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REVERSE CHARGE UNDER GST IN INDIA AND ITS IMPACT ON SMALL BUSINESS ENTITIES

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ABSTRACT

Normally supply of goods & services both are liable to tax under Goods & Service tax law and normally supplier of goods collect tax from receipt of goods/ services and then paid to government. But in some cases supplier cannot collect tax from receipt, receipt directly pay tax to government, these circumstances/cases called reverse charge initially this concept is applicable in service tax only therefore the concept is only applicable to services but after implementation of GST it is applicable on both goods as well as services also. under GST law there are two situations where RCM will applicable first one when goods or services or both are supplied from unregistered dealer to registered dealer and second one when goods or services or both notified by Government.

KEYWORDS

(GST) goods & service tax, reverse charge, small business entities.

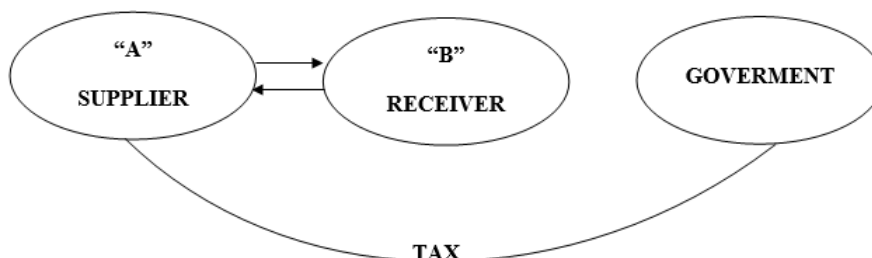
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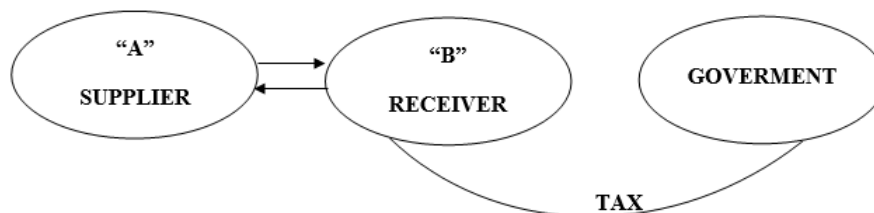
1. INTRODUCTION

Indirect Taxation is a system whereby supplier of goods or services collects tax from his buyer and then, supplier pays the same to the government. But, in certain cases, system of collection of tax by the government is just reversed i.e. instead of being payable by supplier to the government, tax is directly paid by the recipient to the government, which is called Reverse Charge Mechanism (RCM). In such case the supplier of goods or services issues the invoice only in respect of value of goods or a services supplied by him and does not charge tax on the invoice and collect only the value of goods / services without tax from the recipient. And, the recipient, on the other hand will have to compulsorily pay the amount of tax to government directly. Before implementation of GST law there is only concept of Reverse charge under Service Tax Law i.e. the concept of Reverse charge is only applicable under Service tax law other Indirect tax like state VAT Laws, Central Sales Tax Law, Excise Law Etc. had no any provision of Reverse charge. After implementation of GST reverse charge concept comes into fully existence.

Forward Charge: When Supplier is liable to pay tax to Government.



Reverse Charge: When Recipient is liable to pay tax to Government.



Small Business Entities: Business Concerns whose turnover is Up to Rs. 500 Lacs during current or last financial year.

2. REVIEW OF LITERATURE

- A. "Reverse Charge Mechanism under GST for Goods and Services in India, (Tharani S and Saleem Ahmed, 2017) "Reverse Charge Mechanism may be applicable in case of supply of notified goods or services or both and Reverse Charge Mechanism levy on account of purchase from unregistered dealer, where such supply is taxable goods or services i.e. exempt supply from an unregistered person not covered under reverse charge mechanism.".

- B. All about Reverse Charge Mechanism (RCM) under GST, (Nitesh Bind, 2018) “GST is normally charged by Supplier of Goods/Services. But there are some cases where the Recipient will be liable to pay GST instead of Supplier. This structure of charging GST is called Reverse Charge Mechanism (RCM). RCM will applicable on following transactions
- Supply from unregistered dealer to registered dealer.
 - Services through an e-commerce operator.
 - Notified goods and services by Central Board of Indirect Tax and Customs (CBIT).”
- C. Indirect Tax Laws, (CA. Yashvant Mangal, 2019) “Reverse Charge is a concept which applicable when registered person receives goods or services or both from unregistered person and goods and services notified by government. Receipt of goods or services or both firstly deposit tax on URD supplies or on notified transaction to government and their after he is eligible for Input Tax Credit on deposited tax under RCM transactions.”.
- D. GST Reverse Charge: What & When Explained with Examples, (Clear tax, 2019) “Normally, the supplier of goods or services pays the tax on supply. In the case of Reverse Charge, the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed. Reverse Charge will be applicable on following transactions.
- Supply from an unregistered dealer to registered dealer.
 - Services through an e-commerce operator.
 - Supply of certain goods and services specified by Central Board of Excise and Customs (CBEC).

3. OBJECTIVE OF STUDY

To analyzing the provision of GST on Reverse Charge and Finding their Impact on Small Business Entities.

4. PROVISION OF REVERSE CHARGE UNDER GST LAW

Normally the supplier of goods/services is liable to pay tax to the government but in case of Reverse charge concept the receiver of goods/services is liable to pay tax to the government.

As per goods and service tax law in India under following circumstances receiver of goods/services is liable to pay tax i.e. under following cases Reverse Charge will apply. [Section 9(3) & (4) of CGST Act] [Section 5(3) & (4) OF IGST Act]

- 1) When Supplier of Goods/Services is not registered under GST Law.
- 2) When Services provided by E-commerce Operator (ECO).

Person liable to pay tax when services supplied through ECO-

1	If ECO is located in Taxable Territory	→	Person liable to pay tax is the ECO.
2	If the ECO does not have physical presence in the Taxable Territory	→	Person liable to pay tax is the person representing the ECO.
3	If the ECO has neither the physical presence nor any representative in the taxable territory in the Taxable Territory	→	Person liable to pay tax is the person appointed by the ECO for the purpose of paying the tax.

3) Supply of Goods & Services Notified by CBIC.

S.No.	Supplier	Recipient	Category of Supply
1	Goods Transport Agency (GTA)	1) Factory Registered under Factory Act, 1948; or 2) Any Society registered under the society act, 1860 or under any other law for the time being in force in any part of India; or 3) Any Co-operative Society established by or under any law; or 4) Any person registered under CGST act or SGST Act or IGST act or the UTGST act; or 5) Anybody corporate established by or under any law; or 6) Any partnership firm whether registered or not under any law including association of person; or 7) Any casual taxable person located in the taxable territory.	Supply of services by Goods Transport Agency (GTA), who has not paid GST at the rate of 12%, in respect of transportation of goods by road to recipient-
2	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.	Services provided by an individual advocate including a senior advocate or firm of advocated by way of legal services, directly or indirectly.
3	An arbitral tribunal	Any business entity located in the taxable territory.	Services supplied by an arbitral tribunal to a business entity.
4	Any person	Anybody corporate or partnership firm located in the taxable territory.	Services provided by way of Sponsorship to anybody corporate or partnership firm.
5	Central government, State government or Union Territory or Local Authority	Any business entity located in the taxable territory.	Services supplied by Central government, State government or Union Territory or Local Authority to a business entity excluding: 1) Renting of immovable property, and 2) Services specified below- i) Services by the department of post by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central government, State government or Union Territory or Local Authority ii) Services in relation to an aircraft or a vessel, inside or outside the precincts of port or an airport; iii) Transport of goods or passenger.
5A	Central government, State government or Union Territory or Local Authority	Any person registered under the Central Goods and Service Tax Act, 2017.	Services supplied by Central government, State government or Union Territory or Local Authority by way of renting of immovable property to a person registered under the Central Goods and Service Tax Act, 2017.
6	A director of a company or a body corporate	The company or body corporate located in the taxable territory.	Services supplied by a director of a company or a body corporate to the said company or a body corporate.
7	An insurance Agent	Any person carrying an insurance business, located in the taxable territory.	Services supplied by An insurance Agent any person carrying on insurance business.
8	A recovery agent	A banking company or financial institution or non- banking financial company, located in taxable territory.	Services supplied by a recovery Agent to banking company or financial institute or non- banking financial company.
9	Author, music composer, photographer, artist, or like.	Publisher, music company, producer or the like, located in the taxable territory.	Services supplied by Author, music composer, photographer, artist, or like by way of transfer or permitting the use or enjoyment of copyright act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like.
10	Member of Overseeing Committee constituted by the RBI.	Reserve Bank of India (RBI)	Services supplied by the Member of Overseeing Committee to RBI.
11	Individual Direct Selling Agent other than a body corporate, partnership firm or limited liability partnership firm.	A banking company or a non-banking financial company, located in taxable territory.	Services supplied by Individual Direct Selling Agent other than a body corporate, partnership firm or limited liability partnership firm to banking company or a non-banking financial company.

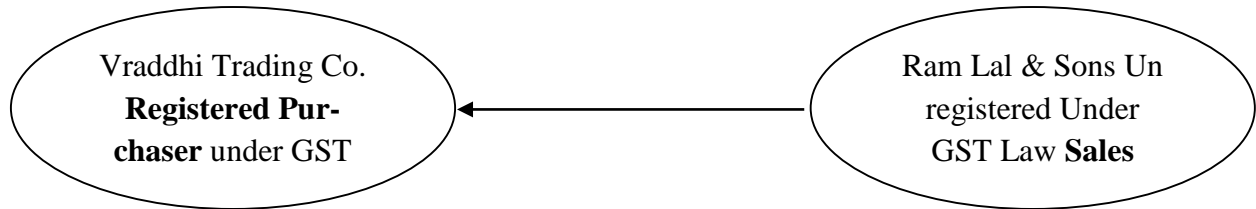
Additional services taxable under IGST Act.

S.No.	Supplier	Recipient	Category of Supply
1	Any person located in non taxable territory	Any person located in taxable territory, other than non taxable online recipient.	Any services supplied by Any person located in non taxable territory to Any person located in taxable territory, other than non taxable online recipient.
2	Any person located in non taxable territory	Importer	Services supplied by Any person located in non taxable territory by way of transportation of goods by vessel from a place outside India up to the customs station of clearance in India.

*Presently, applicability of concept of Reverse Charge is postponed till 30/09/2019.

5. FINDINGS

i) Every purchases from unregistered person will be taxable in hand of purchaser i.e. purchaser will liable to pay/deposit tax to government. e.g.



In above case as per provision of reverse charge Vraddhi Trading Co. will liable to deposit tax on above transition as per applicable tax rate.

ii) Any business entity located in taxable territory and receiving legal services or arbitral services from any advocate/advocate firm or arbitral tribunal than that business entity is liable to deposit tax to government under reverse charge.

e.g. M/s Vraddhi ltd. takes legal advisory services from Mr. Jethmalini a senior advocate he charges rs. 2,00,000. Now m/s Vraddhi ltd will liable to pay tax on sum of Rs. 2,00,000 to government as per reverse charge provision.

iii) Mr. Ram Registered under Central Goods & Services Tax act, 2017 and he take a shop on rent from Nagar Parishad, Rajsamand at Rs. 10,000 per month. Now Mr. Ram will liable to pay tax on Rent amount of Rs. 10,000 per month to government due to provision of reverse charge.

iv) Mr. Mukesh Ambani Providing director services to Reliance India Limited and company paying him Rs. 8,00,000 per annum for his service. Now company will liable to pay tax to government on above Rs. 8,00,000 director's fees.

v) Mr. Rakesh in an agent of Life Insurance Corporation limited (LIC) and providing insurance agent services during the year of 2018-19 he receives form LIC Rs. 6,25,320 as his insurance agent services remuneration. Now LIC will liable to pay tax on Rs. 6,25,320 as per reverse charge provision.

vi) Mr. Abhay Jaroli has very good knowledge of Goods & Service Tax and he writes a book on Goods & Service Tax Law and publish that through a reputed book publisher xyz publication, xyz publication paying to Mr. Jaroli Rs. 2,00,000 per annum for printing and selling right. Now as per provision of reverse charge on Rs. 2,00,000 XYZ Publication is liable to pay tax.

6. CONCLUSION

As per my study I can say that it is improved version of RCM, which includes services as well as goods also. RCM on supply from unregistered supplier will bring many persons under the tax net. Compliance burden will be increased on registered persons. They will try to purchase from registered persons only. And it is recommended to obtain registration, without taking care of threshold limit, by a person who supply to registered persons. Otherwise they may lose business also.

7. RECOMMENDATIONS

1. GST council should set a monetary limit for Reverse charge, which would allow Small Business Entities not to be affect by this complicated compliance part and allow to do business burden free.
2. GST council should simplify the system for tax payer.
3. Law part should be more clear.
4. Council should interact with tax payer for better implementation and maintenance.
5. Scheme like Reverse Charge should be for business entities whose turnover more than 500 lacs rupees.

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THE BEST PRACTICES OF WOMEN'S COLLECTIVES: PERSPECTIVES OF SRI LANKAN WOMEN'S BANKING

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ABSTRACT

The purpose of this research is to determine the reflective practices in women's collectives in rural villages in Sri Lanka. Mainly in the rural villages the economically inactive portion of the women is high. Women empowerment can be used as the major tool the facilitated to eradicate the poverty in the country. Women's banking is one of the methods which can be applied for women empowerment and to get their contribution to the development process. These collectives provide massive support for women to achieve their economic, social and political development. This paper presents a critical examination of the women's Bank operations in rural villages. Qualitative methodology was adopted. Ten in – depth interviews were conducted with women who are members of the women's banking teams in rural villages in Sri Lanka. The findings reveal that women's banking project not only improve their financial aspects but also empower the women by giving/imparting knowledge and improving leadership qualities and skills in order to develop their entrepreneurial competencies to meet and overcome challenges that they in their day-to- day life. (and empower them for bright future.) Further team work, collective decision making, commitment, participation, self-motivation, self-discipline and trust and honesty are the prominent practices among the women's collectives in Sri Lanka.

KEYWORDS

community, driven development, best practices, economic development, empowerment, women's banking, women's collectives.

JEL CODE

G21

1. INTRODUCTION

Family is the smallest and a vital unit in society with a set of specific values and expands those values as roots to society. Based on the values and believes of the family, the community will be developed and it will facilitate to extend the community at large. In the family, the key policy maker and the financial contributor is the mother and she brings and extends those capabilities and qualities to the community at large. However, unemployed females' value addition to the national level is ignored by the policy makers. Although their macro level contribution is low, their contribution to micro level is very high and remains as one of the main pillars of the society.

The problem is that, their contribution for the Sri Lankan economy is not represented by the economic indexes. To overcome this issue women empowerment can be used as the strategic option by utilizing the unutilized contribution of women. It is evident that the most effective strategies should be generated through society. Thus, women's banks can be introduced to empower women and get their participation to the economic development. "Women's Bank is a Cooperative Society. It is a self-reliant membership organization built, owned and operated exclusively by the poor women in Sri Lanka. It is engaged in a mission to put the resources, ideas and support of its own members to raise their socio-economic and cultural status on the principle of self-help and mutual help without depending on never ending chain of government and external support". As per the above definition, women's bank is a community with the membership of poor rural women and with the mission of raising their socio – economic and cultural status on the principle of mutual trust and self- discipline without any involvement of the government authorities.

2. LITERATURE REVIEW

Snow & Hrebiniak, 1980 argues that organization is a group of two or more people working cooperatively towards a common objective or a set of objectives. Mintzberg, 2009 argued that organizational structure defines how people are organized or how their jobs are divided and coordinated. Greenburg, 2011 refers to organizational structure as formal configuration between individuals and groups concerning the responsibilities, allocation of tasks and authority in the organization. Damanpour, 1991 posits that organizational structure includes the nature of formalization, layers of hierarchy, level of horizontal integration, centralization of authority and patterns of communication. Many organizational theorists maintain that to understand the whole organization, it should be viewed as a system (Daft 1998; Robbins 1990).

Teamwork is defined by Scarnati (2001) as a cooperative process that allows ordinary people to achieve extraordinary results. Teams are an integral part of many organizations and should be incorporated as part of the delivery of tertiary units. Interviewee six says that "Successful teamwork relies upon synergism existing between all team members creating an environment where they are all willing to contribute and participate in order to promote and nurture a positive, effective team environment. Team members must be flexible enough to adapt to cooperative working environments where goals are achieved through collaboration and social interdependence rather than individualized, competitive goals" (Luca & Tarricone, 2001).

The best leaders are motivated by a need to excel; that pursuit is a passion and a source of deep personal satisfaction (Iain Dale, 2009). As per Northouse's (2007), leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Also, it has defined leadership as a process whereby an individual influences a group of individuals to achieve a common goal.

The article of Sharma & Jain (2013) states that leadership is learned, the skills and knowledge processed by the leader can be influenced by his or her attributes or traits; such as beliefs, values, ethics, and character. Knowledge and skills contribute directly to the process of leadership, while the other attributes give the leader certain characteristics that make him or her unique. As per the article of Sarkar and Singh (2013), empowering women is all about encouraging Self-Empowerment, Self-Esteem, Personal Growth, Spiritual Growth, Reclaiming Authentic Power and the Power Goddess within.

3. PURPOSE OF THE STUDY

This paper intends to identify the specific best practices of the women collectives in Sri Lanka and the ways in which they impact the respective women collectives.

4. RESEARCH DESIGN

Both primary data and secondary data were used for the study. Ten cases were judgmentally selected representing various capabilities and different enrollments of the collective projects. In- depth interviews were carried out with ten women in order to explore the real/true insights and discover their best practices associated with their works. Each interview lasted for one and half hours to two hours' time in average. Based on the data collection, an in -depth explanation analysis has been carried out about how women are engaging in their collectives and what kind of practices they are applying to continue their savings and lending procedure. Based on the analyzed data, a clear idea/picture has been formed about the economic, social and political effort created by the women empowerment. It could be emphasized that, not only men, women also have the ability to contribute to the economic development of the country. Women banking could prove women empowerment is one of critical factors that help to uplift the development process.

5. RESULTS AND DISCUSSIONS

The women's collectives are involved in several CSR activities with the purpose to upgrade rural women's lives. Interviewee 1 explains that "Each member has to contribute Rupees 10 every month for a welfare fund which is used for payment of funeral expenses of a member or a family member of a member. In 1999 to enhance the welfare program Women's Bank introduced a welfare scheme named as 'SUBHANI'. Under this scheme each member has to deposit (refundable) Rupees 3000 initially as once and for all payment. Members who deposit under this scheme need not make monthly contribution of welfare fund and the compulsory savings. This deposit carries 18% interest per year".

Interviewee 2 states that we started save only Rupees 5 for a week. Now our team has become the bigger loan stages. I have taken various types of loans from women's Bank for emergency, medical needs, social functions (for weddings) etc.....Actually we all highly committed to bring this Bank to current stage. Now I am capable to manage my family without taking money from informal money lenders in the village.

It is clear that now Sri Lankan women have been empowered with the support of the Bank. In earlier period the place of the women is in the kitchen, but now that idea is invalid. Women's knowledge also improved of the society and the people through this work. According to the above description, each member of the women's collectives should contribute to the welfare fund which was established for the purpose of facilitating the affected parties such as in a member's funeral, disable women etc. All these activities are done by using their own funds and their team member's effort to enhance economic, social and political situation. In addition, they are made to think and plan their future.

Interviewee 3 said that "I am the leader of the group called 'Dimmuthu' (name of the group). We meet once a week. On this day we finish our house work early. The unity and the devotion to the group work are the most visible and important factors in our group. We feel this day brings special value for us"

As per Interviewee six, "This is not worth for the people who are not honest. There were people who took loans around 500,000 from this and lent money to others with a high interest. We do not allow any cheater to survive within this organization. Somehow, we have detected them and punished them. Therefore, if they neglect the repayment the whole team needs to pay it back. Then not the family members but the team members have to repay that loan".

Interviewee ten said that "I am personally satisfied about my group and proud of my village. They are united well and live in harmony. When there is a funeral or a wedding in the village we can see a higher level of unity and cooperation among group members to assist the needy people"

As per interviewee seven, "First you need to stay within the team as a "Asritha Samajika" for 8 months. Then we need to build the trust within the team. Then once a week we need to meet as a team. By joining each team member needs to save Rupees. 5 as a compulsory savings. If you like you can save any amount which is greater than Rupees.5. Likewise, you need to work within the team around 32 weeks while saving money as mentioned above. Through this process they are trained by us to save and for team work which also lead to build trust within the team".

As per Interviewee eight, from this first it teaches women to save money as a habit. Other than that we have our community development side. It means, in normal "maranadara samithi" they give financial aid only when the funeral is at the house of the members. That is the method they use in general "Maranadara Samithi". In our coop it is not like that. In our case it covers mother, father, mother-in-law, father-in-law. It covers our family unit".

Women's Bank can be determined as community driven social project mainly because it is developed with the effort of rural poor women and it facilitates them to get rid of poverty. It is done through as a community effort as in Women's Bank there are several kinds of welfare activities which help women to survive in their life.

As per Interviewee two, "We have several problems. We have 13 members in our group but now we have only 5. There are problems like that. They have their own commitments. They have gone because of their various issues; problems are common things for any society. Hence it is the same for women's bank also. But the special thing is we use formal procedure to solve our problems and issues with the collective effort. We share our problems and as a team we try to help each other to overcome those obstacles.

In accordance with the one of the interviewees, in addition to the financial dealings/transactions they are engaged in several welfare activities which contribute to society to upgrade its living standards.

The welfare activities come under the corporate social responsibilities which were discussed in the Literature Review section. It explored about main five elements which should be included in the corporate social responsibility activities. To be corporate social responsive, an organization should treat all of their stakeholders equally in an ethical and responsible manner.

As an organization women's collectives look after their members and their families in an equal manner. They have organized different value added welfare activities which help to gradually overcome the poverty level of their members' families.

As per the literature review, Damanpour, (1991) posits that organizational structure includes the nature of formalization, layers of hierarchy, level of horizontal integration, centralization of authority and patterns of communication. When it comes to the women's collectives, it also consisted of span of control, layers of hierarchy, decentralization of decision making etc. However, when we consider about the rural women, they do not have enough experience or an understanding about how they should deal under the organizational structure. However, they could collect such kind of an experience through collective effort and active participation for their women's collective activities. But they have organized in structured way to achieve their goals and objectives. They have developed different clusters namely; finance and institutional development, health, welfare, house, entrepreneurship, cultural and media, children, education and training, disaster management and environment & agriculture. Within the regional unit called as pradesikaya the women have been organized in line with above.

As mentioned earlier, team or group is the base of women's collectives. Hence, they have determined/perceived team work as their main strength. Poor rural women face many hazards, breakdowns, and interruptions in their day-to-day economic lives such as snake bites, attacks by elephants on their farms as well as their lives. They often face one crisis after another. To face most of the crises, they need money. They want moral and physical support. A significant number of rural women are the heads of their families. In most of the male-headed families also men are addicted to alcohol, smoking and gambling. Hence, team work and cooperation of group members will be valuable to face the above incidents/challenges. As a result, explores how women's collectives apply team work as a tool for their operations in relation to the management theories and practices.

In women's collectives, the leader is the role player/main player in their groups. She inspires other members to repay their loans on time and to achieve a higher stage of loan facilities. Furthermore, she has an open door policy for their team members to discuss their problems and issues. Then she tries to bring suitable solutions through discussion as a collective effort. As a leader she should identify her role and responsibilities perfectly because if not she is unable to fulfill her duties towards her group members.

Interviewee ten said that, they used to face challenges to get the membership of this woman's collectives. "We have to prove our eligibility and suitability to obtain the membership of this collective. If the team leader and other members of the team are satisfied they give membership for new comers".

Leadership training is a another prominent characteristic associated with women's collectives in Sri Lanka; leadership is a main role in their group projects and operations. At present women Bank has created about 1350 women group leaders who function as treasurers of women's groups. New group leaders are trained by the mature leaders. They have been given a basic training in keeping accounts and are engaged in reviewing and monitoring of savings and credit operations. The more experienced and senior leaders play an active role in the management of the Bank branches. Meetings of group leaders are held monthly at cluster/zonal levels to discuss common problems and to review progress. There are more than 3000 women leaders engaged in extension work. They have proven social skills for mobilization. They visit new communities, mobilize women and assist them to form into groups". It is clearly evident that this process of learning became their turning point. Some women have completed their secondary education and unfortunately they were not able to go ahead due to certain financial issues. This is a good opportunity for them to recall their memories and work happily. It has resulted in enhancing their skills, and increased their morale and trained them to take responsibility of the tasks. In the women's collectives team leader plays a major role. She has the responsibility to manage all the team members and their funds also. Team leaders will train their members to handle financial aspects and how to work as a team to achieve their targets.

According to Sarkar and Singh (2013), empowering women is all about encouraging Self-Empowerment, Self-Esteem, Personal Growth, Spiritual Growth, Reclaiming Authentic Power and the Power Goddess within. The organizational aim to ignite women empowerment should be through inspiring women with the courage to break free from the chains of limiting belief patterns and societal or religious conditioning that have traditionally kept women suppressed and unable to see their true inner power. This objective can be achieved through CSR in a systematic manner.

When it comes to the women's collectives, they are involved in several CSR activities with the purpose to upgrading rural women's lives and happiness. Interviewee two explains that "No one can teach or provide self-confidence, self-esteem or power of choice to others. Rather one must provide the environment where these can be developed. A number of different studies support the claim that women's collective or group activities that are required for different loan programs or economic development programs enhance women's condition as well as their capacities. Interviewee 3 proudly explains that interviewee five states that "this bank has given me confidence".

As per the above descriptions of women's collective in terms of women's Bank is explored the ability to create confidence among the less educated women's in the rural area is not a difficult task, only need to guide them to a truthful path in line with clear vision. Through this voyage gradually develop their self-motivation and self-discipline and also improve their relationship has built on their mutual trust. Furthermore, this women's collective organization's logo itself reflect where they want to be. Their main goals are as follows;

- Individual and group savings
- Women empowerments
- Perfection
- Prosperity
- Self-esteem
- Commitment
- Security
- Understanding
- Mutual trust
- National Culture

The objective of this study is to examine what are the practices of women's collectives in Sri Lanka? Research methodology was designed as the in depth interviews and it was carried out with ten interviewees who were attached to the women's collectives. Under this research article, it could have referred more valid research articles for the purpose of determine the insights of other authors relating to the what are the practices of women's collectives in Sri Lanka.

As per the findings of this study, this research has focused about the most significant best practices which will enhance their performance through experience and research, has proven to reliably lead to a desired result. The best practices such as mutual trust, honesty, cooperation, work with organizational structure, team working, leadership, corporate social responsibilities, self-motivation and confidence, decision making and problem solving, networking, idea generation and entrepreneurship are the prominent best practices associated with the women collective in Sri Lanka. Meanwhile research could prove above best practices based on the data analysis using the interactive individual interviews. This research could have emphasized that the women's reflective practices have been laid foundation for the women's empowerment towards the economic, social as well as political development of the country.

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A CONCEPTUAL STUDY OF ROLE OF PLASTIC CARDS IN INDIA

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ABSTRACT

The payments in banking system have undergone a tremendous change in the continuous updated technological world. Now, customers are more towards plastic cards. Consumers are occupied with the work and technological revolution change the mind set of customers from cash to cashless mode of payments. Plastic cards like debit card and credit card used in both medium offline and online. Various other types of plastic cards provided by banks in India are ATM cards, Smart cards. The purpose of this study explains the role of plastic cards in the development of banking systems and use of these cards for making online transactions. Consumers are now using internet for different online activities and these plastic cards are used for making online payments. Government of India is also playing a strong role in enhancing the use of plastic cards for making online payments. Various kinds of incentives and discounts are provided by government of India for making the Indian economy as cash less economy. The findings of this study is that consumers have moved towards online markets for making purchases and consumers are using plastic cards for making online payments. Different payment gateway companies have opened in India for providing a secure platform for online transaction to the customers. Consumers are using these plastic cards in both online and offline mode.

KEYWORDS

plastic card, plastic money, debit card, credit card, online payment, digital payment, cashless economy.

JEL CODES

M30, E59.

INTRODUCTION

Changing environment of Indian economy and advent effect of Liberalization, Privatization and Globalization on Indian economy requires an effective banking system in India. The banking system of India should cope with the changing business environment of Indian market. It is essential for the banks that they should provide products and services which can match with the changing needs of the customers. There are various kinds of banks available in India so these banks are facing huge competition from each other. It is highly essential for the banks that they should provide services as per the latest technology. Plastic cards are highly used by the consumers in their day to day life. These cards ease the work of the consumers. Initially, consumers are only using these plastic cards through offline mode but the current scenario is completely changed. Because of technological revolution, internet penetration increased in India. Number of internet users and mobile internet users is increased in India. As per the report of ASSOCHAM (2016), the number of internet users was 343 million in 2016 and it is expected to cross the 600 million users by 2020. People started using internet for their different activities. People have started paying their bills through internet only. Most of the financial activities are performed by the internet only by the customers. Consumers are also turned towards online shopping because online shopping provides them a variety of products with the single click over the internet. Instead of roaming from market to market for a product, consumers can easily browse the internet, search the product over the different online portals and purchase the product online only. People are occupied with their busy schedule, hectic life so they prefer to do online shopping for saving their time.

For online shopping, consumers have to make online payments and for making online payments, consumers are using plastic cards. In current scenario, people have started using plastic cards for both offline and online mode. Plastic cards are proving best for both online mode and offline mode of business. It is essential to understand the role of plastic cards in current business market scenario in India.

OBJECTIVE OF THE STUDY

The objective of this study is to explore the role of plastic cards in India. After the technological revolution, the use of plastic cards is increased in online mode. The objective of this study is to explore the use of plastic cards in online and offline mode.

RESEARCH METHODOLOGY

This study is completely conceptual in nature. Various types of secondary data are used for exploring the role of plastic cards in India. Secondary data were taken from reports, journals, government sites and newspaper.

PLASTIC CARD

Plastic card is a card that makes its owner (the cardholder) able to make a payment by electronic funds transfer. Plastic money also known as Polymer Banknotes is a novel concept which is replacing the traditional concept of payment through cash. The Plastic money is generally a debit or credit card with a magnetic strip and is very convenient mode of handling and now days it becomes an easiest method for paying large amount of transactions.

TYPES OF PLASTIC CARDS**CREDIT CARDS**

One of the most famous type of plastic card is credit card. With the help of this credit card, cardholder can use the credit limit amount for purchasing or other purposes. Consumers can purchase different goods & services on credit means they need not to pay instant for their purchase, they just need to swap the credit card and bank will pay on the behalf of card holders. These credit cards are given to the consumers after proper verification of the bank account holders. Credit card holder can have spent over the amount available in their bank accounts. Credit card is considered as an authentic payment tool (Mishra, 2007). Card holders need to pay interest for the amount utilized by the card holder during a specified time. Some banks are also giving equated monthly installments schemes to them. Some consumers are considering the credit cards as status symbols.

Consumers perceive the high value while carrying the credit cards. This plastic card is used for making electronic payments and the user of this credit card is from high income group. Different commercial banks and other financial banks are providing their credit cards to the customers (Manivannan 2013). Banks add monthly interest and consumers have to pay total amount and interest. The previous month bill including the interest was the subject of the loan in the following month. Credit limit is provided with the credit cards on the basis of the card type (silver, Gold and Platinum). If there is a delay in payment from customers then they have to pay penalty amount to the banks along with the original amount.

SMART CARD

A plastic card containing a computer chip and enabling the holder to purchase goods and services, enter restricted areas, access medical, financial, or other records, or perform other operations requiring data stored on the chip. Smart cards can be either contact or contactless smart card. Smart cards can provide personal identification, authentication, data storage, and application processing. Smart card is currently introduced by BRTS which stands for Bus Rapid Transit Services in Gujarat in India.

CHARGE CARD

A **charge card** is a card that provides a payment method enabling the cardholder to make purchases which are paid for by the card issuer, to whom the cardholder becomes indebted. The cardholder is obligated to repay the debt to the card issuer in full by the due date, usually on a monthly basis, or be subject to late fees and restrictions on further card use. Charge cards are typically issued without spending limits, whereas credit cards usually have a specified credit limit that the cardholder may not exceed. The balance on a charge card accounts is payable in full when the statement is received and cannot be rolled over from one billing cycle to the next. American Express and Diner's club are two well-known organizations that offer charge cards. Amex card stands for American Express and is one of the well-known charge cards. This card has its own merchant establishment tie-ups and does not depend on the network of MasterCard or Visa.

MASTER CARD AND VISA

MasterCard and Visa are global non-profit organizations dedicated to promote the growth of the card business across the world. They have built a vast network of merchant establishments so that customer's world-wide may use their respective credit cards to make various purchases. Its principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use the "Mastercard" brand debit and credit cards to make purchases. However, neither Visa nor MasterCard actually issue any credit cards themselves. They are both simply methods of payment. They rely on banks in various countries to issue credit cards that utilize these payment methods. Therefore, the interest rates, rewards, annual fees, and all other charges are issued by your bank and when you pay your bill you are paying it to the bank or institution that issued your card and not Visa or MasterCard.

DEBIT CARDS

The mostly used plastic card is debit card. This card is highly utilized by the people for offline operations or online mode. Most of the consumers carry debit cards instead of carrying huge amount of money. Carrying debit card incur less risk than carrying cash in hand. With this card, card holder directly transacts the amount from their own bank account. Consumers can pay for different goods/services with this card without carrying cash with them. It is one of the best tool for making electronic payment or e-payment.

There are currently three ways that debit card transactions are processed:

- 1 **EFTPOS** (also known as online debit or PIN debit),
- 2 **Offline debit** (also known as signature debit)
3. **Electronic Purse Card System**

The Pradhan Mantri Jan DhanYojana (PMJDY) helps the banks and people of India to move from paper to electronic money. Total 150 million Rupay cards distributed to the people in 2016 and rest 400 million debit cards are already in circulation (Deepa Kochchar, 2016). This scheme connected the rural India with the financial institute with the aim to connect every household of rural India to connect with the working operation of banks. Every villager is having plastic cards with the help of this scheme.

ATM Cards

These cards are typically used at automatic teller machines (ATMs) to withdraw cash, make deposits, or transfer funds between accounts. ATM card is used by inserting the card into an automatic teller machine and enter a personal identification number, or PIN, for security.

RuPay

RuPay is a domestic plastic card launched by National Payment Corporation of India (NPCI) with the intention of integration of payment systems in the country. All major public sector banks, including SBI, are issuing RuPay Debit Cards to all customers including those who have accounts opened under the Pradhan Mantri Jan Dhan Yojna. RuPay cards are similar to any other cards and facilitate electronic payment at all Indian banks, ATMs, POS terminals and many e-commerce websites. The card also comes with a high-end technology chip named EMV (Europay, Master Card and Visa) especially for high-end transactions and has an embedded micro processor circuit with information about the cardholder. RuPay cards have a lower transaction cost and faster processing cost since processing is done within the country.

Plastic Card to E- Payment System

There are different payment methods available for processing online transactions. In India, people are really concerned for the security of their online transaction and privacy of their personal information of their debit/credit cards. Mobile payments are also famous payment option in India for online transactions. Mobile payments defined as making payments for goods and services by mobile devices including smart phones, radio frequency devices and communicable devices (Chen and Nath, 2008). A mobile payment system allows users to deposit cash in mobile accounts and use it for various transactions through their feature phones without the need for a GPRS-enabled handset or smart phone. Mobile devices are registered with the banks of the mobile holder which in turn give high security to the process and funds can be transferred to the payer's bank to the payee's bank account (Ng and Yip, 2010). Authentication requirements for online transactions have been made stringent with the addition of multiple layers including OTPs and two factor authentications. As the number of mobile internet users is increasing in India at an increasing rate, the chances of mobile payment options are likely to increase. E-commerce big companies provide a platform where online shoppers perform online transactions. An e-commerce payment gateway is a service that authorizes credit card, debit card or online banking payments and processes them securely with a user's merchant account for electronic fund transfer (EFT). There are different consumers in India who afraid of making payments online. The retailers are slowly moving towards payment gateways for improving security and dealing with other complexities which arise with financial transactions. The banks as well as the e-tailers are offering different offers like cash back and easy Easy Monthly Installment (EMI) to encourage customers for card-based payments. Startups like Paytm and FreeCharge are providing mobile wallets while almost every commercial bank is providing the option to pay online via credit or debit card. The popular EMI option which can be availed by credit card users with online payment are luring customers to pay online upfront for high-value items. The payment gateways use various security measures such One Time Password (OTP), CVV in case of debit/credit card, etc. Amongst the several payment gateways in India, some well known payment gateways that are widely used include CCAvenue & Tech Process. The mobile payments have also started to pick up. There are multiple ways to enable mobile devices for transactions through Near Field Communication (NFC), Quick Response (QR) code, sound wave or Bluetooth low energy (BLE) technologies. Point of Sale (POS) device is enabled to process on-premises payments using these technologies. These processes are not only easy, convenient, and fast, but also quite secure.

INITIATIVE TAKEN BY GOVERNMENT FOR DIGITAL PAYMENT IN INDIA

The government has taken several steps for making India as a cashless country. Various incentives are given to the customers for motivating the online payments like discounts in fuel purchase through online mode, insurance premiums, service tax waivers and cash backs. Consumers are highly concerned for the security of their personal data of the cards while doing online payments. Government of India has launched different apps like BHIM app for providing secure platform to the consumers so that consumers can make online payments without any fear. Different awareness programs had launched by the government of India for making people of the country digitally active. Government of India had launched DigiDhan Melas in 100 cities. Banks had taken a step forward for making the people used to of it. Duties and taxes have been waived on manufacture of these machines. MDR and other transaction charges on digital payments were waived off till December 31, 2016. Soon a new regime of transaction charges will be put in place based on high volume & low charges.

CONCLUSION

Plastic cards ease the work of consumers. Consumers can easily carry the plastic cards instead of carrying huge amount. Banks are working to provide these plastic cards with the security to every consumer. Consumers prefer plastic cards over cash. Carrying cash is more risky for the consumers as compared to carrying plastic

cards. The technological revolution in India has actually changed the use of these plastic cards. Consumers have started using these plastic cards for making online payments. Internet users and mobile internet users are growing very fast in India. People are also showing positive interest towards online shopping. Now, consumers are using plastic cards like debit cards and credit cards for both purpose – online and offline payment. In India consumers are using these debit cards and credit cards more for online payment purpose. Some consumers are afraid of using cards for online payment because of misuse of their personal information by fraudster. As a safety measure many consumers recommended the use of Security Pin and digital signatures to reduce the misuse of plastic money. The government of India has announced several incentives like discounts in fuel purchase, insurance premiums, service tax waivers and cash back on digital payments which make online payment really cheaper compared to cash. In coming future, consumers are becoming more interested towards online shopping or online transactions so the use of debit card/ credit card for offline payment mode will decrease and use for online payment mode will increase. Consumers are more concerned for the security of their personal data of the cards so banks or online portals should provide safe platform to the consumers for making online payments safer than earlier.

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