahlawal and Renu (2016) have analysed the impact of irrigation on cropping intensity in Haryana. They revealed in their study that irrigation facility have a significant impact on cropping intensity across the districts. They also argues that enhancement of cropping intensity is possible by improved irrigation facilities, use of proper fertilizers, seeds and adoption of modern agricultural technology and by improving the cropping patterns. Thus improved irrigation facilities will enhance the cropping intensity as well.

Based on the study in Nepal, Kaini, et al. (2020) found that within an irrigated area, cropping intensity can be enhanced by the conversion of subsistence farming into commercial farming.

Tarun kr. Mondal& Santana Sarkar (2021) discussed the relationship between spatio-temporal variation in cropping intensity and irrigation intensity in North 24-pargana district in west Bengal from period 1996-97 to 2015-26. During the study period they found a low positive correlation between them for the entire district. Considering at agricultural block level, they observed two different trends in the relationship between cropping intensity and irrigation intensity.

Using secondary data and carrying out panel data regression technique Bidur Paria et. al. (2021) examined how irrigation along with crop diversification influence cropping intensity. They found that greater irrigation facilities, more use of technological inputs (most significantly chemical fertilizers and higher yield) and crop diversification enhances cropping intensity.

Data sources and Methodology

Our study is based on secondary data on cropping intensity from 1997-2017which have been collected from statistical abstract of West Bengal and District statistical handbook in west Bengal. For calculation the Cropping intensity we use the following formula

Cropping intensity = (Gross cropped are / Net cropped area)$\times$100

To estimate the district wise growth rate of cropping intensity we use semi-log econometrics model.

The exponential equation is given by

$LnY_t = a + bt + U_t$ Where Y_t = Cropping intensity at period t, a = Intercept, t = time, b= Growth coefficient, U_t = Error term in the regression line. The OLS (Ordinary Least Squares) technique has been used to estimate the parameter $a$and b.

Result and Discussion

Cropping intensity is conventionally defined as the ratio of gross cropped to net cropped area in any crop year, and multiplying the number by 100. The level of cropping intensity is determined by many factors for enhancement of agriculture productivity which is a good indicator about awareness of farmers and rectifies government policy in right way

Table-1

Growth rate of cropping intensity of West Bengal's Districts (19997-2017)

Districts	Intercept	GR	SE	t-value	R^2	p-value
BURDWAN	5.23	-0.42	0.00	-2.63	0.26	0.01
BIRBHUM	5.00	0.84	0.00	3.09	0.33	0.00
BANKURA	4.94	0.32	0.00	1.07	0.05	0.29
MIDNAPUR	5.06	0.94	0.00	13.18	0.90	0.00
HOWRAH	5.37	-0.51	0.00	-3.16	0.34	0.00
HOOGHLY	5.35	0.10	0.00	4.19	0.48	0.00
24PARGANA	5.08	0.34	0.00	2.98	0.31	0.00
NADIA	5.55	-0.49	0.00	-3.05	3.29	0.00
MURSHIDABAD	5.34	0.81	0.00	4.26	0.48	0.00

MALDHA	5.15	0.83	0.00	2.87	0.00	0.00
JALPIGURI	5.05	0.33	0.00	2.66	0.27	0.01
DARJEELING	4.80	1.1	0.00	4.45	0.51	0.00
COOCHBEHER	5.26	0.33	0.00	2.13	0.19	0.04
PURULIA	4.65	0.49	0.00	2.69	0.27	0.01
WEST DINAJPUR	5.13	0.30	0.00	2.18	0.20	0.04
WEST BENGAL	5.14	0.45	0.00	7.51	0.74	0.00

Source: Calculated by the author.

Table 1 reveals that districts wise growth rate of cropping intensity in West Bengal from 1977-2017. From table-1 we see that the growth rate of cropping intensity in west Bengal is 0.45 percent. The regression model has explained about 74 % of variation on cropping intensity. Among the 15 districts, the growth rate of 11districtsispositiveand significant except Bankura. The Bankura district growth rate of is positive but non- significant. The growth rate of Burdwan, Howrah and Nadia districts is negative and significant. The growth rate of many districts such as Birbhum, Midnapur, Murshidabad, Maldha, Darjeeling and Purulia are the above the state growth rate. Darjeeling, Midnapur, Birbhum, Maldha and Murshidabad have more than 0.80 percent the most cropping intensity growth rate.

Using the coefficient of variation the variability of cropping intensity of all the districts of West Bengal during 1997-2017 has been examined. The variability of cropping intensity is presented in Table 2. The Table shows that the highest variability is found in Darjeeling district. It is interesting to note that in Darjeeling district, the highest variability of intensity of cropping is associated with the highest rate of growth of cropping intensity. The least variability is found in West Bengal compared to other districts of the state.

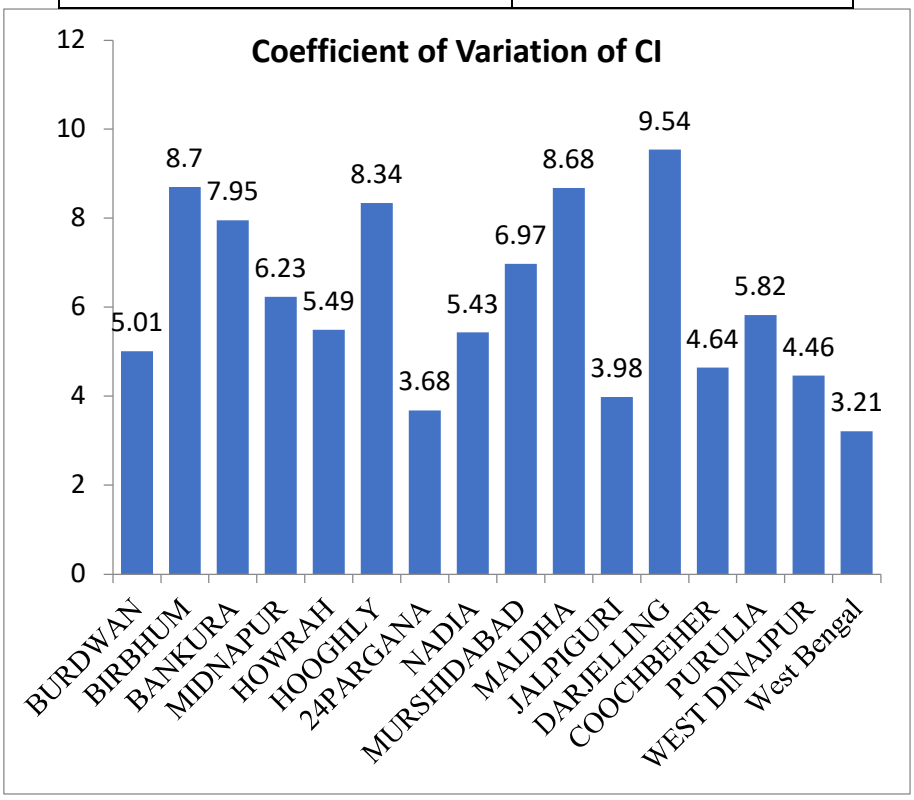
Table 2: Coefficient of Variation in Cropping Intensity

Districts	CV
BURDWAN	5.01
BIRBHUM	8.70
BANKURA	7.95
MIDNAPUR	6.23

HOWRAH	5.49
HOOGHLY	8.34
24PARGANA	3.68
NADIA	5.43
MURSHIDABAD	6.97
MALDHA	8.68
JALPIGURI	3.98
DARJELLING	9.54
COOCHBEHER	4.64
PURULIA	5.82
WEST DINAJPUR	4.46
WEST BENGAL	3.21

Coefficient of Cropping

Figure1: Variation in Intensity



Major Findings of the study

The major findings are

(1) The growth rate of cropping intensity in west Bengal is only 0.45 percent.
(2) Among the 15 districts, the 11 districts growth rate is positive and significant.
(3) The growth rate of Burdwan, Howrah and Nadia districts is negative but significant.
(4) The growth rate of six districts such as Birbhum, Midnapur, Murshidabad, Maldha, Darjeeling and Purulia are the above the state growth rate (0.45 percent).
(5) Among the fifteen districts, only five districts such as Birbhum, Midnapur, Murshidabad, Maldha and Darjeeling have more than 0.80 percent the most cropping intensity growth rate.
(6) It is interesting to note that in Darjeeling district, the highest variability of intensity of cropping is associated with the highest rate of growth of cropping intensity.

Conclusion

The study has concluded that the growth rate of cropping intensity in most of the districts in West Bengal is positive and significant. Darjelling, Midnapur, Birbhum, Maldha and Murshidabad districts performance in cropping intensity is much better than other districts. In West Bengal the growth rate of cropping intensity during the period under consideration was only 0.45 percent. The slow growth of cropping intensity might be because of the slow expansion of gross cropped area.

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A Study of CSR Expenditure Between Private and Public Sectors in India During the Pre- and Post-Companies Act, 2013

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Abstract

This paper tries to examine CSR expenditures between the public and private companies in India during the Pre and Post-Companies Act, 2013. From 10 industries, total 100 companies were sampled out of which 27 were public and 73 were private. The study was conducted over 11 financial years (2009–2019) covering both the pre- and post-Companies Act. The ratios CSR:TA and CSR:PAT, the mean ratios and the standard deviations of the ratios were compared between the public and the private sectors. Results showed that not much difference lies between the CSR:PAT ratios during the pre-Companies Act period, whereas the difference increased during the post-Act period for the private and public sectors. The mean ratios and the standard deviations showed no significant differences between the private and public sectors.

Keywords: Public, Private, Corporate Social Responsibility, Companies Act, CSR Expenditure

A Study of CSR Expenditure Between Private and Public Sectors in India During the Pre- and Post-Companies Act, 2013

1. Introduction

The concept of corporate social responsibility (CSR) in India started taking shape during the independence movement when Mahatma Gandhi called for 'trusteeship', which asked the business titans of India to manage their wealth for the benefit of common man (Sharma, 2009). The industrialists in India were summoned to get involved actively in begetting the progress of the society (Sahu, 2016). Post-independence, two laws were passed which assigned different arenas where the private and public industries would operate either singly or jointly (Martolia, 2016). The period, 1960–1980, observed an evolution of CSR with a view to providing welfare services to the society. Labour and environment related new laws were passed and the public sector became the prime engine of economic and social development of the nation (Sahu, 2016). Public sector undertakings (PSUs) were developed under both central (CPSU) and state (SPSU) governments with the aims to provide employment to masses (both skilled and unskilled), establish educational and training institutes, and uplift the socioeconomic status of the poor and underprivileged. Large public-sector companies were found to take initiatives in CSR activities sponsored by the state governments (Mohan, 2001). Initially, the public sector comprised heavy and basic industries, such as banks, railways, ports, air transport, communications, and irrigation. On the other hand, consumer goods industries belonged to the private sector (Martolia, 2016). In the early 1990s, under the light of liberalization, privatization, and globalization, the so-called LPG policy, the fundamental concept of CSR underwent a drastic change from philanthropic view to multi-stakeholder outlook (Satapathy & Paltasingh, 2019), which denotes that the corporations should perform certain ethical duties for the environment and society where they operate and should consider their stakeholders important and not any profit maximizing means (Freeman & Phillips, 2002). The companies paid more attention towards their stakeholders which included environment, customers, community and society, shareholders, suppliers, and employees (Kriplani, 2021). CSR started

to be recognized as a sustainable business strategy. CSR in India experienced a radical boost after it was made mandatory through the implementation of the Companies Act from April 1st, 2014. The CSR mandates mentioned in the Companies Act brought both public and private sectors within a common framework of rules from where they can conduct their CSR activities. However, CSR practices of firms do not solely depend upon such a set of rules, but goes deeper into the organization's core, i. e. governance and managerial leadership, where CSR decisions, CSR extent, resource usage actually originate from (Filatotchev et al, 2014; Scherer et al, 2012). Furthermore, *ownership*, being a key governance mechanism, influences the CSR of firms (DeGraaf & Stoelhorst, 2009; Muttakin & Subramaniam, 2015), and it is expected that CSR practices of publicly owned companies would be different from the privately owned ones.

The current study aims to evaluate this difference between the publicly and privately owned firms during the pre- and post-Companies Act period. In this regard, CSR expenses of private firms were compared with that of the public ones for 11 financial years from 2009-2019.

2. Review of Literature

Right after the implementation of the CSR mandates in 2014, a survey on CSR spending by 7108 private and 226 public firms was published by the Ministry of Corporate Affairs for 2014–15 (CSR Data & Summary, MCA website). The primary areas where the companies spent for CSR are education (32%), health and wash (26%), environment (14%), and rural development (12%). Out of 226 PSUs, 142 performed CSR (63%), while 84 did not (37%). Among the 7108 private or non-PSUs, 2997 were found to spend toward CSR (42%), whereas 4111 companies spent nothing (58%). Several reasons were cited by the companies for not performing CSR, such as technical and procedural difficulty, CSR policy formulation is under process, CSR expenses delayed, lack of clarity on CSR issues, very less resources to execute CSR activities, and financial restructuring. The report also states that 74%of the recommended amount was spent. It is worth noting that in spite of facing loss, a few companies contributed to CSR. Furthermore, the public firms were found to spend less than the private ones in almost every area. The PSU spent highest in slum development and least in women empowerment and PM relief fund compared with the private sector. Although the PSUs obtained five-year head start funds for CSR activities, they remained behind the private sector firms in regard to spending efficiently toward CSR.

Data from Next Gen on 85 companies out of 100 top companies w.r.t. market capitalization showed that organizations with women leaders, such as SBI, HPCL, Apollo Hospitals, Axis

Bank were much better than others in meeting the 2% spending target. This was possibly because the women leaders were more concerned about mandates and compliances. Furthermore, only 33 out of the 85 companies were found to meet 2%-profit target or more in the first year after the Companies Act was implemented (Martolia, 2016; Ramanathan, 2015).

Based on the primary data collected through questionnaire, Saxena (2016) compared the CSR practices of 13 private and 12 public banks and observed that the public banks performed CSR mainly in health, village, education, and environment, whereas, the private banks performed in environment, health, community development, education, and housing. The authors commented that the banks should put more emphasis on CSR. CSR activities of certain public sector banks, such as PNB, SBI and BOB are limited to only donation and charity, and they lacked well-defined CSR strategies. In general, the public sector banks were found to have overall higher CSR contributions than the private sector and foreign banks. The study also showed that although certain banks, viz.SBI, ICICIbank, or HDFC exhibited large growth and profits, they did not perform high CSR.

In another public versus private study, Kaur et al. (2015) focussed on both private and public banks (each 10)and ranked the performance of the banks based on 10 parameters. The results showed that the PSU& non-PSU banks were engaged more in community development, education, and rural welfare.

In a study of private vs public organization, Ranjan et al. (2017) discussed company-wise CSR activities in different areas. The also suggested that the government should be more active in the company's CSR implementation, monitoring, and enactment of special measures and guidelines.

Vijayalakshmi (2018) studied the CSR initiatives of public and private sector corporate giants towards rural education of India. The analysis showed that for education in 2016–17, Reliance India from the private sector was the highest spender and their expenses far exceeded the public sector company Indian Oil Company. Wipro was the second highest spender, followed by Indian Oil.

Mahapatra (2019) sampled 10 public sector (comprising Maharatna, Navaratna, and Miniratna) and 11 private sector companies and explored their CSR activities. The expenses that the companies bore on certain CSR activities depended upon the requirements of the local area. Although the 2013-Act requires a third-party assessment of the companies' CSR activities, the

study found that most of the companies, except ITC, have not done so. Overall, the analysis found that private companies spent more than the public ones towards CSR, whereas the public sector focussed more on the issue-based requirements of the community. Moreover, the non-PSU organizations exhibited more planned CSR endeavours than the PSU ones.

Kriplani (2021) studied the CSR initiatives of 5 public (NTPC, SAIL, GAIL, Indian Oil, SBI) and 4 private companies (Tata Steel, Mahindra, Maruti Suzuki, HDFC Bank) in health, education, and environment. In the banking sector, the private banks spent more than the public ones. Most of the private banks were found to take CSR initiatives for long term impacts, while the public banks were keener to donate in relief funds. In recent years, the major areas where both public and private sector companies have given thrust to execute their CSR activities are rural development (22%), poverty elimination (19%), community welfare (17%), women empowerment (17%), education and employment (14%), and vocational training (11%).

Prabhu et al (2021), after evaluating various social responsibility programs by both PSU and non-PSU banks, found that the non-PSU banks executed CSR which is indirectly directed more toward the bank itself and its gain. By contrast, the PSU banks concentrated mainly on outbound activities and indirectly associated with their brand-building target.

In another very recent research on the banking sector, Mishra (2022) studied top 5 public and 5 private banks w.r.t. CSR for the FY 2017–18 to 2021–22. The results showed that against the years of the study period, the public sector banks displayed a consistent increasing trend, whereas the private banks had no fixed trend of increase/decrease in their CSR expenditure and PAT. Among all the banks, only HDFC exhibited an increasing curve in both PAT & CSR expenditure along the years of study. Canara Bank (public), Axis (private), and ICICI (private) were found to provide extensive CSR services in various fields, such as education, environmental sustainability, financial literacy, healthcare, and rural development. However, areas such as Clean India Movement, disaster and waste management, gender equality, poverty and nutrition, sports, women empowerment, and water crisis remained totally neglected.

Das et al. (2021) studied the CSR of the steel plants (Tata Steel and NINL) at Kalinga Nagar, the steel hub of Odisha. To note, despite incurring lose for the last few years and thus not necessary to fulfil the 2% mandate, NINL made appreciable contributions toward CSR. On the other hand, Tata Steel constantly spent more than the minimum 2% requirement of the Company's Act.

A recent report from *India CSR* shows that CSR spending by companies dropped by 64.24% in the pandemic year of 2020-21 compared to the previous year, while the private sector contribution improved. Out of the total CSR expenses in 2020-21, the public sector firms contributed only 6%, while the private firms contributed 94%.

3. Research Gap

An extensive literature search revealed that most of the past studies mainly discussed the CSR initiatives taken by the PSUs and non-PSUs in different sectors. Moreover, the past studies were based on limited periods and insufficient data to derive any reliable interpretation. The selected sample companies were restricted to one or a few limited industries, thereby disregarding the overall generalized CSR expenditure pattern. Also, no comparative study of CSR during the pre-Act and post-Act period was conducted in the past. Most importantly, statistical analysis and systematic comparison of the difference in CSR expenditure pattern between the public and private sector was unaddressed by the past researchers.

Against such a backdrop of CSR studies for the PSUs and non-PSUs, the present study, for the first time, aims to analyze statistically whether there is any difference in CSR expenditure between the private and public sector companies of India. To this end, CSR expenditures of both private and publicfirms were evaluated systematically for 11 years which include both pre- and post-Companies Act period.

4. Research Objectives and Hypotheses

The objective of the current study is to examine the difference in CSR expenditure between the private and publicsectors. In this regard, the mean difference in CSR expenditure and difference in variance between the two sectors were evaluated. Based on this objective, the following hypotheseswere tested.

H_0: There is no significant difference in CSR expenditure between the private and public firms.

H_A: There is a significant difference in CSR expenditure between the private and public firms.

5. Research Methodology

5.1 Sample Selection

We selected 10 leading industries, namely oil & gas, cement, iron & steel, chemical, pharmaceuticals, power, FMCG, IT & software, textile, and construction, and 10 companies from each industry, i. e. a total of 100 companies, having top 100 market capitalization as on 31.03.2019 and all enlisted in NSE. Among the selected 100 companies, 27 were public whereas 73 were private.

5.2 Data Type and Data Source

All data used were secondary and obtained from company's own website, sustainability reports and annual reports. The websites used were www.mca.gov.in, www.csrbox.org, andwww.timesofindia.indiatimes.com.

5.3 Time Frame of the Study

The study period spanned over 11 financial years from 2009-10 to 2013-14, the pre-Companies Act period, and from 2014-15 to 2019-20, the post-Companies Act period.

5.4 Statistical Tools and Technique

The parameters used for the study were the ratios of CSR expenditure to total assets (TA),i. e. CSR:TA, and CSR expenditure to profit after tax (PAT), i. e. CSR:PAT. To evaluate the nature of these ratios, descriptive statistics was used. To compare between the private and public firms, i) the ratios were compared, ii) the mean ratios were compared through independent sample t–test, iii) equality of variances of the ratios were compared using F-test (Levene's test).SPSS v. 24 was used for all statistical analyses.

6. Results and Discussion

6.1 Comparison of Relative CSR Expenditure with respect to TA

A comparison between the public and private sector companies was done with respect to their CSR spending and TA ratio.

Table 1. Relative CSR expenditure with respect to total assets

Year	CSR/TA	
	Public Sector	**Private Sector**
2009	0.00121	0.00276
2010	0.00101	0.00378
2011	0.00075	0.00311
2012	0.00069	0.00268
2013	0.00103	0.00395
2014	0.00112	0.00166
2015	0.00140	0.00141
2016	0.00138	0.00317
2017	0.00145	0.00182
2018	0.00141	0.00172
2019	0.00145	0.00237

In Table 1, the average CSR expenditure:TA ratio for each year has been shown for both public and private companies. This annual average ratio values were derived by dividing the total CSR:TA ratio of all the public or private sector companies for each year by the number of companies in that sector. Table 2 shows the descriptive statistics of the relative CSR expenditure w.r.t. TA for the sampled public and private sector companies. For public sector, the minimum and maximum values were 0.00069 and 0.00145, respectively with standard deviation 0.0002745. On the other hand, for private companies, from the minimum and maximum values were 0.00142 to 30.092, respectively with standard deviation 0.00086836. The mean value for the public companies was 0.001172 and that for the private companies was 0.0025859. This means that the average spending of the private firms was more than that of the public.

Table 2. Descriptive statistics of relative CSR expenditure with TA

	N	Minimum	Maximum	Mean	Std. Deviation
Average CSR of public cos.	11	0.00069	0.00145	0.001172	0.0002745
Average CSR of private cos.	11	0.00142	0.00395	0.0025859	0.00086836
Valid N (listwise)	11				

A graphical comparison of the average CSR:TA ratio for the public and private sector companies has been shown year wise in Fig. 1. The figure shows that a big difference lies in the ratio between the public and private sector companies during 2009–2013. However, from 2014 onwards, that is after the implementation of the Companies Act, this difference became much smaller, mainly due to decrease in the CSR:TA ratio for the private companies.

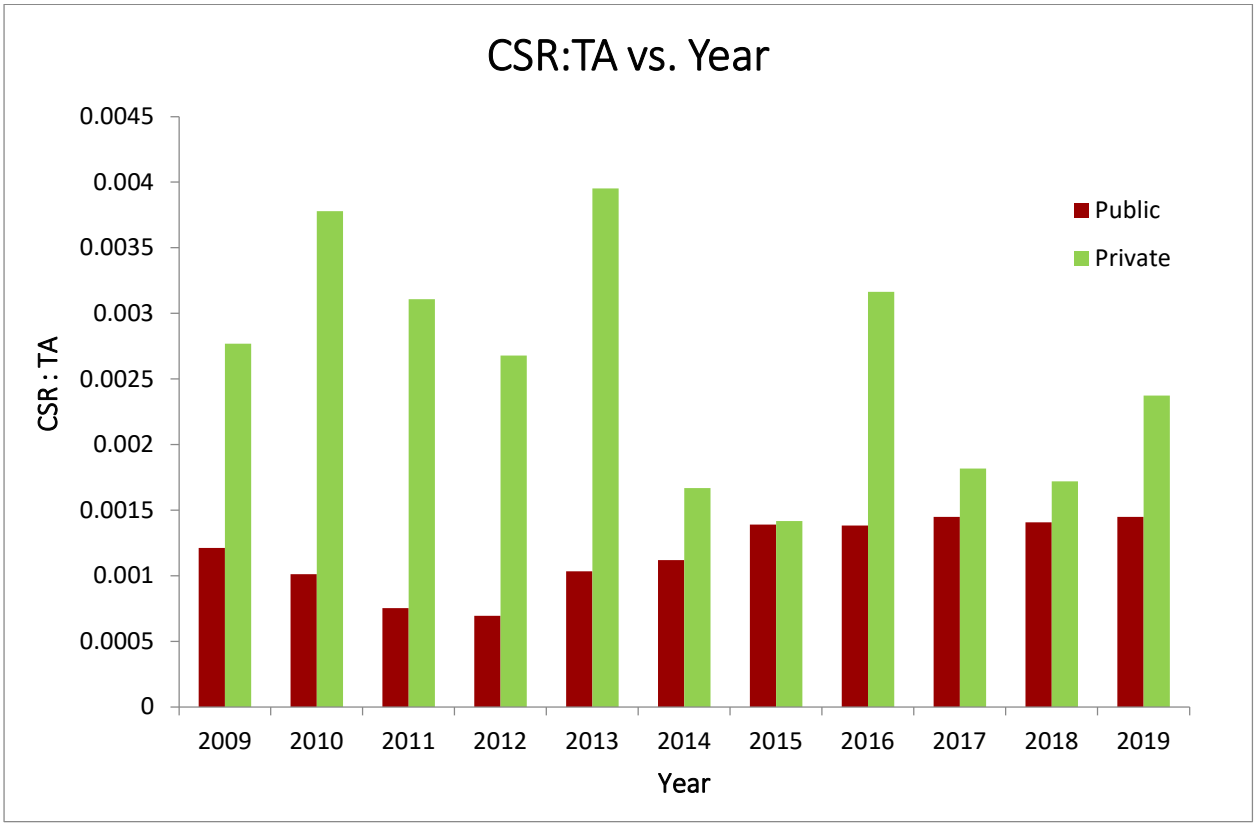

Fig. 1 Comparison between CSR:TA ratio of private and public firms year-wise for 2009–2019.

6.2 Comparison of Relative CSR Expenditure with respect to PAT

A comparison between the public and private sector companies was also done with respect to their CSR spending and PAT ratio, as shown in Table 3.

Table 3. Relative CSR expenditure with respect to PAT

Year	CSR:PAT	
	Public Sector	Private Sector
2009	0.009437	0.013197
2010	0.014221	0.013570
2011	0.019081	0.020292
2012	0.014976	0.014644
2013	0.017920	0.020674
2014	0.026479	0.011199
2015	0.022317	0.014746
2016	0.018193	0.009126
2017	0.016679	0.019739
2018	0.014758	0.019764
2019	0.016389	0.037747

The table includes the average CSR expenditure:PAT ratio for each year for both public and private companies. This annual average ratio values were derived similarly like the ratio obtained in section 4.1, i. e. by dividing the total CSR:PAT ratio of all the public or private sector companies for each year by the number of companies in that sector It can be observed from the table that before the Company Act was in effect in 2014, the public sector companies, during the period 2010–2013, already used to spend ~2% of their profit, the threshold limit later mandated by the Act.

Table 4. Descriptive statistics of relative CSR expenditure with PAT

	N	Minimum	Maximum	Mean	Std. Deviation
CSR_PAT_Pub	11	0.0094	0.0265	0.0173	0.0045
CSR_PAT_Pvt	11	0.0091	0.0377	0.0177	0.0077
Valid N (listwise)	11				

Table 4 shows the descriptive statistics of the relative CSR expenditure w.r.t. PAT for the private and public firms. The minimum values of CSR:PAT for both public (0.0094) and private (0.0091) firms were almost the same. However, the maximum values of the ratio were 0.0265 for the public and 0.0377 for the private firms. The mean values of both sectors were very close to each other, i.e. 0.0173 (public) and 0.0177 (private). The standard deviation values for the public and private sectors were 0.0045 and 0.0077, respectively.

A graphical comparison of the average CSR:PAT ratio for the public and the private sector companies has been shown year wise in Fig. 2. The figure shows that during 2009–2013, there was not much difference between the ratios of the public and private sectors. However, from 2014 onwards, i.e. after the implementation of the Act, the difference between the ratios increased to some extent, and the private sector barely fulfilled the 2% contribution regulation, although their contribution was higher than the public sector during this post-Companies Act period.

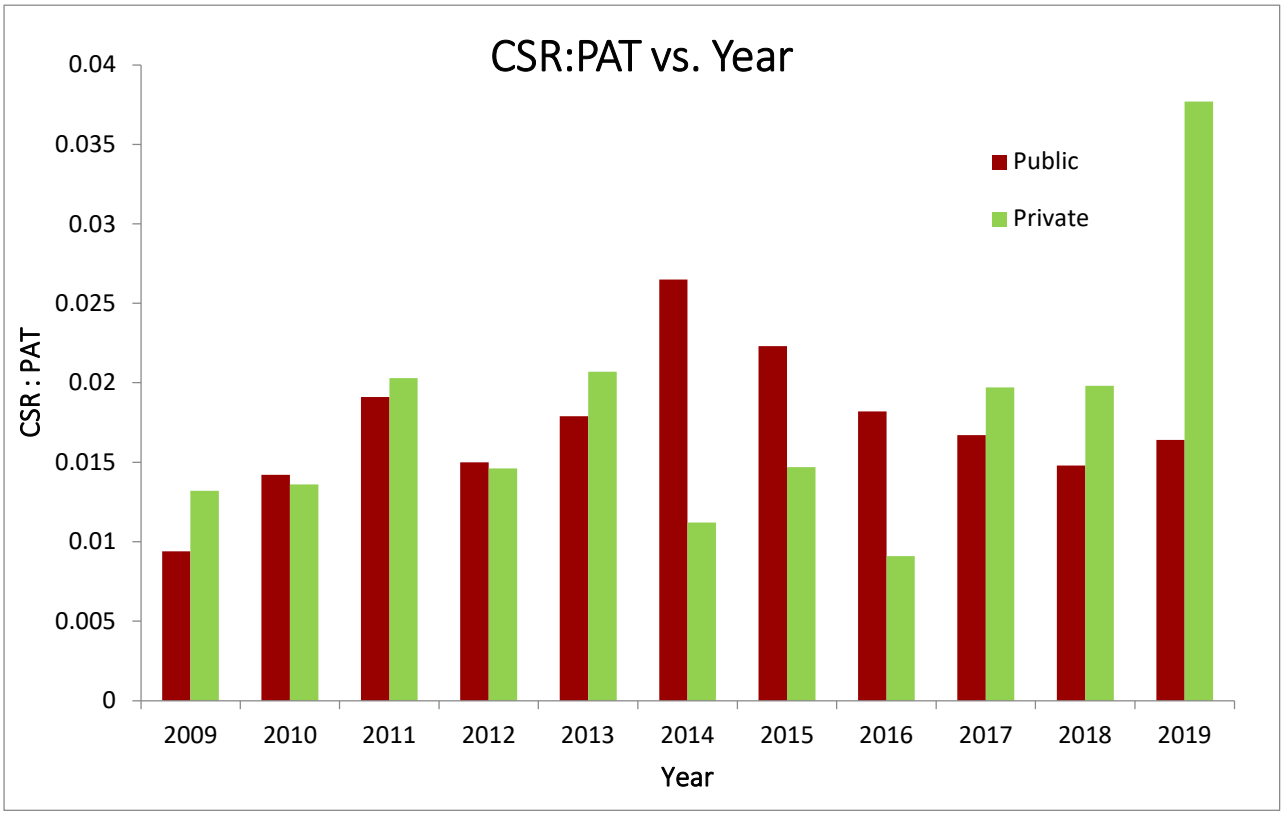

Fig. 2 Comparison between CSR:PAT ratio of pvt. and public firms year-wise for 2009–19.

Typically, the companies which did not meet the 2% requirement justified as either they are doing long-term projects and the expenses are carried forward, or they did not find any suitable projects (Martolia, 2016; CSR Data & Summary, MCA website).

6.3 Comparison of Means Using Independent Sample T-Test

6.3.1Comparison of the Means of Relative CSR Expenditure w.r.t. TA Using Independent Sample T-Test

An independent sample t-test was conducted to compare the means of CSR:TA ratio of both private and public firms. Table 5 presents the descriptive statistics of CSR:TA of the two sectors from 2009 to 2019.

Table 5. Descriptive statistics of CSR:TA ratio

Year	Public sector companies			Private sector companies		
	Mean	S.D.	S.E.	Mean	S.D.	S.E.
2009	0.001211	0.002213	0.000426	0.002768	0.012936	0.001514
2010	0.001011	0.001753	0.000337	0.003779	0.023495	0.002749
2011	0.000752	0.000783	0.000150	0.003107	0.019116	0.002237
2012	0.006939	0.000684	0.000132	0.002678	0.014056	0.001645
2013	0.001033	0.001163	0.000224	0.003953	0.024737	0.002953
2014	0.001119	0.001299	0.000249	0.001669	0.003968	0.000464
2015	0.001391	0.001326	0.000255	0.001416	0.001327	0.000155
2016	0.001383	0.001389	0.000267	0.003165	0.012099	0.001456
2017	0.001447	0.001288	0.000248	0.001817	0.001756	0.000206
2018	0.001407	0.001415	0.000253	0.001720	0.001647	0.000193
2019	0.001448	0.001296	0.000249	0.002372	0.005235	0.000617

Table 6. Independent -sample t-test of CSR:TA ratio

Year	Levene's Test		t-Test for Equality of Means				
	F	Sig	t	df	Sig(2-tailed)	Mean Difference	Std. Error Difference
2009	0.817	0.368	-0.620	98	0.537	-0.001556	0.0025107
2010	1.090	0.299	-0.610	98	0.544	-0.002768	0.004540
2011	1.246	0.267	-0.638	98	0.525	-0.002354	0.003692
2012	1.220	0.272	-0.731	98	0.466	-0.0019847	0.002715
2013	1.120	0.292	-0.611	98	0.543	-0.0029197	0.004778

2014	0.740	0.392	-0.703	98	0.484	-0.0005490	0.000781
2015	0.457	0.501	-0.085	98	0.933	-0.0000253	0.000618
2016	1.223	0.272	-0.761	98	0.448	-0.0017818	0.002341
2017	3.643	0.059	-0.998	98	0.321	-0.0003696	0.000370
2018	2.512	0.116	-0.887	98	0.377	-0.0003129	0.000353
2019	1.636	0.204	-0.904	98	0.368	-0.0009243	0.0010221

Table 6 presents the t statistic value of the independent sample t-test of the mean ratio CSR:TA over the period of 2009 to 2019. From this table, it can be found that there is no significant difference between the mean values of the private and public companies. Furthermore, since the p-values> 0.05 for all the years, we failed to reject the null hypothesis.

6.3.2 Comparison of the Means of Relative CSR Expenditure w.r.t. PAT using Independent Sample T-Test

Like the previous section, independent sample t-test was done to compare the means of CSR:PAT ratio of both the sectors. Table 7 displays the year-wise group statistic values, namely the mean, standard deviation and standard error for the private and public sectors. Table 8 shows the resutls of the independent sample t-test of the mean ratio CSR:PAT over the period 2009–2019. Since the p –values>0.05 for all the years, the null hypothesis(there is no significant difference in mean CSR:PAT between the private and public firms) was accepted.

Table 7. Descriptive statistics of CSR:PAT ratio

Year	Public Sector Companies			Private Sector Companies		
	Mean	**S.D.**	**S.E.**	**Mean**	**S.D.**	**S.E.**
2009	0.00944	0.012322	0.002371	0.01320	0.018165	0.002126
2010	0.01422	0.017956	0.003456	0.01357	0.017570	0.002056
2011	0.01908	0.030380	0.005847	0.02029	0.071612	0.008382
2012	0.01498	0.019332	0.003720	0.01464	0.026261	0.003074
2013	0.01792	0.017265	0.003323	0.02067	0.043179	0.005054
2014	0.02648	0.057754	0.011115	0.01120	0.051581	0.006037
2015	0.02232	0.027207	0.005236	0.01475	0.028732	0.003363
2016	0.01819	0.018944	0.003646	0.00913	0.086459	0.010119

2017	0.01668	0.028635	0.005511	0.01974	0.018656	0.002183
2018	0.01476	0.025369	0.004882	0.01976	0.025496	0.002984
2019	0.01639	0.042654	0.008209	0.03775	0.176377	0.020643

Table 8. Independent sample t-test of CSR:PAT ratio

Year	Levene's Test		t-Test for Equality of Means				
	F	Sig	t	df	Sig (2-tailed)	Mean Difference	Std. Error Difference
2009	2.871	0.093	-0.993	98	0.323	-0.003760	0.003787
2010	0.002	0.964	0.164	98	0.870	0.000651	0.003981
2011	0.318	0.574	-0.085	98	0.933	-0.001210	0.014268
2012	1.335	0.251	0.060	98	0.952	0.000332	0.005544
2013	2.490	0.118	-0.321	98	0.749	-0.002754	0.008574
2014	0.167	0.683	1.273	98	0.206	0.015281	0.012003
2015	0.919	0.340	1.186	98	0.238	0.007571	0.006382
2016	0.698	0.406	0.539	98	0.591	0.009067	0.016836
2017	0.290	0.591	-0.624	98	0.534	-0.003060	0.004900
2018	0.066	0.797	-0.873	98	0.385	-0.005006	0.005735
2019	0.455	0.502	-0.621	98	0.536	-0.021358	0.034411

6.4 Comparison of Standard Deviations through F-Test

The Levene's test of equality of variances was applied using SPSS to check whether homogeneity of variances exists in the public and private sectors. The null hypothesis of this test is that the population variances in the two sectors are equal, i.e. there is no difference between the variances of the private and public sectors which is known as homogeneity of variance or homoscedasticity. If the resulting p–value of the Levene's test is less than 0.05, the significance level, the null hypothesis of equal variance would be rejected, implying that there lies a difference in variances within the population.

6.4.1 Comparison of Standard Deviations of Relative CSR Expenditure w.r.t. TA via F-Test

In Table 6, we found the F statistic value for the Leven's test of equality of variances for the CSR:TA ratio. The p-values obtained were larger than 0.05 throughout the study period. Hence, the null hypothesis, stating that equality of variances of CSR:TA exists, was accepted.

6.4.2 Comparison of Standard Deviations of Relative CSR Expenditure w.r.t. PAT via F-Test

The F statistic value for the Leven's test of equality of variances for the CSR:PAT ratio is shown in Table 8. Results showed that the p-values > 0.05 throughout the study period. Hence, the null hypothesis, stating that equality of variances of CSR:PAT exists, was accepted.

7. Conclusions, Limitations, and Scope

Based on the above results, the following conclusions can be drawn regarding the CSR expenditures of the private and public firms.

i) During 2009–2013, not much difference between the CSR:PAT ratios was observed for the public and private sectors. However, during 2014–2019, the difference increased and the private sector contributed more than the public sector.

ii) There was no significant difference in the mean ratios (CSR:TA and CSR:PAT) between the private and public firms.

iii) There was no significant difference between the standard deviations of the ratios (CSR:TA and CSR:PAT) of the private and public sectors.

Limitations

In the current study, we have considered NSE listed 100 companies with maximum market capitalization from 10 industries. More number of companies could not be included due to unavailability of all relevant data and large data size. Also, a few ratios were used in this work to test the hypothesis and CSR trends. Furthermore, the statistical tools employed to capture the CSR expenditure has certain inherent short comings which might have affected our results.

Scope

Despite the drawbacks mentioned above, this study, being the first of its kind, has thrown light on the CSR behaviour of the private and public sectors before and after the enforcement of the Companies Act. The present work with its statistical findings may serve as a baseline using which companies can gauge their CSR practices and expenditure and compare with their peers.

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Social Media Insights: A Study on Exploring the Dimensions of Consumer Behaviour

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Abstract

Social media networking sites have witnessed exponential growth since the time of their inception in the new millennium. People use such virtual platforms to interact with their fellow counterparts beyond the geographical territories. A significant section of the global population is presently part of the social media sphere. Some of the most popular social media networks are Facebook, Youtube, Twitter, Whatsapp, Telegram, Pinterest, and so on. Business firms around the globe are also making every effort to mark their presence felt in the new age of social media platforms. Industrial houses are constantly investing their efforts to connect with consumers in online social communities. Unlike the traditional mode of communication, social media has paved the way to empower consumers to create content and connect with the brands like never before. This in a way has reshaped the age-old consumer-brand relationship. The current study attempts to evaluate the role of social media as an effective moderator in consumers' purchase intention. The present paper is based on a systematic review of academic articles on social media and consumer behavior. It is observed in the aforementioned study that consumers' engagement with the brand on the social media network appears to influence consumers' buying decision/s in the long run. Thus, it may be said, social media epitomizes the future of marketing, and thereby business firms in every corner of the world may consider taking up necessary measures to become an indispensable part of concurrent management practices.

Key Words: Social Media, Social Media Marketing, Organizations, Consumer Behaviour, Purchase Decisions

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Introduction

The beginning of the new millennium has set forth a new dawn in civil society. The world as commonly described has become a 'global village'. Rapid globalization and technological advancements have made life easier. It may not be wrong to say, technology in a way has become an intrinsic part of our daily lives. One such significant strand of technological development is the emergence of the Internet. More precisely, the internet made significant progress ever since the time of its entry into the human community. According to Stafford, Stafford, and Schkade (2004), people use the internet mainly for the fulfilment of three motives namely information, entertainment, and, social aspects. Social media is a part of the global communication channel. Some of the most notable social media networks are Facebook, Youtube, Twitter, Whatsapp, Telegram, Pinterest, and so on. Remarkably, social media networks have become a prominent media platform that connects a large section of the global population (Nelson-Field& Taylor, 2012). People across global boundaries usually make their presence felt on social media channels through endorsement activities for example: 'likes', 'shares', 'comments' or through individual activities such as posting photos, videos, or their thoughts on a wide range of emerging issues generally linked with the society at large. In the present-day context, researchers are attempting to understand the nitty-gritty of social media networking sites. Business organizations are too trying to make the most out of the leading edge media through their virtual presence on different social media networks. Emarketer (2017) found U.S based medium to large-sized industrial houses are incorporating social media into their system for the sole purpose of marketing. It has further led to the way of intermingling with consumers on social media platforms. As pointed out by Dolan, Conduit, Fahy, and Goodman (2016), the interactive characteristics of social media have empowered consumers to become functional participants from being mere observers, social media sites serve as an ideal framework to advocate brands and products consumers' content and consumer-generated product innovations. Such networking sites also enable individuals to generate services like virtual review/ rating websites, blogs, social networking platforms, and virtual communities (Heinonen, 2011). One of the most striking characteristics of the social media networking platform is they empower consumers to acknowledge endorsements from their peer community through recommendation features- such as using 'likes', 'follows', 'pins', and so forth in place of the respective posts (Barnes, 2018). Simultaneously, Haslehurst, Randall, Weber, and Sullivan (2016), observed consumers are using social media

to make online purchases and also as a landscape to communicate with the respective business house/s. Thus, it may be said, social media has opened an unexplored avenue for organizations to delve deeper into the world of new-era consumer behaviour for devising long-term strategies to retain and expand their respective market share.

Review of Literature

Social Media

Social media as an effective means of communication channel has witnessed remarkable growth in the last decade. The basic objective of social media was to offer an interactive virtual platform where users will get the opportunity to communicate, share, modify and co-create content. Online platforms have become content-rich with each passing day, as a large number of photos and videos are being shared on social networking sites regularly.

Some previous conceptual studies categorized social media networks along with different dimensions (Kaplan and Haenlein, 2010; Kietzmann, Hermkens, McCarthy, & Silvestre2011; Zhu and Chen, 2015). Social media may be further divided into collaborative projects, blogs, content forms, social networks, online games platforms, and virtual social communities (Heinonen, 2011). The emergence of Web 2.0 transformed consumers' powerbase from latent observers to enthusiastic participants on social media platforms. These social networking forums serve as an ideal ground for business brands to cultivate and thrive in word-of-mouth marketing (Daugherty and Hoffman, 2014) marketing strategies. Additionally, such sites offer consumers collaborative channel/s to inculcate value-added services and interact with the brand (Brodie, Ilic, Juric, & Hollebeek, 2013; Dolan, Conduit, Fahy, & Goodman, 2016) for their specific requirements. Bianchi, Andrews, Wiese &Fazal-E-Hasan (2017) mentioned of late netizens are highly reliant on social networking platforms such as Facebook for both active and passive activities (Campbell, Ferraro, & Sands, 2014; Tsai & Men, 2013), along with engaging into social interactions (Hajli, Shanmugam, Powell, & Love, 2015). They further emphasized social commerce is the latest outcome and sub-part of e-commerce that is making the most out of social technologies to enhance e-commerce transactions and activities. Thus, the need of the hour is to delve deeper into the various facades of social commerce like products and services offered, consumer behaviour, and branding measures at

the social media networks to devise effective plans and policies to expand the market segmentation of the organizations.

Social Media & Organizations

Social media which is aimed at offering an interactive platform for the users is presently serving wider aspects of societal needs. The presence of business firms on different social media channels is one such characteristic feature of the new age media. Studies show more than 15 million brands at a global scale are found to have their presence on the social networking site, Facebook (Koetsier, 2013; Dolan, Conduit, Fahy and Goodman, 2016). As per the Mckinsey report, business organizations are using social networking sites to engage with the consumer base and at the same time attempt to make the digital engagement a matter of high strategic priority (Brown, Sikes, &Willmott, 2013) for the sake of organizational growth. Social commerce in a way is an amalgamation of commercial activities and social interactions that simultaneously transpires at social networking platforms (Liang, Ho, Li, & Turban, 2011; Zhou, Zhang, &Zimmermann, 2013; Bianchi, Andrews, Wiese &Fazal-E-Hasan, 2017). It was noted by Mwaba, Saini, and Abratt (2017) that business firms are now aiming to share content at social media sites that are more visually aligned and contain lesser text to grab the attention of the ideal consumer base and interact with them through intriguing visual storytelling treat. At the same time, Schembri and Latimer (2016) detected consumers of late are acting as active participants and thereby they are sharing their stories regarding brand consumption experiences on social media platforms and accordingly are engaging with others, encouraging social cohesion and culturally creating brand community. Furthermore, the sheer preference to seek information directly from the business brands acts as a motivating factor for consumers to navigate through the different social media networking platforms. Thereby, the large-scale expansion of consumer behaviour in virtual media is paving the way to reshape traditional marketing practices.

Objective

The current study attempts to examine the role of social media networks as an effective moderator in consumers' purchase intention.

Methodology

The current paper follows a systematic review (Pettricrew& Roberts, 2006) of academic articles on social media and consumer behaviour.

Findings & Discussion

Social Media Networks and their Repercussions at the Community Level

In recent times it has become a common phenomenon to share content like posts, photos, and videos among friends on social networking sites. This in a way as pointed out by Errmann, Seo, Choi, & Yoon (2019) has become the central component for consumers to put across their views and opinions related to brands and services on social media platforms. Precisely, consumers' activities on social media platforms project a clear picture of their perception of esteemed business brands. Taking an engrossing stand Errmann, Seo, Choi, & Yoon (2019) has put forward a cardinal characteristic of friend recommendations on social network is that they are usually perceived to be more reliable as and when compared to the information derived directly from business firms. In another instance, Voorveld, Van Noort, Mutinga, and Bronner (2017) explored consumers' engagement with social media networks and their role in influencing the embedded advertisement in the respective post/s. The findings of their study suggested engagement are to a certain extent deeply related to the context, it consists of the different kinds of encounters on each social media networking platform such that each of them is perceived distinctively. Additionally, it was found in their study that at every site a varied set of online encounters is linked with the evaluation of advertisement. The findings of Voorveld, Van Noort, Mutinga, and Bronner's (2017) research further highlighted the notion that engaging in social media advertisement itself is the pivotal factor in examining how social media engagement is linked with advertisement evaluation. Last but not least they observed social media applications are volatile and selecting the ideal platform for advertisement is very crucial. Nevertheless, it may be said in the present-day context social media is acting as an active device in shaping the virtual community's outlook towards brand markers across territorial boundaries.

Social Media & Consumer Behaviour

Information technology in many possible ways has redefined the definition of consumer behaviour. Of late, consumers have become active information generators from being passive recipients of information as and when compared with the trend of the bygone millennium.

Studies exploring the motivating forces in consumer behaviour are presently considered to be an emerging area of research (Heinonen, 2011). With each passing day, the layers of the new age marketing are getting unveiled. One such aspect as elaborated by Nielsen (2018) indicates consumers across the globe spend around five to ten hours per day at social media sites. It denotes the immense potential hidden in the field of social media networks that may be further utilized by marketing professionals to expand their consumer base without any sort of geographical hurdles. At the same time, Schembri and Latimer (2016) precisely noted, at the online community of social media consumers is rapidly acting out the producers' role or intangible organizational valuables via online concerted efforts with their fellow virtual counterparts. Thus, it seems to emerge social media provides a platform for virtual interaction alongside offers an ideal gateway for organizations to expand their market share irrespective of their fields.

Role of Social Media in Shaping Purchase Decisions

Much has been said and examined as to how social media contributes to reshaping the recent shift in consumer behaviour. It is a well-accepted fact that consumers play a crucial role in deciding the long-term viability of business firms. Consumer behaviour as a field of study encompasses a wide variety of sub-areas. One such indispensable aspect of consumer behaviour is the decision-making process concerning purchasing products or services. More specially, decisions taken on the consumers' end have a reasonable impact on the firm's fortunes. Researchers have accordingly examined how social media networks contribute to designing consumers' purchase decision/s. Some of the selected research studies exploring the aforementioned objective of the study are observed for the current study to probe deeper into that area. Marketing professionals hold the belief customer engagement with their respective products and services on social media sites will reward them with soaring revenues and retention of consumers (Grewal, Stephen & Coleman, 2019). It is often observed brands irrespective of their size or global presence are encouraging their esteemed consumers to interact with the brands on various social media platforms. Some of the most common modes of engagement by consumers are through 'likes', 're-shares', 'reviews', 'comments', and so on social media (for example Facebook, Twitter, Instagram, and so on).

A research study conducted by Bianchi, Andrews, Wiese, &Fazal-E-Hasan (2017), examined the factors contributing to consumers' intention to engage with social commerce in four

nations: Chile, Spain, South Africa, and Australia. The aforesaid study found that findings the main driving factor of social commerce engagement are the credibility of the message, consumers' trust in the brands' Facebook page, engagement, communication with peers, the propensity of virtual social interaction acting as the bench markers for consumers' satisfaction in lieu with the presence of such brands at the Facebook and dependency on social media platforms. All these factors according to Bianchi, Andrews, Wiese, &Fazal-E-Hasan (2017) contribute to shaping consumer engagement behaviour on social media networks. Malthouse, Calder, Kim &Vandenbosch (2016) suggested by organizing contests on social media networks brands in a way are encouraging active participation by individuals thereby generating user-created content. This in a way is influencing consumer purchase intention. They further highlighted such behaviours uplift the consumers' mood to engage in active thinking or illustrate a personally-set goal that is significant to the featured brand and ultimately influences her/his purchase decision/s in the real-world scenario.

Goh, Heng& Lin (2013) formulated an integrated study applying qualitative user-marketer interaction on a brand page on Facebook and thereby navigating through the customer transaction data to construct a distinctive data set at the level of consumers. The findings of their study show engaging with brand communities on social media ultimately contribute to positive growth in terms of expenditures linked with purchase decisions. It was further found by Goh, Heng& Lin (2013) that user-generated content has suggestive repercussions on individual consumer purchase behaviour mediated through encapsulated information and suggestive persuasion. Lastly, it was further highlighted by Goh, Heng& Lin (2013) that user-generated content has a higher potential impact as and when compared with marketer-generated content on consumer purchase behaviour at large. In another research study, it was assessed by Grewal, Stephen & Coleman (2019) that sharing pictures of products owned by individuals on a social media network acts as identity relevant factor. This can further result in the reduced intention of consumers for successive purchase decisions for products of similar nature; as such initiatives enable consumers in the virtual world to accomplish their self-identity signal needs.

A large number of previous literature emphasized that social media sites have distinctive features and components that should be taken into consideration while designing a constructive advertising campaign, mainly because social media reasonably influences

consumers' perception towards the featured advertisement/s of the respective business firm/s. The new era marketing channels must make the most out of the virtual networks because social media platforms appear to have immense potential to enhance market expansion drive for any said business firm/s. Thus, social media networks may be considered to be the ideal alternative for organizations to generate revenues and ensure sustainable growth in the long run.

Conclusion

The concurrent research studies have examined both the precursors and resultant of consumer engaging behaviour (Van Doorn, Lemon, Mittal, Nass, Pick, Pirner, & Verhoef, 2010) which explores engagement with social media as an emerging area (Dolan, Conduit, Fahy & Goodman, 2016) for management research. The field of management studies is always in constant flux it evolves with the passage of technological advancements, economic reforms, and market conditions. Social media of late has become a significant part of our daily lives which has bound together civil societies across the globe. Henceforth, it may be concluded, social media exemplifies forthcoming days of marketing research as a consequence of such a scenario business organizations across geographical territories may consider undertaking the much-needed measures to become an intrinsic part of the emerging contemporary management practices.

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A Study on the Motion of IPO of Life Insurance Corporation of India in the light of SWOT Analysis

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Abstract

Life insurance corporation of India is the largest insurance company in India holding more than 64% of the market share. It is a wholly government-held company that started its working in the year 1956. To date, LIC is a giant company in the insurance sector. In this article, an effort is made by the researcher to SWOT analysis of LIC and also how LIC performed in the last two months of its listing. To do the SWOT analysis the researchers have collected 10 years of financial data of LIC and also studied DRHP and various reports about LIC IPO. To analyze the last two month's performance the researchers collected two months' closing price, and volume traded and calculated the daily gain. Besides this, a comparison is made between LIC's return and the NSE insurance index. From the study, we conclude as per SWOT analysis LIC is in a better position but from the last two month's performance, it is clear that LIC is not performing well in the short run so one should be very careful while investing their valuable money in LIC and they should invest as per their risk appetite and availability of funds.

Keywords: LIC, IPO, SWOT Analysis, Performance Analysis

A Study on the Motion of IPO of Life Insurance Corporation of India in the light of SWOT Analysis

Introduction

Life insurance corporation (LIC) which is a government-held company went public in May 2022 to collect money from the market ***(Selvam, 2022).*** It is reported in the red herring prospectus of LIC that the government offered its 5% stake to the public. LIC has considered the biggest insurance company in the nation and after its listing become the top listed company on the Indian stock exchange. Analysis of financial performance is an important part of any study ***(Patel, 2020).*** It is a subjective measure that gives information that how well the business is managing activities and generating revenues ***(Attimani, 2022).*** Our present study is divided into three sections in which firstly, SWOT analysis is done to understand the strength and weaknesses, secondly, the last two months' performance is analyzed just after its listing and thirdly, LIC's performance is compared with the NSE insurance index for which t-test is applied.

Background of LIC:

Life insurance corporation of India established in the year 1956 is the largest insurance company in India it is a wholly-owned government company and serving the nation for the last 65 years. LIC was established with the main objective of providing each individual with financial cover against any harm or death at the cheapest cost. It was mainly established to spread the importance of insurance especially in the rural sector and to those who belong to the economically weaker section of society. Till 2000 LIC had a monopoly in the insurance sector after that, private players were also allowed to operate in the market. Despite this LIC held its top position to date.

The primary business of LIC:

At present, the market share of LIC is more than 64% with 66.2% market share in terms of new business premium, 81.1% share in group policy, and 74.6% share in an individual policy. Besides this among all the individual agents of India 55% are associated only with LIC.

Currently, 24 active insurance companies are working in India among which life insurance corporations being the only public player hold the leading position with 11% of compounded annual growth rate (CAGR). Moreover, CRISIL which is considered as the top company for rating forecasts that industries total premium will grow with 14-15% CAGR in the next five years out of which LIC will be the major player. Not only this but LIC is also one of the largest investors in the major companies of India. It has the stakes of almost all the big blue-chip companies.

Why did LIC IPO take place?

India is among the fastest-growing economy in the world. Among Asian countries, India has the third-largest economy. Before the outbreak of covid, it was forecasted that India will become a 5 trillion economy by 2025 but recently our chief economic adviser said that this will be possible only by the year 2027. The reason behind the two years' pushback is the strict lockdown and pandemic which affected all the businesses in the past two years.

Due to this spread of the virus, a significant deficit in the budget is found and the government is running behind the schedule very badly. The government has raised just 120.3 billion still the government is failing to meet the target of 780 billion which compelled the government to lose some portion of its stake in LIC and gather money from the market.

Beyond this LIC also wants to achieve the benefits of listing the equity shares on the stock exchange.

Offer size of LIC IPO:

LIC offered its 316,249,885 equity shares of face value Rs. 10 to gather about 75000 crores. It is mentioned in the red herring prospectus of LIC that it offered only 5% of its shares to the public. This LIC IPO is the largest IPO in India followed by reliance ltd.

Literature Review:

The researcher studied various kinds of literature on this topic. Among all the kinds of literature, the most suitable reviews are mentioned below.

Kamaleshwar and Hanumanatha (2019): conducted a study on the performance of selected life insurance companies in share market. To conduct the study the researchers selected two established insurance companies in India that were SBI life insurance Company Ltd and ICICI prudential life insurance company. They have collected the share price of both the company's shares of every fortnight Tuesday from BSE index. They have run one sample T test to compare the performance of both the companies. Their study revealed that the arrangement of change in the share price of both the companies was random.

Patel (2020): in their research paper "A comparative study of financial performance on LIC and ICICI prudential insurance" compare the performance of top private and top public insurance companies in India. The researcher took LIC which is a public company and ICICI which is a private insurance company and compared the profitability of both the companies. The researcher collected secondary data of both companies from 2014 to 2019. She compared current ratio, quick ratio, net profit margin, cash profit margin, return on capital employed, gross profit margin, debt to equity ratio, interest cover ratio, and earning retention ratio. The study revealed that LIC is in good position in liquidity, solvency and profitability as compared to ICICI.

Akotey, Sackey, Amoah, and Manso, (2013).: tried to analyze the performance of life insurance companies in Ghana. The researcher tried to examine the relationship between investment income, insurers profitability and underwriting profit with the overall net profit. The researchers selected top ten life insurance companies of Ghana and collected secondary data for 11 financial years from 2000 to 2010. The researcher used panel data regression to fulfill the objective of research. The findings of his study revealed that the premium has a negative relationship with the investment income and has a positive relationship with insurers profitability. Besides this he also found that the life insurance companies have been incurring underwriting losses which is due to price undercutting and overtrading.

Nena (2013): evaluated the performance of life insurance corporation of India. According to the researcher the life insurance corporation is one of the largest insurance companies in India which is facing a lot of competition because of the private insurance companies' emergence. The researcher undertook this study to analyze the performance of the life insurance corporation after the emergence of giant private insurance companies. To conduct the study researcher collected secondary data on LIC for last five financial years from 2005-2010. She applied F-test to fulfill the objective. The result revealed that the performance of LIC was consistent but there are some drawbacks that LIC needs to overcome.

Attimani (2022): in her research paper attempted to measure the impact of life insurance company IPOs on policyholders. The researcher collected the primary data from the policyholders and also collected secondary data in order to understand the financials of life insurance corporation of India. From the study, he found that the employees are against the disinvestment of policy although it will not affect the policyholders anyway.

Research gap:

On the basis of above-mentioned literature reviews, it is found that much research is done to analyze the financial performance of LIC before its listing but after LIC IPO took place, very few researchers tried to analyze the performance. This gap encouraged the researchers to probe into this area and do deep research.

Objectives of the study:

The present study is undertaken with the following objectives:

1) To understand the strength and weaknesses of LIC through SWOT analysis.
2) To analyze the performance of LIC after its listing.
3) To compare the performance of LIC with the benchmark insurance index after its listing.

Research Methodology:

Our present study is descriptive for which three objectives are formulated. To fulfill the above-stated objectives the researcher applied the following methodology.

Sample of study; Nowadays there are many insurance companies in India among them life insurance corporation of India [LIC] is taken as a sample of study.

Period of study; In the present study, the financial data of LIC has been collected for 8 years from 2014- 2022.

Data collection; Our present study is purely based on secondary data. The official website of LIC is used to collect financial data. Besides this, the annual report is also downloaded to collect various facts about LIC.

Research tools used: In the present study the researcher used SWOT analysis to fulfill the first objective of the study which is to understand the strength, weaknesses, opportunities, and threats to life insurance corporation of India. Besides this, the researcher also used paired t-test to fulfill the hypothesis of the study.

Paired t-test: A paired t-test is used to measure the difference between the mean of two different groups. The formula for the same is mentioned below.

t= $\boldsymbol{\Sigma d}/\sqrt{\boldsymbol{n}(\boldsymbol{\Sigma d2}) - (\boldsymbol{\Sigma d})\boldsymbol{2}/\boldsymbol{n} - \boldsymbol{1}}$ ----------(1)

Where d= differences per paired value N= number of samples

The hypothesis of study:

For our present study, the following hypothesis is formulated:

H_0: There is no significant difference between the performance of the LIC and NSE insurance index.

H_1: There is a significant difference between the performance of the LIC and NSE insurance index.

Strength, Weakness, Opportunities, and Threats (SWOT) analysis of LIC:

SWOT analysis is an important tool that helps to examine the strength, weaknesses, opportunities, and threats related to the firm. It helps us to evaluate the firm's internal ability or the core competency through which the firm exploits the benefit from the market. Besides this, it also makes us aware of the weakness of the firm due to which the firm fails to grab the opportunities available in the market.

The SWOT analysis explains that if the firm has the strength, it must grab the opportunities available in the outside market and fight the major threats of the market.

It also tells us that if a firm is weak to fight and unable to position itself in the market then it should leave the market rather than compete with threats.

Strengths of LIC:

India's largest insurance company:

LIC was established in the year 1956 and is still in existence with the highest amount of premium collection. Till 2000 LIC has a monopoly in the insurance sector as the private players were not allowed to enter the insurance market. After 2000 private companies jumped in this sector but none of them succeeded in beating the LIC and it is still at the first position with 2048 fully computerized branches, 1381 satellite offices, and 113 divisional offices.

Trust:

Life insurance corporation of India is considered the most trusted brand in India and also in many countries such as Nepal, Mauritius, Sri Lanka, etc. LIC has succeeded in spreading the message of life insurance to remote locations of the nation and collecting premiums throughout the nation. According to Insurance regulatory and development authority (IRDAI) report the claim settlement ratio of LIC was 98.62% in the financial year 2021 and it was 96.69% in 2020. It was also mentioned that out of 11.01 lakh claims LIC has settled 10.84 lakh

claims during the pandemic time. Recently a ranking was given by IRDAI to 15 insurance companies keeping in mind various factors in which LIC stood first followed by Max life. This act LIC is enough to create trust among the insurance holders.

High embedded value:

The embedded value of any insurance company is the sum of the present value of future earnings and net asset value. This value is important to estimate the future earnings with help of only existing businesses. In the below chart it is visible that the embedded value of LIC is almost 5.4lakh crore which is the highest among all and much more than the insurance company stood in the second position.

Table (1): Embedded value of life insurance companies

Insurance companies	Embedded value
LIC	5,39,686
SBI life	33,390
HDFC life	29,543
ICICI prudential	30,203

Source: Author's compilation

Strong financials:

LIC is one of the largest companies in the nation and has a good financial record. The earning per share (EPS) of LIC is showing an upward trend every year. In the last financial year, the EPS was 290.06 which was the highest.

The rate of growth of capital employed is good for every year and it was highest in last financial year. Though the growth was the least in 2020 which was due to the pandemic situation.

The growth rate in sales was also in an increasing trend. Although the rate was less in two years which may be due to covid it was recovered in last year.

The current ratio measures the ability of the firm to pay short-term obligations. It gives us a basic idea of whether the company is capable enough to pay its debt in the future or not. The

current ratio for more than 1 value depicts good liquidity. In the below table it is visible that the current ratio for all years was more than 1 denoting a good liquidity position of LIC.

The interest coverage ratio depicts how the firm will pay interest on its debt and ROCE which depicts the profitability of the firm in a good position for all the selected years for LIC.

Table (2): Fundamentals of LIC

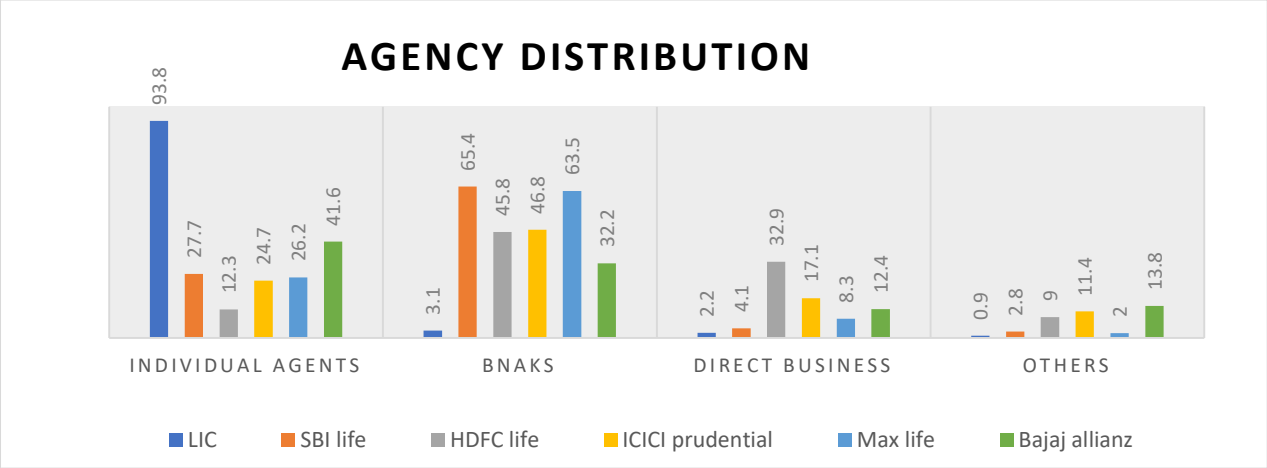
Year	EPS	ROG-Capital Employed (%)	ROG-Sales (%)	Current Ratio	Interest Cover Ratio	ROCE (%)
2021	290.06	19.37	10.77	3.49	97.85	0.32
2020	271.27	2.23	9.99	4.11	166.91	0.31
2019	268.85	9.46	7.1	4.72	266.75	0.36
2018	244.6	10.38	6.26	4.9	215.74	0.37
2017	223.2	16.51	16.26	7.08	183.33	0.37
2016	251.8	8.97	3.92	10.34	134.56	0.35
2015	182.4	15.52	329.93	12.94	76.2	0.3
2014	165.7	0	0	16.36	146.59	0.1

Source: Author's compilation

A strong network of agents:

Agents are the real asset of any insurance company. LIC has a wide network of agents working throughout the nation. Most of the business of LIC is generated by the individual agents of LIC. LIC relies 93.8% on its individual agents, on the other hand, other private players do not have a wide network of agents so they rely mostly on other sources such as banks and direct business. There are 13.5 lakh individual agents working under LIC that are responsible for 94% of the new business premium. According to Jariwala" The agency force of LIC is very well educated about the plans and thoroughly enmeshed into the ecosystem of LIC"

Chart (1): Agency distribution of LIC

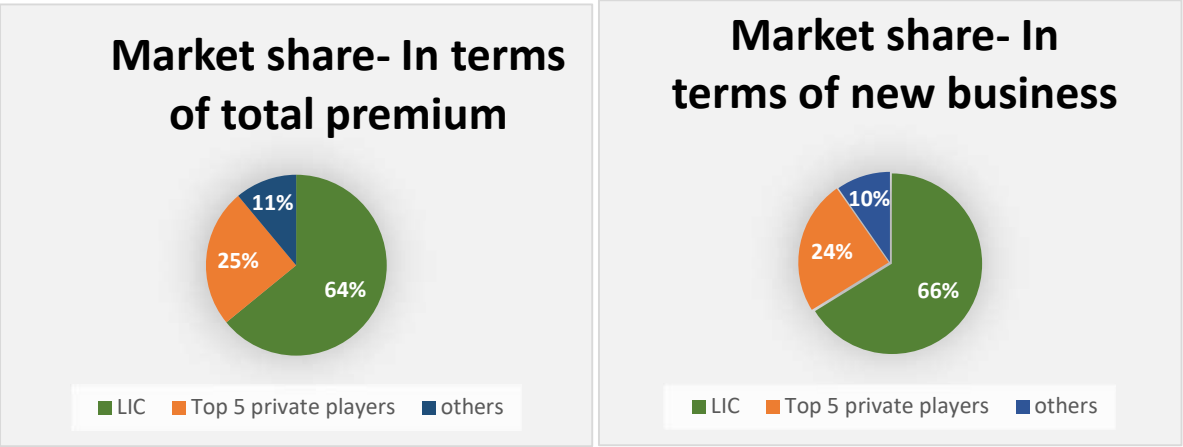


Source: Author's compilation

Market share:

LIC is the leader in the insurance sector and not only in the insurance sector but it is the largest and oldest company in the nation. LIC holds more than 64% of the market share in the premium market and 66% of the share in the new business premium. The stronghold of LIC in the market makes it the leader in the insurance sector. If we include the market share of the rest of the players, still LIC has the highest share in both circumstances.

Chart (2): Market share of LIC

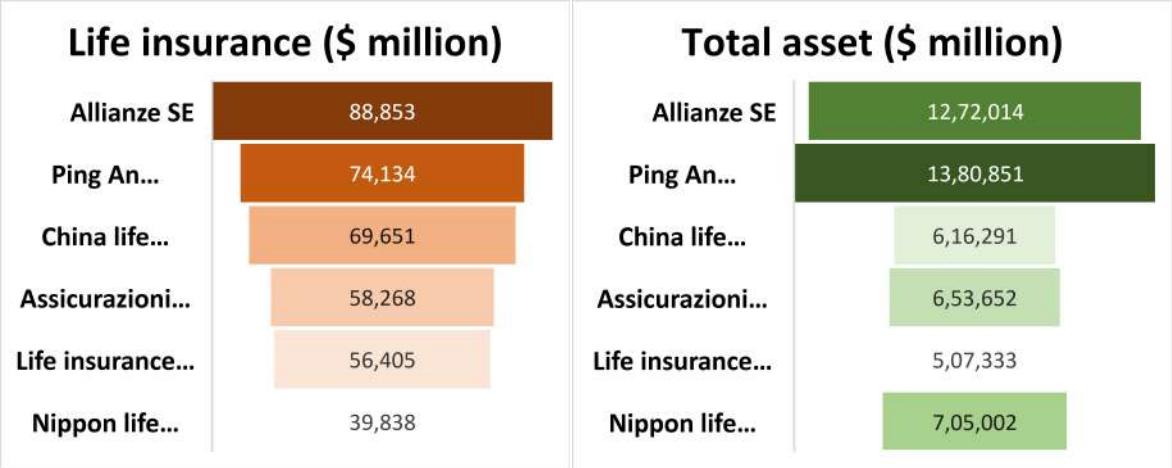


Source: Author's compilation

Global positioning of LIC:

LIC is not only a leading insurance company in the nation but also stands in a good position in the international market. LIC stood at 5th position in terms of life insurance policies with 56million$ worth and also stood at 6th position in terms of asset holding. It holds a good stake in the international market as well.

Chart (3): Global positioning of LIC



Source: Author's compilation

A strong network of Subsidiaries:

LIC has a very strong network throughout the nation and it also has a strong network of subsidiaries like LIC card service limited, LIC Nomura mutual fund, LIC housing finance limited, LIC (Lanka) Ltd, LIC (Nepal) ltd, LIC (International), etc.

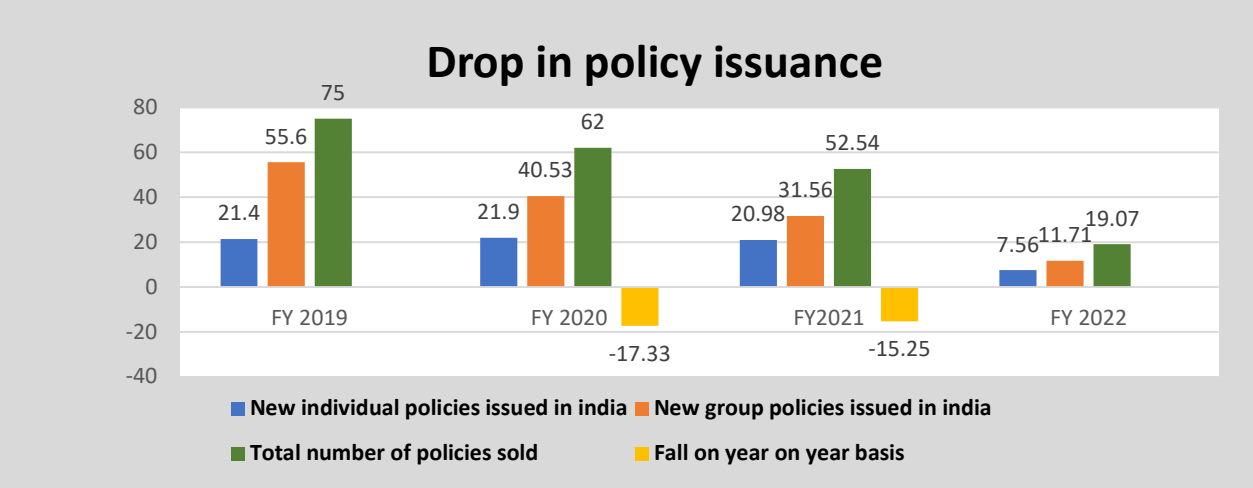
Weaknesses of LIC:

Drop-in policy insurance:

When it comes to new policies in individual and group categories, LIC failed to generate good policies in the past two years. During April 2018-march 2019, just before the pandemic started the business of LIC in terms of total policies was 75 million which dropped to 62 million during

the pandemic time with a 17.33% decrease. Another drop of 15.54% was seen in FY 2021 when the new policies dropped from 62 million to 52.54 million.

Chart (4): Drop in policy issuance of LIC

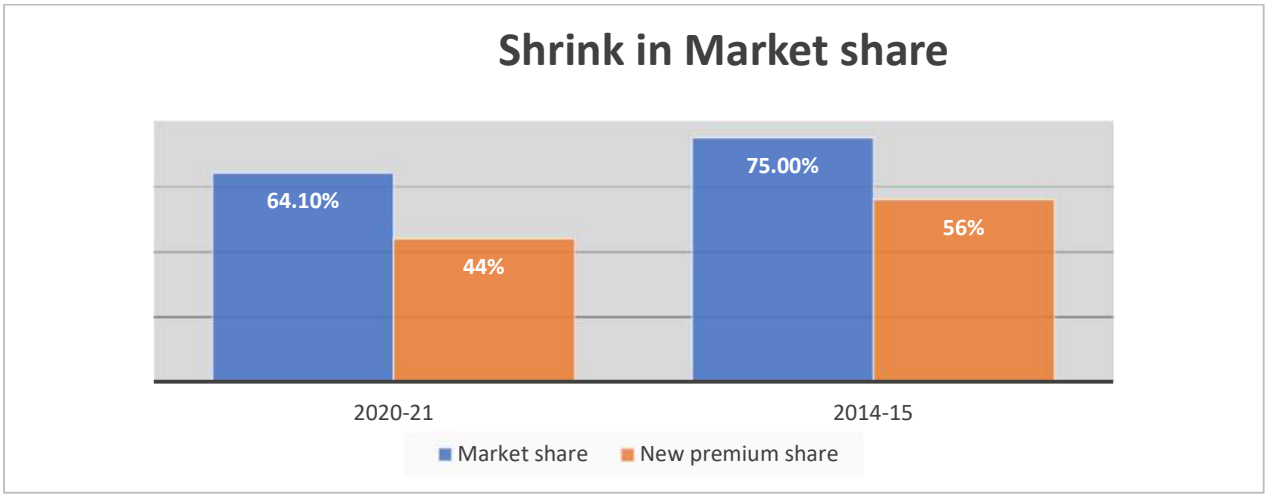


Source: Author's compilation

Shrinking market share:

LIC has the highest market share in the insurance sector. It holds more than 64% of the total market share of the entire insurance business but we cannot forget that once it has the monopoly in the insurance sector. Now it is losing its share as new private players are entering the market with new innovative ideas and attractive policies and LIC is losing its ground. According to the experts, if LIC will change its product mix or change its workings, it will lose half of the ground in near future. An expert "Prakash Jariwala" mentioned that LIC needs to strengthen its presence in online channels and banking business to stop market share erosion.

Chart (5): Shrink of LIC's market share



Source: Author's compilation

Low investment yield:

Investment yield refers to the income generated through investment made by the company. LIC not only collects the highest amount of premiums it also has a huge investment in almost all the major companies of India but it fails to generate a good amount of return despite having huge reserves and investment. It only generates an 8.3% yield from the life fund and only 7.9% from pension annuity. The reason behind such yield is that LIC does not focus on the fundamentals of business before investing rather it invests only in giant companies which ultimately average out the return.

Table (3): Investment yield of life insurance companies

Insurance companies	Life fund	Pension annuity & group fund	Linked life fund
LIC	8.3	7.9	10.6
SBI life	8.6	8.4	24.8
HDFC life	9.5	7.9	38.7
ICICI prudential	9.8	9.5	34.6
Max life	9.3	8.8	31.5
Bajaj Allianz	9.9	7.9	34.5

Source: Author's compilation

Increased NPAs:

LIC is always looked upon to inject cash and give financial support to government and other public undertakings as it is having the highest cash reserve and is also considered the most trusted govt. undertaking. It is always requested to perform government obligations. Its huge cash reserves are used many times to inject capital into many banks. Due to this act of government, a negative impact can be seen on the financials of LIC. If we look at the NPAs of LIC, it is highest among all and this is becoming the weakness of LIC.

Table (4): NPAs of insurance companies

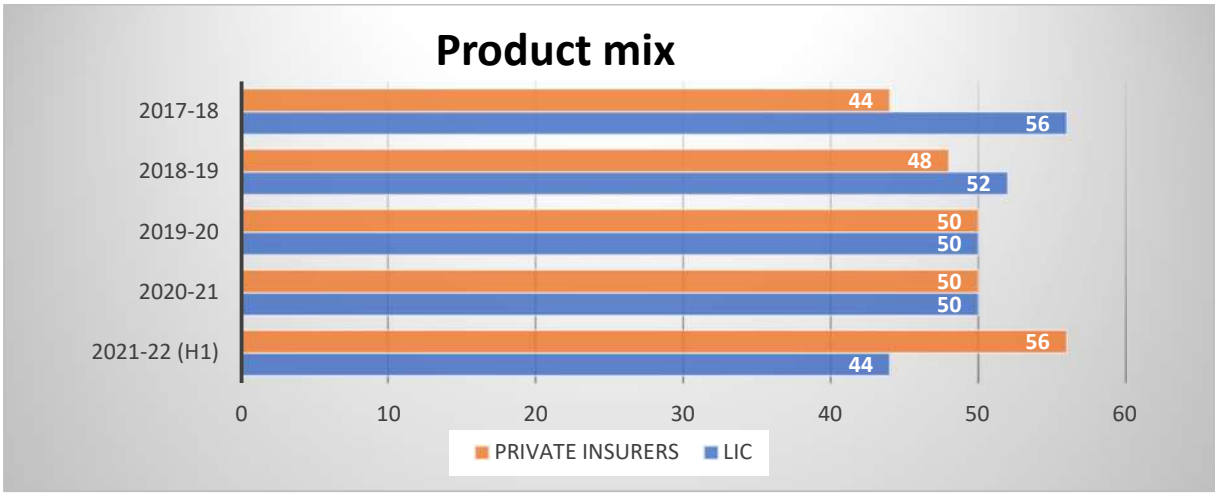
Insurance companies	NPAs
LIC	7.78
SBI life	0.05
HDFC life	0.07
ICICI prudential	0
Max life	0.2
Bajaj Allianz	0.9

Source: Author's compilation

Poor product mix:

LIC offers a huge range of products to its customers. Its products are affordable by people of all income groups but in the last few years, the products of LIC are not much attractive. Other private players are offering a good range of products at an affordable price. According to Jasani" The product mix of LIC is more skewed towards long-term participating good and savings".

Chart (6): Product mix of LIC



Source: Author's compilation

Opportunities for LIC:

Low penetration of insurance:

The penetration of insurance in the Indian market is very low. According to the economic survey report, the life insurance penetration was 2.82%, 3.2% in 2019 and 2020 respectively. Although the rate increased after the pandemic situation but still it is underpenetrated. LIC can take advantage of the underpenetrated market and can increase its business.

Increase in the working population:

The working population of the nation is increasing every year. It is reported that the increase in the working population is 12 million based on present demography. By 2036 the working population of India will turn to 65% of the total working-age population. India can take advantage of this situation to increase its workings.

High per capita savings:

A report by the state bank of India states that the savings of the people were increased to 7.1 lakh crore from 1.35 lakh crore during the pandemic time. Now many people are inclined

towards savings which they are investing in many sectors. Insurance can be taken as an investment and this creates an opportunity for LIC.

High consumer awareness:

Nowadays consumers are more aware of LIC policies, especially after the covid outbreak. During the pandemic, the life of the people was at stake and this makes us realize the importance of insurance policies. People are now thinking about the life and future of their loved ones. LIC can use this opportunity to increase its business.

Brand image:

LIC has a strong brand image among the people of India. Its tagline is "Yogakshemam Mahamyaham" which means the welfare of all the people. According to the Economic Times brand equity survey, LIC was the most trusted brand among all other brands of India. LIC can take advantage of its good image and can increase its business.

Strong network:

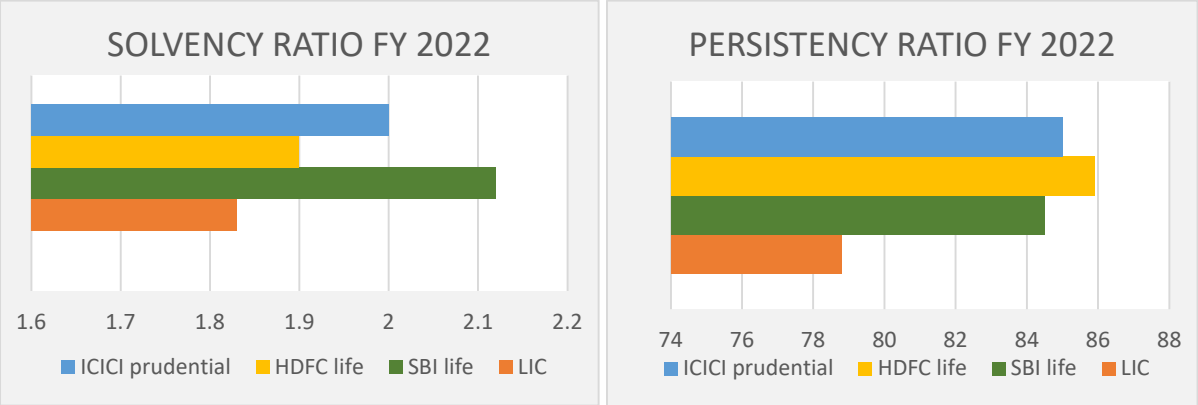
The strongest network of individuals is the strength of LIC. Among all the insurance companies LIC has a good network that is spread in remote locations and provides an advantage to LIC to reach every house of the nation.

Threats for LIC:

Competition:

LIC was the leader among all the insurance companies but after the entry of private players in the market, it is losing its market share. Earlier in 2014, its share was 75% which is now only 64%. beyond this, the private players such as SBI Life, HDFC Life, and ICICI prudential are performing better in many aspects than LIC. The solvency ratio measures the firm's ability to meet its financial obligation in the long term while the persistency ratio denotes the number of policies that are renewed or are in process. These two ratios are good indicators of the working of any company.

Chart (7): Solvency and persistency ratio of LIC



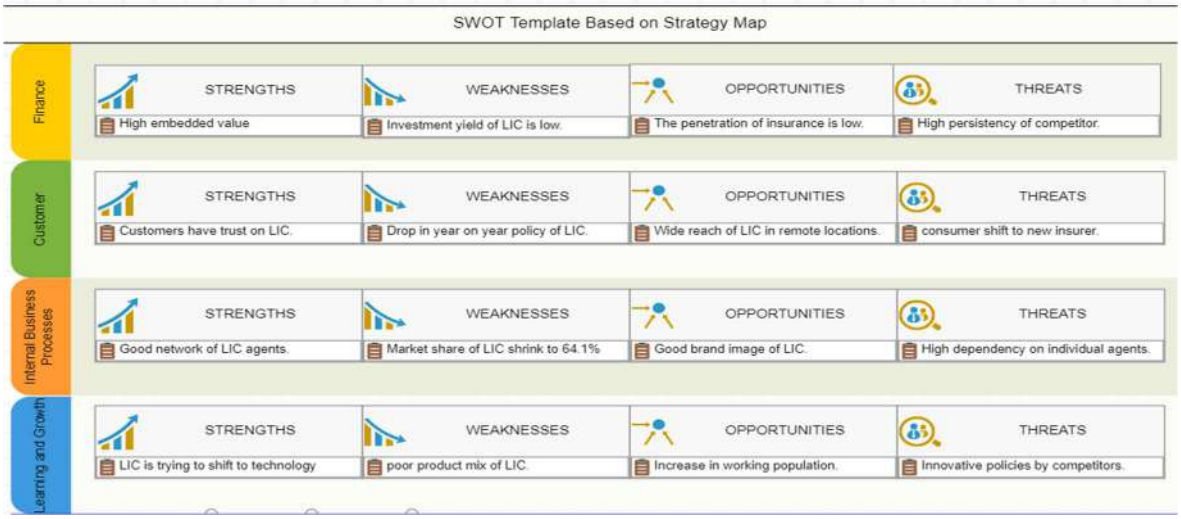
Source: Author's compilation

In the above figures, it is visible that the solvency ratio and persistency ratio of other private players are very good and it is giving a tough competition to LIC.

Technological advancement:

In terms of technological advancement, LIC is lacking behind. Other private players are providing services to their customers through online mode and also providing various facilities available only in online mode. On the other hand, LIC is still dependent on its 13.5 lakh of individual agents who are doing great work but somewhere failing to provide benefits as provided online. However, LIC needs to do a lot to keep up with technological advancement.

Chart (8): SWOT analysis of LIC



Source: Author's compilation

Performance of Share Price of LIC in Two Months of Listing

Before the listing of the LIC's shares, experts expected that it would not be better to invest in the LIC's IPO. The researchers made an effort to analyze the last two month's performance of life insurance corporation of India. The researcher found following things while analyzing the performance of LIC.

Negative listing gain:

LIC's IPO was listed on the 17th of May 2022 on both the National and Bombay Stock Exchange and the issue price of LIC's share was 949 on that day while it got listed at 872, which gave an investor more than 8% of listing loss.

Continuous fall in the share price of LIC:

The issue price of LIC's share was 949 while it got listed at 872 on National Stock Exchange of India. From that date, there was a decrease in the price of the LIC's share till date. Right now, the price of LIC shares is around 700 which is almost 25% less than its issue price. It is also calculated that the average decline in the share price of LIC is around 1.3% in trading session.

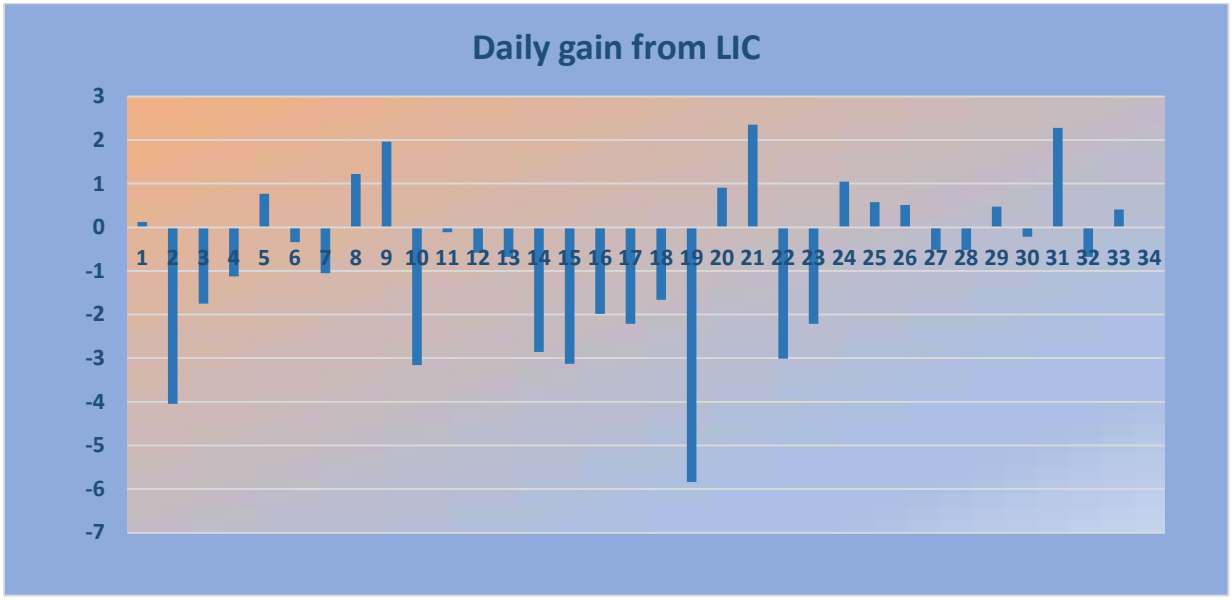
Chart (9): Daily closing price of LIC's shares

Source: Author's computation

Negative daily gain:

Whenever an IPO got listed, the investors invest their money with the expectation of earning good daily return from the security. LIC was one of the biggest IPO of era from which the investors expected good returns. The LIC IPO did not perform well from the beginning. On the day of listing, it gave a negative return to the investors and after that, the investors started withdrawing their amount due to which the share price of LIC started falling. While the researchers calculated the daily gain from the shares, they found that just after the day of listing the shares started giving negative returns to the investors. In last two months of trading only in few days, the LIC gave a positive return which was around 1.5% otherwise for rest of the trading days the investors only earn a negative daily return.

Chart (10): Daily gain earned from LIC's shares



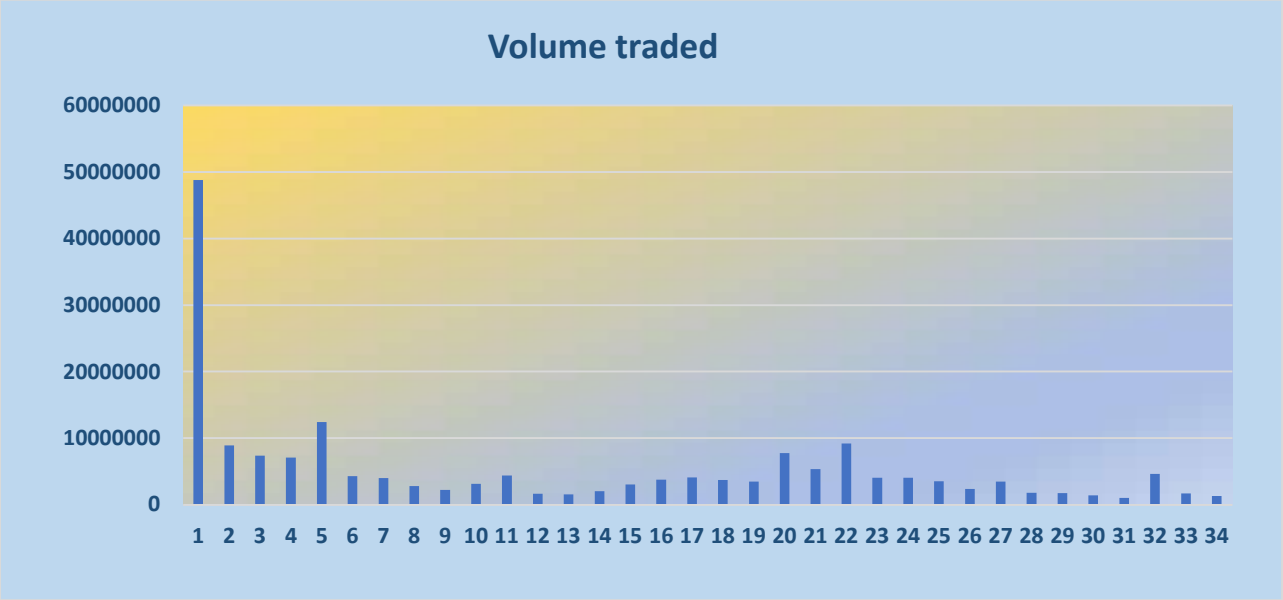
Source: Author's computation

Reduction in volume traded:

Volume is the total number of shares that are traded in the market during a given period and volume also indicates the health of the shares. If the volume traded increases this indicates that the investors are interested in the share of the company and many shares are either bought or sold in the market but a decrease in the trading volume is a sign that the company

is not doing well. From the below chart it is visible that initially the volume of share was 48792877 which suddenly reduced to 8919761 and it is continuously decreasing in last two months.

Chart (11): Volumes of shares traded



Source: Author's calculation

Testing hypothesis:

To test the formulated hypothesis paired t-test is run. Since the calculated p-value is 0.06 which is more than 0.05, we accept the null hypothesis which indicates that there is no significant difference between the performance of LIC and NSE insurance index after listing.

Table (5): Result of paired t-test

Particulars	LIC's return	Return from NSE insurance index
Mean	-0.6494	0.1526
Standard deviation	1.66421	0.2989
observations	31	31
Df	30	
t stat	-1.954	
p (T<=t) two-tail	0.06	

Source: Author's calculation

Findings

The researchers did a performance analysis of last two months performance of LIC and found that from the date of listing the life insurance corporation of India did not perform well:

- LIC's share gave a negative listing gain to the investors which is -8.11% on the date of listing.
- From the date of listing on every trading day, the closing price of the share was continuously decreasing. The share price decreases 25% from the actual price at which it was issued.
- It is also calculated that on average there was 1.3% decrease in the price of the share in last two months of trading.
- On the day of listing the volume of trade was more than 4.8 crore while just after first day there was a sudden decrease in volume traded to 89,00,000.
- When the comparison is made between the return earned by LIC and the NSE insurance index through paired t-test, it is found that there is no significant difference between LIC's performance and NSE insurance index.

The decision regarding investment in LIC's IPO:

The life insurance corporation of India offered its 5% holding to the public in May 2022. Surely this IPO was India's biggest IPO. Now the question arises, should we invest in LIC?

There are many strengths and weaknesses of LIC we must consider all to conclude. Surely LIC is the leading insurance sector and after its listing one of the biggest listed companies as well. It is also having the highest embedded value and a good network of agents but the way private players are entering the market and capturing the insurance sector is creating tough competition for LIC. The private players are aggressively attacking the market with attractive policies at affordable prices. LIC is losing its share and is also expected to lose more in near future.

Despite having large market share and good market reach with trust among the investors, the LIC IPO failed to perform well in last two months. The share price of LIC is continuously decreasing and LIC is unable to generate positive gains for its investors. This gives us the indication that even with good fundamentals and huge market capitalization, a company needs to work hard to establish itself in market and keep its share price moving in upward direction.

Keeping in mind the above-stated points we conclude that the investors should be very careful while investing their money in the LIC especially in the short run but as experts mentioned that "LIC is a long-term play" so one can invest in LIC for long-term keeping in mind their risk appetite and availability of funds.

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