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Table of Contents

Articles

NIGERIA FOOD SECURITY DRIFT AT A GLANCE
Olaniyi Olayiwola 1-10

TECHNICAL CHANGE AND TOTAL FACTOR PRODUCTIVITY GROWTH IN NIGERIA MANUFACTURING SECTOR: A MALMQUIST INDEX APPROACH
Olaniyi Olayiwola 11-18

CONCEPT NOTE ON SUBSISTENCE FARMS IN THE SOUTH WEST OF NIGERIA
Olaniyi Olayiwola 19-23

ROLE OF MICRO FINANCE IN INDIA – CHANGING FACE OF POOR POPULATION
Dr. Neelam Arora 24-28

STUDY OF YOUTH WITH SPECIAL REFERENCE TO VIRTUAL 3D ONLINE SHOPPING
Dr. Sunil Karve 29-32

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ABSTRACT

Stability of access to food in Nigeria is poor, as evident from the wide seasonal, annual and spatial fluctuations observed in food production, supply and consumption. As at now, the capacity of the country and of a high percentage of households to sustain food security on a long-term basis is very low wide range of policy and programmes options have been discussed in this study to reflect the wide diversity in the factors that determine food security. Poverty and food insecurity are closely related, and both are by-products of underdevelopment or maldevelopment. Furthermore, there is no illusion that most or even many of the suggested policies and programmes are new in Nigeria. Nigeria is known to be rich in socio-economic policies and programmes but very deficient in effective implementation. This is a persisting problem which only a fundamental reorientation in the concept and purpose of government, purpose of policies and the essence of development can be rectify.

Keywords: Food Security Drift; Nigeria

INTRODUCTION

The Food Security Problem

It is widely accepted that food is a basic necessity of life. Its importance at the household level and it is obvious enough since it is a means of sustenance, and adequate intake of food and nutrition is a key requirement for healthy and productive life. At the national level, food has economic, strategies and political significance. In many countries, the food subsector of agriculture is a major productive subsector contributing significantly to Gross Domestic Product (GDP), export earning, employment and industrial growth. In some countries, cereals (especially Rice and Wheat) are even regarded as wage goods. The National strategies importance of food is evident in its consideration as a key variable in matters relating to National security and in planning against national disasters and other emergencies. As a political, food is useful for maintaining political stability and ensuring peace and contentment among the populace. At the international level, food is of course, one of the largest items of international trade. It is also important economic and political weapon in international relations. It is in view of foregoing that economists and other have often focused considerable attention on the study of food problem at sub-national, national and international levels.

However, the study of food problems would appear to have acquired added impetus in recent years, if one goes by the volume and range of studies now available in the literature. This added impetus is due largely to the intense and still increasing demand pressure on food, arising from rapid rates of population growth in many developing countries, increasing real per capita income in many countries, the growing importance of food and nutrition status as an indicator of National socio-economic development and use of food in relief operations in the many and increasing theatres of war, natural disasters and famine all over the world. At the same time, the food production and supply situations in many countries are becoming more precarious due to increasing food supply shortfalls and high degree of seasonal and annual fluctuations’ in production and supply. In Nigeria, in particular, the last ten
years or so have witnessed considerable attention being given to various dimensions of the country’s perceived food problem (some say food crises) in research studies, in policy formulation and in perspective planning. This is partly a fall-out from structural adjustment programme (SAP) which, many believe, has not aggravated the country’s food problem but also given the problem an added complexity. Generally, food problem is dynamic, changing in magnitude and nature over changing phases of economic development. In most simple, traditional societies where farming is the occupation of nearly everybody and subsistence food production is predominant, there is a tendency to have low-level equilibrium between food production and food requirement. As such, there is often no serious, perceptible food problem. At the end of the scale are developed countries typified by adequate food supply to meet demand, either from domestic production, import or both. In some of these countries like U.S.A, Canada, Australia and India e.t.c, the food problem is even one of managing food supply relative to domestic demand.

The Concept of Food Security

Many definition have been offered for food security in the literature. According to Siamwalla and vales(2004), food security is the ability of countries, regions, households to meet target levels of food consumption on a yearly basis. As endorsed at international conferences on nutrition in 2005, food security is a state of affairs where all people at all times have access to safe and nutritious food to maintain a healthy and active life (gurken,2006). Similarly, according t committee on world food security, it connotes physical and economic access to adequate food for all household members, without undue risk of losing the access. However, while food security for individuals is often the main focus of attention, there are also household, national and international dimensions of food security. For individual food security, household food security level are non-food factors such as health conditions, social and cultural practices which can affect individual nutrition (Sherma,1992). Also, at the household level, food security implies adequate access to food over time. There is adequate access when there is adequate food availability to the household and, at the same time, the household has adequate capacity for effective demand for the available food. At the national level, food security connotes adequate availability of food from all sources to meet per capita food requirement of the population over time. As point out by Sharma (1992), food security has three components all of which feature in the definitions presented above. The three components are physical access to food, economic access to food and sustainability of access to food. Physical access related to issues of food supply and food availability, physical access at national level is measured by food availability per capita related to food requirement per capita. National food availability mainly by domestic net food supply and food import. Capacity to import food, in turn, depends on export earnings, foreign exchange reserves, value of essential non-food import and debt service obligation (Sherma,1992).

Determinants of Food Security

Two broad groups of factors determine food security. These are supply-side and demand-side factors. The supply side-factors are those that determine food supply or food availability. In other words, they are determinates of physical access to food at national household, and intra-household levels. Demand-side factors, on the other hand, are factors that determine the degree of access of nations, regions within nations, households and individuals to available food. They are determinants’ of economics access to food or determinants of entitlement to available food. Common to these two set of factor is, however, another set of factors that affect the stability of both physical and economic access to food.

Determinants of National Food Security

World Bank (1991) has stated that the food security situation in a country is largely determined by economic, political and institutional factors. In this regard, government policies are particularly important to the food security situation in the country but climatic factors as well as the quality and quantity of natural resources endowment are also key determinants of national food security.
Supply-Side Factor
Major supply-side factors that affect national food security include: (1) national food production per capita; (2) input and output prices in food production; (3) crop land in food production; (4) land productivity as determined by technology and other yield-enhancing factors; (5) proportion of total production in agriculture; (6) agro-climatic factors and natural resource endowment; (7) food import capacity; (8) external debt burden; (9) export capacity; and (10) national food inventory policy.

Demand-Side Factors
Food demand factors at national level include: (1) national income per capita; (2) rate of price inflation; (3) population growth rate and other demographic factors; (4) level and growth rate of intermediate demand for food as largely determined by the level and growth rate of industrial population.

Stability Access to Food
Factor that determine the stability of access to food include: (1) seasonality and inter annual variability in food production and food supply (which in turn, is determined by agro-climatic factors, food storage and processing technologies, irrigation technology, national food inventory policy, etc.); (2) variability in national income; (3) variability in food price; (4) degree of food import dependency, which may be measured as the ratio of the value of food import to total import value.

Determinants of Household Food Security
World Bank (1991) classified the determinant of household food security into:

Supply-Side Factors
These include: (1) household food production level; (2) quantity and quality of food production inputs; (3) food producer prices; (4) land and labour productivity as influenced by food production technology; (5) household natural resource endowment; (6) household-level food losses, including losses during food preparation as well as plate waste.

Demand-Side Factors
These include: (1) nominal household income; (2) rate of consumer price inflation; (3) socio-cultural factors like health and sanitation conditions, education attainment, cultural practices, food habits etc. and (4) household demographics factors such as size, gender and age composition of household.

Stability of Access to Food
Factors that determine stability of household access to food comprise mainly: (1) household food and non-food production variability (both seasonal and annual); (2) household economic assets; (3) quality of human capital within the household; (4) household income variability; (5) degree of producer and consumer price variability; (6) household food storage and inventory practices.

Policies, Strategies and Programmes for Food Security in Nigeria
The World Bank (1991) has broadly classified policies, strategies and programmes for food security into three categories. First are those general policies, strategies and programmes designed to promote rapid economic growth and increase real per capita income. Second, are those specific policies, strategies and programmes targeted at the poor to enhance their capacity to benefit from economic growth, improve food availability to them and improve their economic access to food. Third are those targeted safety-net policies and programmes which are designed for vulnerable groups in the society who required immediate relief from transitory poverty and food insecurity mainly through social welfare measures.

In Nigeria, it is difficult to classify socio-economic policies and programmes neatly into these categories. For while, in the aggregate, all policies and programmes have essential objectives of...
economic growth, poverty reduction and or food security, the focus of most individual policies is general and undifferentiated, targeting the general population-rich or poor, food secure or food-insecure in the expectation that the impact of policies would trickle down to improve the socio-economic conditions of the food-insecure.

Also, within the framework of food security and in particular, with reference to food production, food import and export, food supply and demand, food and non-food prices in Nigeria, most of the economic policies of relevance during the structural adjustment period were macro-economic in nature. But, there were also a number of sectoral and institutional policies and programmes in and outside the agricultural sector which had relevance to food security.

Major macro-economic policies include:

(a) fiscal policies
(b) monentary and credit policies
(c) Trade policies
(d) Foreign exchange policies and,
(e) Macro-price policies e.g. exchange rate, interest rate and wage rate

Fiscal Policies

These consist of budgeting and tax policies:

BUDGETING POLICIES: These objectives of budgetary policy were to instil fiscal discipline, reduce budgeting deficits and rationalise government expenditure in favour of future productive sectors of the economy. Fiscal discipline called for restraint on the rate of growth of government expenditure and especially on the size of budget deficits.

TAX POLICY: the thrust of tax policy was the creation of incentives for private investment in all priority sectors, including agriculture. In pursuance of these objectives, the following measures were adopted:

(a) In 1987, the corporate income tax was reduced from 45 percent to 40 percent. For the small business operating in manufacturing, agriculture and mining, the rate was reduced to 20 percent.

(b) Capital allowance on machinery and equipment used in agriculture, manufacturing, construction and transport were increased.

(c) Personal income tax rate were further reduced in the 1995 budget, with tax bond declined from 10-35 percent to 5-10percent. Tax reliefs on personal income were also increased.

Monetary and Credit Policies

The objectives of monetary and credit policies were to reduced the rate of growth in money supply in order to reduced the rate of inflation, to institute a market- oriented financial system and permit market- determine interest rate, thereby providing incentives for more efficient allocation of financial resources in the economy.

Trade Policies

Trade policies had the following export and import component:

(a) Export Trade Policies: major elements of export trade policies were the abolition of commodity marketing boards (including the grain board), export trade liberation and the promotion of agricultural export trade. As an incentive, exporters were allowed to keep their foreign exchange earnings in a domiciliary account from which they could draw freely.

(b) Import Trade Policies: since 1990, Nigeria has witnessed alternating liberal and restriction import policy regime. Initially, the main thrust of import policies was on tariff reductions, the lifting of import
bans and prohibitions on a number of essential commodities and abolitions of import duties on some others. Advance payment of import duties required at the time of opening letter of credit was to reduced from 100 to 25 percent. These measures remain fairly consistency in force until 1994 but between 2000 and 2004, tariffs were raised on a number of import products, including food commodities, transport equipment, chemicals and footwear.

**Foreign Exchange Policies**

The major objectives of foreign exchange policies under Structural Adjustment Programme(SAP) was to free foreign exchange transactions from administrative controls and to rely more on free market forces to determine the exchange rate of the local currency. This policy was pursed fairly consistently until 1993 through the Inter-Bank Foreign Exchange Market. It was complete reserve in 1994 under deregulation administration control by Central Bank of Nigeria till date.

**Macro-Price Policies**

It was made up of largely interest rate, exchange rate and wage rate which is determined in the context of momentary and credit policies and income and wage policies.

**Institutional Policies**

The following are the major institutional policies which are relevance to agriculture and food security are:

(a) National Food Marketing System: with the abolition of the marketing board system in 1987 under Structural Adjustment programme, agricultural marketing in Nigeria, for food and non-food commodities become directly regulated by free market forces. In the main, the food market, as an institution in Nigeria, has, therefore, been characterised by policy neglect under Structural Adjustment Programme. However, several other policies have had varying effects on the food market institution. These include, price subsidy withdrawal policy and foreign exchange policy.

(b) Directorate of Food, Roads and Rural Infrastructures(DFRRRI):it was established in 1986 to execute certain rural development programmes involving the construction of rural water supply and electrification facilities and offer of support for seed and fingerling production and distributions.

(c) River Basin Development Authorities: Eleven of these were established in 1977 to undertake wide-ranging food production and rural infrastructure projects. But they were recognized in 1986 to focus more narrowly on land and water resources development, especially irrigation facilities. They were later partially commercialized in 1992/93 under the privatisation and commercialization policy of government.

(d) The Agricultural Development Programmes(ADPs): The network of ADPs which started with only three enclave project in 1975 has now been increased to 31(one per state and Abuja federal Territory). The network is jointly financed by the World Bank (through a loan agreement), the Federal Government and State Government.

(e) National Directorate of Employment(NDE): The Directorate was established in 1986 to promote employment throughout the country its specialised training and apprenticeship programmes to develop skills in school levers and others. It also oversees a number of special school levers and agricultural graduate employment programmes.

(f) Consumer Protection Councils: This was a consumer empowerment measure prepared under the 1995 budget. The council would have power to cause suppliers of defectives good and services to replace them and to ensure that “parasites activities of middlemen” were curbed.

(g) Commodity Exchange Market: This was proposed under the 2000 budget, when established, it would fill the vacuums created by the abolition of commodity boards, but its operations would be in the hand of the private sectors.
(h) National Grain Storage Programme: this programme, launched in 1977, has three components; viz:

(a) A federal government operated strategies grain reserve scheme under which 5 percent of annual grain outputs in a country are supposed to be kept in reserve to meet national emergency.

(b) A state-operated buffer stock scheme under which every state is supposed to store 10 percent of the annual grain output, and

(c) A private sector grain storage scheme for farmers, agro-industrialists and traders.

(i) This was established in 1987 as an institutional arrangement for tracking the problem of small farmers who were unable to satisfy the collateral requirements of banks when seeking for loans. Official thinking was that the insurance certificate would serve as collateral while funds mobilised from Insurance scheme would go into agricultural Investment. But the scheme is still in a pilot phase, with insurance cover being available for only maize, rice, poultry and cattle.

National Food Security Situation in Nigeria

The analysis of Nigeria’s food security situation at the national level will involve a detailed evaluation of the major variables associated with food supply, food demand and stability of access to food. The analysis will focus largely on pattern of change in relevant food security variables over time and, in particular, from 1995 to 2010 with a view to evaluating the extent to which Nigeria’s national food security status has improved or deteriorated over time and in what particular respects it has done so.

Table 1. Trends in Annual Output of Major Food Commodities in Nigeria

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Average annual output ('oo Tones)</th>
<th>Average Annual Growth Rate (%)</th>
<th>Coefficient of Variation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>maize</td>
<td>5820.88</td>
<td>6189.33</td>
<td>4.61</td>
</tr>
<tr>
<td>millet</td>
<td>3947.00</td>
<td>4518.67</td>
<td>2.89</td>
</tr>
<tr>
<td>sorghum</td>
<td>4185.60</td>
<td>5236.83</td>
<td>3.50</td>
</tr>
<tr>
<td>Rice</td>
<td>1980.61</td>
<td>2771.67</td>
<td>33.47</td>
</tr>
<tr>
<td>Cassava</td>
<td>12714.00</td>
<td>21632.67</td>
<td>19.77</td>
</tr>
<tr>
<td>Yam</td>
<td>7667.20</td>
<td>19832.67</td>
<td>19.77</td>
</tr>
<tr>
<td>Cocoyam</td>
<td>579.67</td>
<td>996.67</td>
<td>20.97</td>
</tr>
<tr>
<td>Plantain</td>
<td>1483.80</td>
<td>1516.17</td>
<td>13.33</td>
</tr>
<tr>
<td>Cowpea</td>
<td>1060.00</td>
<td>1499.83</td>
<td>21.47</td>
</tr>
<tr>
<td>Groundnut</td>
<td>731.40</td>
<td>1359.17</td>
<td>6.93</td>
</tr>
<tr>
<td>Mellon</td>
<td>190.71</td>
<td>235.00</td>
<td>10.37</td>
</tr>
<tr>
<td>Palm oil</td>
<td>697.00</td>
<td>799.50</td>
<td>3.29</td>
</tr>
<tr>
<td>Beef</td>
<td>253.80</td>
<td>185.50</td>
<td>5.63</td>
</tr>
<tr>
<td>Goat meat</td>
<td>73.95</td>
<td>79.00</td>
<td>3.25</td>
</tr>
<tr>
<td>Mutton</td>
<td>79.20</td>
<td>80.50</td>
<td>5.50</td>
</tr>
<tr>
<td>Poultry meat</td>
<td>55.60</td>
<td>65.83</td>
<td>-4.14</td>
</tr>
<tr>
<td>Pork</td>
<td>39.40</td>
<td>38.00</td>
<td>9.50</td>
</tr>
<tr>
<td>Egg</td>
<td>286.00</td>
<td>384.84</td>
<td>-10.40</td>
</tr>
</tbody>
</table>

Note: All growth rate in this study are computed from the exponential trend equation of form: \( Y_t = b_o e^{b_t} \) where:

\( Y \) = Variable with growth rate, \( e \) = Euler’s constant, \( t \) = Time trend variable

Table 2. Annual growth Rates in Agricultural production in Nigeria by Commodity groups.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td></td>
<td>1.42</td>
</tr>
<tr>
<td>Starchy foods</td>
<td></td>
<td>3.66</td>
</tr>
<tr>
<td>Grain legumes</td>
<td></td>
<td>1.61</td>
</tr>
<tr>
<td>Oilseeds and Nuts</td>
<td></td>
<td>2.06</td>
</tr>
<tr>
<td>Vegetables and Fruits</td>
<td></td>
<td>3.88</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td></td>
<td>1.47</td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
<td>2.32</td>
</tr>
<tr>
<td>All Food Crops</td>
<td>4.31</td>
<td>2.34</td>
</tr>
<tr>
<td>Livestock products</td>
<td>-1.05</td>
<td>0.58</td>
</tr>
<tr>
<td>Fish</td>
<td>7.68</td>
<td>-2.87</td>
</tr>
<tr>
<td>All Food Commodities</td>
<td>4.10</td>
<td>2.24</td>
</tr>
<tr>
<td>Non-food Crops</td>
<td>2.53</td>
<td>1.07</td>
</tr>
<tr>
<td>All Agriculture</td>
<td>3.89</td>
<td>2.09</td>
</tr>
</tbody>
</table>

Source: Computed with data from same source as Table 1

Table 3. Trends and Instability in the Real Producer Prices of Selected Food Crops in Nigeria

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Average Real Producer Price (#/Tonnes)</th>
<th>Average Annual Growth Rates (%)</th>
<th>Coefficient of Variation</th>
<th>Real Producer Price Elasticities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>476.68 to 824.71</td>
<td>-6.39 to 0.23</td>
<td>35.38 to 24.32</td>
<td>0.23</td>
</tr>
<tr>
<td>Millet</td>
<td>502.92 to 832.07</td>
<td>24.01 to 12.22</td>
<td>37.58 to 29.03</td>
<td>0.41</td>
</tr>
<tr>
<td>Sorghums</td>
<td>470.92 to 796.70</td>
<td>28.12 to 10.47</td>
<td>43.28 to 24.83</td>
<td>0.20</td>
</tr>
<tr>
<td>Rice</td>
<td>1734.42 to 2195.00</td>
<td>22.65 to -0.72</td>
<td>28.94 to 9.85</td>
<td>0.29</td>
</tr>
<tr>
<td>Cassava</td>
<td>524.86 to 960.83</td>
<td>2.48 to 11.44</td>
<td>17.82 to 19.83</td>
<td>0.34</td>
</tr>
<tr>
<td>Yam</td>
<td>720.82 to 1002.39</td>
<td>17.25 to 7.83</td>
<td>32.22 to 22.53</td>
<td>0.17</td>
</tr>
<tr>
<td>Cowpea</td>
<td>1534.10 to 2043.19</td>
<td>2.58 to 3.41</td>
<td>18.56 to 8.66</td>
<td>0.47</td>
</tr>
</tbody>
</table>

Note: Rural all-items consumer price index was used as deflator for Producer Price

Table 4. Percentage Share of Food in Nigeria’s Total Import Value

<table>
<thead>
<tr>
<th>Years</th>
<th>Percentages Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-1996</td>
<td>17.0</td>
</tr>
<tr>
<td>1997-1998</td>
<td>13.4</td>
</tr>
<tr>
<td>1998-1999</td>
<td>10.5</td>
</tr>
<tr>
<td>2000-2001</td>
<td>7.9</td>
</tr>
<tr>
<td>2002-2003</td>
<td>6.5</td>
</tr>
<tr>
<td>2004-2005</td>
<td>8.2</td>
</tr>
<tr>
<td>2006-2007</td>
<td>8.2</td>
</tr>
<tr>
<td>2008-2009</td>
<td>8.4</td>
</tr>
<tr>
<td>2010</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Source: same as Table 1
Table 5. Estimated Net Food Supply for Human Consumption in Nigeria, 1995 and 2010 (in’000 tonnes grain equivalent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>11419.19</td>
<td>10426.68</td>
<td>48.58</td>
<td>21856.52</td>
<td>12802.51</td>
<td>40.16</td>
</tr>
<tr>
<td>Starchy Foods</td>
<td>6111.91</td>
<td>5395.65</td>
<td>25.14</td>
<td>16205.72</td>
<td>11459.86</td>
<td>35.95</td>
</tr>
<tr>
<td>Grain Legumes</td>
<td>1907.92</td>
<td>1469.02</td>
<td>6.84</td>
<td>4040.93</td>
<td>2277.59</td>
<td>7.14</td>
</tr>
<tr>
<td>Vegetables &amp; Fruits</td>
<td>643.14</td>
<td>602.34</td>
<td>2.81</td>
<td>690.18</td>
<td>660.76</td>
<td>2.07</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td>2007.60</td>
<td>2007.60</td>
<td>9.35</td>
<td>3334.60</td>
<td>2831.20</td>
<td>8.88</td>
</tr>
<tr>
<td>Sugar</td>
<td>233.90</td>
<td>233.90</td>
<td>1.09</td>
<td>469.73</td>
<td>365.94</td>
<td>115</td>
</tr>
<tr>
<td>Livestock &amp; Fish product</td>
<td>1043.20</td>
<td>1004.38</td>
<td>4.68</td>
<td>915.00</td>
<td>873.06</td>
<td>2.74</td>
</tr>
<tr>
<td>Beverages</td>
<td>48.16</td>
<td>48.16</td>
<td>0.22</td>
<td>66.33</td>
<td>59.76</td>
<td>0.20</td>
</tr>
<tr>
<td>Oilseed</td>
<td>301.92</td>
<td>277.12</td>
<td>1.29</td>
<td>594.65</td>
<td>545.50</td>
<td>1.71</td>
</tr>
<tr>
<td>Total</td>
<td>23716.94</td>
<td>21464.85</td>
<td>100.00</td>
<td>48173.66</td>
<td>31876.18</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Same as Table 1

Table 6. Net Food Supplies as percentages of gross Supply and Annual Rates of Growth in Net Supplies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>58.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Starchy Food</td>
<td>70.7</td>
<td>5.4</td>
</tr>
<tr>
<td>Grain Legumes</td>
<td>56.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Oil seed &amp; Nuts</td>
<td>91.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Vegetable Fruit</td>
<td>95.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td>84.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Sugar</td>
<td>77.9</td>
<td>4.6</td>
</tr>
<tr>
<td>Livestock Fish Products</td>
<td>95.4</td>
<td>-1.7</td>
</tr>
<tr>
<td>Beverages</td>
<td>90.1</td>
<td>2.2</td>
</tr>
<tr>
<td>ALL FOOD GROUPS</td>
<td>66.2</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Source: Computed from Table 4

Table 7. Estimated Per Capita Food Nutrient Intake in Nigeria (1995 to 2010)

<table>
<thead>
<tr>
<th>Commodity Groups</th>
<th>Net Food Supply(’000 tonnes grain equivalent)</th>
<th>Per Capita Food Supply(kg)</th>
<th>Per Capital Daily Food Supply(gm)</th>
<th>Per Capita Daily Calorie Intake(Kcal)</th>
<th>Per Capita Daily Protein Intake(gm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>12,802.51</td>
<td>129.26</td>
<td>354.13</td>
<td>1,044.74</td>
<td>25.26</td>
</tr>
<tr>
<td>Starchy Food</td>
<td>11,459.86</td>
<td>115.70</td>
<td>317.00</td>
<td>912.64</td>
<td>14.48</td>
</tr>
<tr>
<td>Grain Legumes</td>
<td>2,277.59</td>
<td>22.99</td>
<td>63.00</td>
<td>226.21</td>
<td>13.23</td>
</tr>
</tbody>
</table>
Table 7. Estimated Per Capita Food Nutrient Intake in Nigeria (1995 to 2010)

<table>
<thead>
<tr>
<th>Commodity Groups</th>
<th>Net Food Supply('000 tonnes grain equivalent)</th>
<th>Per Capita Food Supply(kg)</th>
<th>Per Capital Daily Food Supply(gm)</th>
<th>Per Capita Daily Calorie Intake(Kcal)</th>
<th>Per Capita Daily Protein Intake(gm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseeds &amp; Nuts</td>
<td>545.50</td>
<td>5.51</td>
<td>15.09</td>
<td>58.22</td>
<td>2.56</td>
</tr>
<tr>
<td>Vegetables &amp; fruits</td>
<td>660.76</td>
<td>6.67</td>
<td>18.28</td>
<td>50.58</td>
<td>1.72</td>
</tr>
<tr>
<td>Vegetable Oils</td>
<td>2,831.20</td>
<td>28.58</td>
<td>78.32</td>
<td>269.44</td>
<td>-</td>
</tr>
<tr>
<td>Sugar</td>
<td>365.94</td>
<td>3.69</td>
<td>10.11</td>
<td>36.57</td>
<td>-</td>
</tr>
<tr>
<td>Livestock Fish</td>
<td>873.06</td>
<td>8.82</td>
<td>24.15</td>
<td>72.10</td>
<td>6.01</td>
</tr>
<tr>
<td>Beverages</td>
<td>59.76</td>
<td>0.60</td>
<td>1.64</td>
<td>5.37</td>
<td>0.05</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31,876.18</td>
<td>321.82</td>
<td>881.71</td>
<td>2675.87</td>
<td>63.31</td>
</tr>
</tbody>
</table>

Note: The 1991 census national population census figure was projected to 2010 at an annual growth rate of 2.9% & then used in estimating per capita food and nutrient intakes.

Issues In National And Household Food Security

This are:

1. There is evidence of an imbalance in the relative growth rates of various food groups. Annual fluctuations in their production also high.
2. Rates of growth in producer food prices are low relative to those of consumer prices, while instability in producer food prices is higher.
3. There is also a dearth of information on the quantities of various food commodities used by agro-processor and non-food manufactures.
4. Rates of post-harvest food losses are high due to the ineffectiveness of national food storage and food processing policies and programmes.
5. Rates of food inflation are high, but it is still lower than that of non-food consumer goods and services.
6. Policies on food export and import are erratic. Furthermore, there is virtually no information on unofficial food export and import trade.
7. Average household income is lowest in the southern belt and highest in the northern belt.
8. There is a wide diversity in incomes and food expenditure patterns among households in the southern, middle and northern belt of the country.
9. Household income distribution is highly skewed, with a small percentage of household accounting for a disproportionately large percentage of the total income of all household.
10. The percentage of household income spend on food is lowest in the middle belt and highest in the southern belts.
11. Urban households tend to spend relatively higher percentages of their incomes on food than rural households.

Policy Options for Poverty Reduction and Food Security

Policies for national and household food security cannot be divorced from those of socio-economic development and poverty reduction. For socio-economic underdevelopment or maldevelopment is at the root of poverty which, in turn, is a key factor in food insecurity. However, general socio-economic
growth and development alone cannot eradicate poverty and food insecurity. Complementary policies and programmes specifically targeted to the poor and food-insecure would also be required to promote the redistribution of the benefits of socio-economic growth and development to the poor, the food-insecure and the vulnerable who cannot normally take adequate advantages of the opportunities offered by general socio-economic policy incentives and benefits of growth.

CONCLUSIONS

It is shown in this study and others that stability of access to food in Nigeria is poor, as evident from the wide seasonal, annual and spatial fluctuations observed in food production, supply and consumption. As at now, the capacity of the country and of a high percentage of households to sustain food security on a long-term basis is very low wide range of policy and programmes options have been discussed in this study to reflect the wide diversity in the factors that determine food security. Poverty and food insecurity are closely related, and both are by-products of underdevelopment or maldevelopment. Furthermore, there is no illusion that most or even many of the suggested policies and programmes are new in Nigeria. Nigeria is known to be rich in socio-economic policies and programmes but very deficient in effective implementation. This is a persisting problem which only a fundamental reorientation in the concept and purpose of government, purpose of policies and the essence of development can rectify. More than anything else, what the country needs is a good governance, which implies an effective partnership among all interest groups in the society in decisions affecting their socio-economic development, the efficient management of national resources, and the practice of a people-centred development strategy. This is the only environment under which socio-economic development policies can have any meaning.

REFERENCES

TECHNICAL CHANGE AND TOTAL FACTOR PRODUCTIVITY GROWTH IN NIGERIA MANUFACTURING SECTOR: A MALMQUIST INDEX APPROACH

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Email: olubodun_2008@yahoo.com

ABSTRACT

The main objective of this paper is to measure technical change and total factor production growth (TFP) in Nigeria manufacturing sector by using the Malmquist index approach. This is done, considering the total manufacturing sectors of 14 major states in Nigeria as Decision Making Units (DMU’s) for the period 1985-98 using Data Envelopment Analysis. The study is based on the cross section and time series data published in Nigeria Bureau of Statistics (NBS). The Malmquist index approaches used in this study allow us to decompose the total factor productivity growth into technical and efficiency changes.

Keywords: Total Factor Production Growth (TFP); Malmquist Index

INTRODUCTION

Technological advancement has been a major source to economic growth in the rapidly growing economies and the forces shaping technological progress are largely economic. The contribution of technical change to output growth has been obtained as residual. Over a substantial period of time since the path breaking article of R.M. Solow has appeared researchers in empirical economics treated technical change and total factor productivity alike. However, total factor productivity may be defined as the output per unit of combined inputs foregone during the course of production.

\[
\text{TFP} = \frac{u}{F}
\]

Where TFP: Total factor productivity

u: Observed output

F: Input index

But, technical change refers to advances in knowledge in relation to art of production. The chief tool to measure technical change is the production frontier, which relates inputs with outputs subject to best practice technology. Changes in technology are due course of time bring about changes in productivity. An increase in productivity may come through changes in the quality of inputs or via through such changes like improvements in marketing, increased managerial efficiency etc. Shifts of production frontier are attributed to technical change. Thus, failure to accommodate new technology is reflected in the lack of frontier shift over time. In this study we use Shepard’s output distance function defined as the ratio of observed output to potential output as the basic tool to measure technical change.
The benchmark to measure potential output is, the data envelopment frontier determined by the best practice production units, which in the language of Data Envelopment Analysis (DEA) are called Decision Making Units (DMUs). The envelopment surface is obtained under a set of axioms viz (i) the convexity axiom, (ii) free disposability of inputs and outputs, (iii) minimum extrapolation. The envelopment surface so obtained admits variable returns to scale (VRTS). The introduction of one more axiom, namely, ray boundedness spins cone technology that admits constant returns to scale (CRTS) alone. The total factor productivity index as suggested by Malquist is expressed in terms of output distance functions evaluated under the technologies of two consecutive time points. The Malmquist TFP change is decomposed into the product of technical change and efficiency change. In this, the TFP change and TC are one and the same provided that the DMU is 100 per cent output technical efficient. Further, output technical efficiency is decomposed into output pure and scale efficiencies. Therefore, the efficiency change is expressed as product of pure technical and scale efficiency changes.

The output distance functions involved in the definitions of TFP, technical and efficiency changes are obtained by solving suitably structured linear programming problems. The Malmquist TFP and its components require inputs and outputs of DMUs. The rest of this paper is organized as follows: The next section presents the data and variables under this study. The third section discusses production and outlines the Malmquist TFP index. The DEA approach is also elaborated in this section. The main empirical results are discussed in fourth section. Summary and conclusions are included in the last section.

DATA AND VARIABLES

This study is based on the cross-sectional data of 14 major states in Nigeria. It account for 25 per cent of the country’s total value added. We take each state of total manufacturing sector as one Decision Making Unit (DMU). The source of that data is Nigeria Bureau Of Statistics (NBS) database published expressing the money values in constant prices. The sample time period across which technical change and total factor productivity are measured covers the period from 1985-86 to 1997-98.

The sample time span is divided into three time epochs:

- Epoch-I: 1985-86 to 1989-90
- Epoch-II: 1989-90 to 1993-94

The input variables used under this study are total persons engaged (labour), fixed capital, wages and salaries and net value added considered as a proxy to output. The NBS data relate to the organized sector of manufacturing industry and also includes information on firms owned by Private and Government.

METHODOLOGY

Production is generally defined in terms of the efficiency improvement and technical change with which inputs are transformed into outputs in the production process. However, productivity can be conceptualized into two main components, partial factor productivity and total factor productivity (TFP). Partial productivity, also called average product, is defined as the rate of output to a specific input. Let $u$ be the output, $x_i$ denoted as any individual input factor, and then the average product (AP) of the input $x_i$ is

$$ AP = \frac{u}{x_i} $$

TFP is defined as the average product of all input factors combined. It is the ratio of output to an index of inputs.
Le x denote the index of all inputs then TFP is,
\[ TFP = \sum \frac{u}{\alpha_i x_i}, \] where \( \alpha_i \) is the weight of input \( x_i \).

TFP can be calculated estimating aggregate production function or cost function with limited functional forms imposing restrictions on the econometric parameters. It can also be measured using indices such as Laspeyres, Paasches, Fisher or Tornquist – Theil indices. The Tornquist – Theil Index calculates TFP growth based on information concerning prices and uses cost / revenue shares as weights to aggregate inputs/ outputs. However, when calculating the Tornquist – Theil index, the observed output is assumed to be equivalent to frontier output. That’s why, the decomposition of the TFP growth into the movements towards (efficiency improvement) and a shift in the production frontier (technical change) is not possible.

On the other hand, the Malmquist index has gained considerable popularity in recent years to calculate total factor productivity. This study applies the Malmquist index, developed by Fare et al. (1994a) to measure technical change and total factor productivity change. The Malmquist index is defined using distance functions. Fare et al. (1994a) decomposed TFP change into two mutually excessive components: technical change and efficiency change. The Malmquist total factor productivity change can be calculated as geometric mean of two output distance functions.

Let the production technology \( S_t \) for each time period \( t=1,2,3, \ldots, T \) denote the transformation of inputs, \( x_t \in \mathbb{R}^{N_+} \) into outputs \( u_t \in \mathbb{R}^{N_+} \).

\[ S_t = \{(x_t, u_t): x_t \text{ can produce } u_t\} \]

where \( S_t \) is assumed to satisfy the required axioms to define the meaningful output distance functions.

The output distance function in time period 't' is defined as
\[
D^t(y^t, u^t,i) = \inf \left\{ \theta : \left( x^t, \frac{u^t,i}{\theta} \right) \in s^t \right\} = \left[ \sup \left\{ \theta : (x^t, \theta u^t) \in s^t \right\} \right]^{-1}
\]

Distance function is defined as the inverse of the maximal proportional increase of the output vector \( u^t,i \), given inputs \( x^t \). It is also equivalent to the reciprocal of Farrell’s measure of output efficiency. For output distance function, \( D^t(y^t, u^t,i) = 1 \) if and only if \( (x^t, u^t) \) is on the boundary or frontier of technology . \( D^t(y^t, u^t,i) < 1 \), the production at \( t \) is interior to the frontier. The output distance function in time period \( t+1 \), \( D^{t+1}(x^{t+1}, u^{t+1},i) \) can be defined as (2) with ‘t’ replaced by \( t+1 \).

Let us define output distance with respect to two different time period as
\[
D^t(y^{t+1}, u^{t+1}) = \inf \left\{ \theta : \left( x^{t+1}, \frac{u^{t+1}}{\theta} \right) \in s^{t+1} \right\}
\]

This is one mixed index that measures the maximal proportional change in outputs \( u^{t+1} \) given inputs \( x^{t+1} \) under technology of time period \( t \).

**The Malmquist TFP Index**

The Malmquist index is defined using distance functions. The Malmquist TFP index measures the TFP change between two data points by calculating the ratio of the distances of each data point relative to a common technology. The Malmquist (output-oriented) TFP change index between period \( t \) (the base period) and period \( t+1 \) is given by
The Malmquist TFP change can be decomposed into the product of technical and efficiency changes.

Efficiency change: \[ \frac{D_0'(x'^{i+1}, u^{i+1})}{D_0'(x', u') / CRTS} \] ........(2)

Technical change: \[ \left[ \frac{D_0'(x'^{i+1}, u^{i+1})}{D_0'(x^{i+1}, u^{i+1}) / CRTS} \right]^{\frac{1}{2}} \left[ \frac{D_0'(x', u') / CRTS}{D_0'(x', u') / VRTS} \right]^{\frac{1}{2}} \] ........(3)

Here efficiency change (EC) measures the catching-up factor with the best practice frontier for each observation between two time period t and t+1. Technical change (TC) measures the shift in the frontier of technology (innovation) between two successive periods evaluated at \( x^t \) and \( x^{t+1} \). Efficiency and technical change indices exceeding unity indicates gains in those components. However, under constant returns-to-scale (CRS) the efficiency change (EC) can be decomposed into two components as

\[ EC = \frac{D_0'(x'^{i+1}, u^{i+1}) / CRTS}{D_0'(x', u') / CRTS} \cdot \frac{D_0'(x'^{i+1}, u^{i+1}) / VRTS}{D_0'(x', u') / VRTS} \cdot \frac{D_0'(x^{i+1}, u^{i+1}) / CRS}{D_0'(x^{i+1}, u^{i+1}) / CMS} \]

In the above, the first term outside the parenthesis is called as pure efficiency change (PECH) and it measures change in technical efficiency under the assumption of variance returns to scale (VRTS). The term in the parenthesis is scale efficiency change and it measures the changes in efficiency due to movement toward or away from the point of optimal scale. If the Malmquist TFP is greater than one, we say that there is growth in production and less than one shows decline.

**DEA Approach**

In this study to estimate and decompose the Malmquist total factor productivity we used Data Envelopment Analysis (DEA). The DEA is a non-parametric approach in which the envelopment of decision making units (DMU) can be estimated through linear programming methods to identify the “best practice” for each DMU.

The efficient units are located on the frontier and the inefficient ones are enveloped by it. Four linear programming problems (LPPs) must be solved for each DMU (i.e. each state in this study) to obtain the distances defined earlier and they are:

\[ D_0'(x^{i+1}, u^{i+1}) / CRTS \] \[ Max \lambda \]

Subject to:

\[ \sum \lambda_i x_i \leq x^{i+1} \] \[ \sum \lambda_i u_i \geq \lambda u^{i+1} \]

\[ \lambda \geq 0 \]
Here K, N, M, and T represent the numbers of States, inputs, outputs and time periods in the sample respectively. In the present study K = 14, N = 2, M = 1 and T = 4. Time Period: t = 1985, 1989, 1993 and 1997. \( \lambda \)'s are intensity parameters. The above four LP's are required for each production unit. Thus, suppose one has data on K DMUs and T time periods, then one must solve K x (4T - 2) LP's to solve for the estimation of Malmquist TFP indicies.

**Empirical Implementation**

Following the methodology furnished above we have computed output oriented the Malmquist total factor productivity indices for the total manufacturing sectors of different states in Nigeria. We decomposed the Malmquist Total factor productivity index into its sources the technical change index (TECH) and Efficiency change index (EFCH).

**Table 1. State-Wise Malmquist Productivity indices and its decomposition**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TFP</td>
<td>EFCCH</td>
<td>TECH</td>
<td>TFP</td>
<td>EFCCH</td>
</tr>
<tr>
<td>Lagos</td>
<td>0.732</td>
<td>0.887</td>
<td>0.825</td>
<td>0.785</td>
</tr>
<tr>
<td>Abuja</td>
<td>1.555</td>
<td>1.227</td>
<td>1.258</td>
<td>1.508</td>
</tr>
<tr>
<td>Oyo</td>
<td>1.053</td>
<td>1.054</td>
<td>0.964</td>
<td>1.135</td>
</tr>
<tr>
<td>Osun</td>
<td>1.125</td>
<td>1.154</td>
<td>0.973</td>
<td>1.144</td>
</tr>
<tr>
<td>Delta</td>
<td>0.569</td>
<td>1.130</td>
<td>0.849</td>
<td>0.667</td>
</tr>
<tr>
<td>Anambra</td>
<td>1.231</td>
<td>1.488</td>
<td>0.826</td>
<td>0.611</td>
</tr>
<tr>
<td>Ondo</td>
<td>1.132</td>
<td>0.800</td>
<td>1.255</td>
<td>1.165</td>
</tr>
<tr>
<td>Ekiti</td>
<td>1.003</td>
<td>1.000</td>
<td>1.003</td>
<td>1.079</td>
</tr>
<tr>
<td>Adamawa</td>
<td>2.234</td>
<td>1.974</td>
<td>1.132</td>
<td>0.865</td>
</tr>
<tr>
<td>Sokoto</td>
<td>1.571</td>
<td>1.617</td>
<td>0.971</td>
<td>0.653</td>
</tr>
<tr>
<td>Gombe</td>
<td>1.162</td>
<td>0.944</td>
<td>1.230</td>
<td>1.198</td>
</tr>
<tr>
<td>Taraba</td>
<td>0.997</td>
<td>1.163</td>
<td>0.857</td>
<td>0.869</td>
</tr>
<tr>
<td>Plateau</td>
<td>1.257</td>
<td>1.459</td>
<td>0.959</td>
<td>0.807</td>
</tr>
<tr>
<td>Nasarawa</td>
<td>0.701</td>
<td>0.876</td>
<td>0.858</td>
<td>0.530</td>
</tr>
<tr>
<td>Average</td>
<td>1.155</td>
<td>1.167</td>
<td>0.989</td>
<td>0.925</td>
</tr>
</tbody>
</table>
The results indicate that the total factor productivity progress occurred in the total manufacturing sectors of Lagos, Abuja, Anambra, Imo and Oyo. The rest of the five manufacturing sectors namely Osun, Sokoto, Taraba, Plateau and Ekiti found significant deterioration of TFP growth during the entire sample period 1985 – 86 to 1997 – 98.

Among all the 14, the total manufacturing sectors of 11 states observed absence of Technical progress; there are a Nassarawa, Taraba and Imo state which indicates that the frontier production function experienced a downward shift. The remaining states experienced significant technical progress. Moreover, the highest TFP growth rate has been observed in the TMS of Abuja (4.73 Percent) followed by Anambra (3.47) and Lagos (3.14 Percent). This impressive growth was due to the technical progress in these states. The total manufacturing sectors of Sokoto and Imo States recorded a respective TFP growth declining trend of −0.93 and −1.9 percent during the period under study. Further, Anambra, Ekiti and Taraba states also observed deterioration of TFP at an annual rate of 0.05, 0.97 and 0.87 percent respectively per annum. The total manufacturing sectors of the states experienced a stable frontier production function. However, in order to identify the changes in scale efficiency, EFFCH was further decomposed into pure efficiency change (PECH) and scale efficiency change (SECH).

### Table 2. State-Wise Efficiency changes and its decomposition into PECH and SECH

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>EFCH</td>
<td>PECH</td>
<td>SECH</td>
<td>EFCH</td>
</tr>
<tr>
<td>Lagos</td>
<td>0.827</td>
<td>0.674</td>
<td>1.115</td>
<td>0.335</td>
</tr>
<tr>
<td>Abuja</td>
<td>1.226</td>
<td>1.051</td>
<td>1.168</td>
<td>1.118</td>
</tr>
<tr>
<td>Oyo</td>
<td>1.055</td>
<td>1.025</td>
<td>1.168</td>
<td>1.942</td>
</tr>
<tr>
<td>Osun</td>
<td>1.758</td>
<td>0.506</td>
<td>1.287</td>
<td>0.918</td>
</tr>
<tr>
<td>Imo</td>
<td>1.125</td>
<td>1.025</td>
<td>1.208</td>
<td>1.64</td>
</tr>
<tr>
<td>Anambra</td>
<td>1.488</td>
<td>1.000</td>
<td>1.488</td>
<td>0.777</td>
</tr>
<tr>
<td>Ondo</td>
<td>0.955</td>
<td>0.747</td>
<td>1.204</td>
<td>0.849</td>
</tr>
<tr>
<td>Ekiti</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Adamawa</td>
<td>1.974</td>
<td>1.000</td>
<td>1.974</td>
<td>0.538</td>
</tr>
<tr>
<td>Sokoto</td>
<td>1.616</td>
<td>1.271</td>
<td>1.273</td>
<td>0.593</td>
</tr>
<tr>
<td>Gombe</td>
<td>1.594</td>
<td>0.750</td>
<td>1.260</td>
<td>1.988</td>
</tr>
<tr>
<td>Taraba</td>
<td>0.925</td>
<td>1.150</td>
<td>0.777</td>
<td>1.953</td>
</tr>
<tr>
<td>Plateau</td>
<td>1.456</td>
<td>1.367</td>
<td>1.051</td>
<td>0.735</td>
</tr>
<tr>
<td>Nassarawa</td>
<td>0.617</td>
<td>1.616</td>
<td>1.001</td>
<td>0.962</td>
</tr>
<tr>
<td>Average</td>
<td>1.107</td>
<td>0.99</td>
<td>1.198</td>
<td>0.905</td>
</tr>
</tbody>
</table>

The results further witnessed that the TMS of Anambra, Ekiti and Adamawa attained 100 percent pure technical efficiency throughout the period of empirical investigation implying that the PTE neither improves nor leads to decline of TFP growth. But PTE of Lagos state followed by Oyo, Osun and Plateau promoted TFP at an annual rate of 0.2, 0.5, 0.4 and 2.3 percent respectively. Reduction of input losses due to improved PTE progressive OTE at the rate of 3.2 and improved CE at the rate of 3.4 percent per annum are observed in the total manufacturing sector of Plateau. Decline of scale efficiency was noticed in the TMS of Oyo and Ekiti at the annual rate of half percent and one percent respectively. During the entire sample period 1985 to 1998, the total manufacturing sector of Abuja observed cost efficiency improvements at the rate of percent per annum improved cost efficiency at the rate of 3.3 percent per annum was found in the TMS of Plateau. The special feature of TMS of Nassarawa state is decline of cost efficiency from time to time. TMS of Oyo state drifted away from its factor minimal cost at the rate of 2 percent per annum.

**SUMMARY AND CONCLUSIONS**

This paper applied Data Envelopment Analysis (DEA) to estimate Malmquist TFP Index for the total
manufacturing sectors of different states in Nigeria during the period from 1985-86 to 1997-98. With the DEA approach the Malmquist index can be decomposed multiplicatively into technical change and efficiency change. The technical change component is captured by shifts in the production frontier, providing a measure of innovation. In Malmquist approach to measure TFP and its components, we used time series data on inputs and output quantities only. The Index does not require detailed price information. The decomposition of TFP allows us to identify the contribution of technical progress and improvement in the efficiency to TFP growth in the total manufacturing sector of Nigeria. The main conclusion of the study is that total factor productivity change is not yet progress to the expectation during the period of empirical investigation. Technological regress is found during the period of study in many states. However, this analysis suggests that a Strong R & D wing should be encouraged through effective policy frame by the government of Nigeria to evaluate the adoptability of modern Capital or intensive techniques and to develop indigenous techniques.

REFERENCES


CONCEPT NOTE ON SUBSISTENCE FARMS IN THE SOUTH WEST OF NIGERIA

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ABSTRACT
Low knowledge is available regarding how the subsistence-oriented agricultural production in Nigeria is practiced in order to provide policy guides for its future development. This study focused on the cropping patterns, enterprise combination and the nature of costs and returns on subsistence farming practices with a view to determining the major variables affecting the farm’s economic performance. Data analyzed were obtained from farm survey covering the two major vegetation zones in south western Nigeria. Frequency tables, correlation matrix and regression were used as analytical tools. Results showed that subsistence farming is not absolutely un-profitable but for the fact that farmers operate at sub-optimal levels. Farmers believed that farming was profitable by their subjective evaluation and because it satisfies their subsistence needs. Organized and guided programmes of increasing farm size; reducing labour cost and improving farming techniques could serve as saviours to enhance income on subsistence farms.

Keywords: Subsistence Farms; South West of Nigeria

INTRODUCTION
Perspectives about peasantry cum subsistence production are diverse and at times, judgments on the measures of degrees of peasantry existing in a particular economy are based on subjective scoring. In fact, many authors use the words subsistence and peasantry interchangeably. As typical of low-income countries of the world, subsistence production in Nigeria and peasantry in countries like Asia, Japan and Latin America may be ranked equal especially with regard to their set up and management of resources. However, the relative sense in which each of them is used is particularly a matter of degree. With Nigerian subsistence, farm sizes are small, (ranges between 0.81 and 2.02 hectares in this study) and the farm family supplies the bulk of labour force, management and capital and consumes a lot of the farm proceeds leaving room for small marketable surplus. The same farmers who produce food crops mainly for consumption are also engaged in production of other crops for export sales. Thus, there is an intermixing of farm business operations with family considerations. Although the Asian and Japanese peasantry involves small-holder farmers operating on about 2 hectares of land, the system is capital intensive, mechanized and generates large marketable surplus through improved management practices. Much of the research work carried out on subsistence farms in Nigeria are largely general with little attention being given specifically to enterprise combination and profitability of all the farm and farm-related occupations engaged in by the farmers and their likely overall effects on the economics of farm production. The study covers both the deciduous and savannah vegetation zones of south western Nigeria hence results obtained can be applied to areas in and outside the country having similar ecology, resource endowment and technology.
THE DATA

This study was carried out in Oyo and Osun states of south western Nigeria. The study area was zoned on North-South basis using the type of vegetation and crops raised. While the northern farmers are typical food crop farmers having mixed savannah vegetation structure, the southern part is typically grown to tree crops with deciduous forests. The field survey was carried out through structured questionnaire schedules administered by personal interviews. This was supplemented with information collected from agricultural assistants, agricultural extension agents and agricultural staff on the Cocoa Development Units (C.D.U.) and ministries of agriculture and economic planning in each of the study areas. Farmers were interviewed about their farm and farm-related activities as well as their subsidiary income-earning occupations. Variables covered included the farmers’ demographic characteristics, production practices, nature of expenses and receipts, goals of subsistence and factors considered affecting their performance on subsistence farms. The first set of information was collected in 1982/83 cropping season and this was reviewed between July 1986 and January 1987. The most recent survey being reported in this study was carried out between June 2009 and February 2010. A random sample of 200 small scale farmers was selected for interview in a total of 24 villages in each of the first two surveys while for the last survey, 218 farmers were sampled from 20 villages. However, responses from only 180 farmers who cooperated fully in the 2009/2010 survey were analyzed for this study.

METHODS OF ANALYSIS

Ordinary Least Square (OLS) was used to estimate the functional relationship between the dependent variables and the set of explanatory variables. The model is indicated in equation: 1. the variables are as defined as:

\[ NI = f(FS, AG, FT, CE, TL, FD, HL, CL, Ut) \]  
\[ Ut = \text{stochastic error term} \]

Both the power and linear forms were initially specified and after comparing their results, the linear forms appeared more appropriate. The algebraic form of the linear equations is shown in equation 2. The variables are as previously defined.

\[ NI = a_0 + a_1FS + a_2AG + a_3FT + a_4CE + a_5TL + a_6FD + a_7HL + a_8CL + Ut \]

The evaluation of the model was based on the following criteria:

(a) The correlation matrix to test for multicollinearity among explanatory variables.

(b) \( R^2 \) (adjusted \( R^2 \)) which was used to know the extent to which the variability in net income derivable on farms was explained by the variations in the explanatory variables with adjustments made for differences in the degrees of freedom.

(c) The “F” values which were used to test the significance of the overall model.

(d) The size of standard errors of estimated coefficients together with the “t” statistic which was used to test for the significance of the individual estimated coefficients. The correlation matrix obtained indicated some likely problems of multicolinearity amongst some of the independent variables. This exercise however helped in eliminating collinear and weak explanatory variables in order to choose the lead equations used in this study.

MAJOR FINDINGS

The result of the correlation analysis observed that age of farms is negatively related to farm income while the number of enterprises combined on farms has positive relationship. The former evidence confirms the adverse effect of ageing farming population on farm income while the latter indicates the positive effect of enterprise diversification on incomes from subsistence farming. The size of farm dependants’ variable shows minimal or unimportant effect on the direction of farm profitability. Other variables specified in the model show very weak relations with the net farm income, none-the-less,
they at least indicate their individual effects on the direction of overall farm business. The negative response to the use of family labour on farms considered alongside the positive response shown by the use of hired labour are explained in terms of low relative productivity of family vis-à-vis hired labour prevalent amongst subsistence farmers in underdeveloped countries. The values of R2 show that while the size of farm alone explains 75 percent of the variations in net income, the level of technology adopted by farmers, the proportion of family to total farm labour and the level of hired labour used on farms explain 59, 54 and 54 percent respectively. The age of farms explains only 15 percent of the variations in net income while the size of farm family does not explain any variations at all, among the sample of farmers. The two variables are merged into one and re-defined as the total cost of labour to reflect the addition. A separate computer run, using this new variable shows that it singly explains up to 55% of the variations in farmers’ net income and is also statistically significant at 1% level. Statistical analysis shows however that the most important income-enhancing factor is the increase in size of farm holdings. This is followed in order of importance by the labour cost reduction programmes and the improvement in technological levels on the farms. From the foregoing discussions, it could be concluded that three major important socio-economic characteristics of farmers which can enhance net farm revenue of subsistence farmers are the size of individual farm holdings, the level of technology adopted on farms and the labour cost reduction programmes.

**Table A.** Correlation matrix: net income of farms and socio-economic characteristics of farmers

<table>
<thead>
<tr>
<th>Variables</th>
<th>NI</th>
<th>FS</th>
<th>AG</th>
<th>FT</th>
<th>CE</th>
<th>TL</th>
<th>FD</th>
<th>HL</th>
<th>CL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NI</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS</td>
<td>0.599</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG</td>
<td>-0.235</td>
<td>-0.251</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FT</td>
<td>-0.381</td>
<td>-0.581</td>
<td>0.199</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>0.275</td>
<td>0.53</td>
<td>-0.094</td>
<td>-0.391</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL</td>
<td>0.445</td>
<td>0.657</td>
<td>-0.093</td>
<td>-0.446</td>
<td>0.428</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FD</td>
<td>0.045</td>
<td>0.041</td>
<td>0.22</td>
<td>-0.055</td>
<td>-0.187</td>
<td>-0.089</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HL</td>
<td>0.390</td>
<td>0.689</td>
<td>-0.307</td>
<td>-0.856</td>
<td>0.597</td>
<td>0.539</td>
<td>-0.068</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>CL</td>
<td>0.389</td>
<td>0.689</td>
<td>-0.308</td>
<td>-0.854</td>
<td>0.598</td>
<td>0.54</td>
<td>-0.068</td>
<td>0.999</td>
<td>1</td>
</tr>
</tbody>
</table>

Where:

NI= Net Income per farmer expressed in Naira (₦)

FS= Size of farm measured by the hectare of farm cultivated to various enterprises.

AG= Age of farms evaluated as the number of years during which farm has been continuously cultivated.

FT= Proportion of family labour used on the farm expressed in man days.

CE= Number of enterprises combined on the farm by the farmers.

TL Level of technology adopted on the farm measured qualitatively.

FD= Total number of members of the farm family plus the dependent relatives.

HL= Cost of hired labour used on the farm as a proportion of the total cost of production on the farms.

CL= Total cost of all kinds of labour (Hired and family) employed on the farm.

**Regression results’ equations**

**No. Equations**

(i) \[ NI = 1309.02 - 49.58FT^{***} + 420.74TL^{***} \]

(15.91) (89.97)

R2= 0.63 F = 27.85
(ii) \( NI = 384.19 + 405.90TL*** + 0.92HL*** \)
\[ (96.25) (0.11) \]
\[ R^2 = 0.62 \quad F= 26.32 \]

(iii) \( NI = 378.87 + 406.18TL*** + 0.29CL*** \)
\[ (96.26) (0.11) \]
\[ R^2 = 0.62 \quad F= 26.31 \]

(iv) \( NI = 300.129 + 106.36FS*** – 10.86FT \)
\[ (13.80) (16.05) \]
\[ R^2 = 0.75 \quad F= 49.82 \]

(v) \( NI = 217.27 + 96.79FS*** – 9.05FT + 104.84TL \)
\[ (16.46) (16.13) (98.43) \]
\[ R^2 = 0.75 \quad F= 33.61 \]

(vi) \( NI = 839.94 + 107.52FS – 43.83FT + 126.75TL – 0.32HL \)
\[ (17.40) (25.06) (98.56) (0.18) \]
\[ R^2 = 0.76 \quad F= 26.34 \]

(vii) \( NI = 26.30 + 107.41FS + 122.05TL – 0.08CL \)
\[ (17.50) (99.10) (0.11) \]
\[ R^2 = 0.75 \quad F= 33.72 \]

**CONCLUSION**

The general performance of subsistence farmers in the study area is dependent not only on economic motivations but also on socio-cultural considerations. However, in order to make the currently active farmers more economically satisfied and to encourage both old and new hands coming into farming, there is need for radical government policies in the areas of provision of functional education to farmers to improve their decision making processes, supply of farmers with modern productivity and labour-enhancing inputs like fertilizers, herbicides, etc. These should be complemented with adaptive mechanized technology to suit the prevailing system of agricultural practice among Nigerian subsistence farmers. Finally, efforts should be made to provide the additional requisite technical guidance.

**REFERENCES**


ROLE OF MICRO FINANCE IN INDIA – CHANGING FACE OF POOR POPULATION

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ABSTRACT

The importance of microfinance in the developing economies like India cannot be undermined, where a large population is teeming under poverty and equally large number of people does not have an access to formal banking facilities. Microfinance means providing loans to the disadvantaged groups through the intermediation of the registered Self Help Groups, who intermediate between the banks and needy population to fulfill their financial needs.

Keywords: Micro Finance; Self-Help Groups; NBFCs; Economically Weaker Section

INTRODUCTION

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to the poor and low income households and their micro-enterprises.

Microfinance is defined as “financial services such as savings, insurance, fund, credit etc., provided to poor and low income clients so as to help them raise their income, thereby improving their standard of living”.

According to the National Microfinance Taskforce constituted in 1999 – “the poor stay poor, not because they are lazy but because they have no access to capital”.

“Micro-finance means provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improving living standards” – The National Microfinance Taskforce, 1999 (India)

OBJECTIVES

The present paper seeks to achieve the following objectives:

1. To understand the nature and scope and significance of micro-finance and its significance for the developing economy like India.

2. To understand the present status of micro-finance in India and its impact on beneficiaries.

3. To make suggestions for ensuring effective implementation of the micro-finance system in India.

Important Features of Micro-Finance

1. Micro-finance is an essential part of rural finance.

2. It mainly deals in small loans and basically caters to the poor households.
3. It is provided through the NGOs, generally referred to as Self Help Groups (SHGs).
4. It is one of the most effective and warranted Poverty Alleviation Strategies.
5. It provides an incentive to poor people grab self-employment opportunities.
6. It is more service-oriented and less profit-oriented.
7. It is meant to assist small entrepreneurs and producers.
8. Poor borrowers are rarely defaulters in repayment of loans as they are simple and God-fearing.
9. India needs to establish several micro-finance institutions.

Mohammed Yunus was awarded the Noble Prize for application of the concept of micro-finance, with setting up of the Grameen Bank in Bangladesh. Micro-financing is regarded as a tool for socio-economic upliftment in a developing country like India. It is expected to play a significant role in poverty alleviation and development. Micro credit and micro-finance are different. Micro credit is a small amount of money, given as a loan by a bank or any legally registered institution, whereas, Micro-finance includes multiple services such as loans, savings, insurance, transfer services, micro credit loans, etc. for poor people.

Role and Significance of Micro-finance

Micro-finance contributes to social and economic development of the nation in the following ways:

1. Poor people cannot access banking services due to their meagre income and inability to handle banking procedures and documentation. It is through micro-finance that a wide range of financial services such as deposits, loans, payment services, money transfers and insurance can be provided to the poor and low income households and their micro-enterprises.
2. Micro-finance institutions, through their NGOs, develop saving habits among poor people. The financial resources generated through savings and micro credit obtained from banks are utilised to provide loans and advances to the members of the Self Help Groups (SHGs). Thus, micro-finance institutions help in mobilisation of savings and using the same for the welfare of its members.
3. Loans from the normal banking system require collateral or counter guarantee which poor people cannot offer and therefore, cannot get loan. Again, high interest rates and procedural and documentation formalities act as a deterrent to poor people accessing banks for loans. Micro-finance does away with all these obstacles and provides finance to rural and poor population on easy terms.
4. Micro-finance allows the poorer sections of the society to get loans at cheaper rates which helps them to start their businesses on a small scale, grow their business and get out of poverty and be independent and self-sufficient. It helps in creating long-term financial independence among the poorer sections of the society and therefore, promotes self-sufficiency among them.
5. Micro-finance is provided through the intermediation of Self Help Groups (SHGs). More than 50% of the Self Help Groups (SHGs) are formed by women. Now, they have greater access to financial and economical resources. It is a step towards greater security for women. Thus, micro-finance empowers poor women economically and socially.
6. Usually, rural sector depends on non-institutional agencies for their financial requirements whereby they are exploited in numerous ways. Micro-financing has been successful in taking
institutionalised credit to the doorstep of poor in rural areas and have made them economically and socially sound. This has led to the development of rural population and rural areas.

7. Micro-finance, by providing loans to poor people, helps them to undertake their own small ventures. Such ventures also generate employment in the rural areas. It also helps them to improve their entrepreneurial skills and encourage them to exploit new business opportunities. Thus, micro-finance through self-reliance and employment generation alleviate poverty in rural areas.

8. Micro-finance also contributes to the national objectives of economic growth and social justice. Due to micro-finance, production of goods and services increases, which in turn increases GDP and contributes to the economic growth of the country. It also reduces inequalities in the distribution of income and wealth and thereby contributes to the goals of social justice.

Micro-Finance – Changing the Face of Poor India

Micro-finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro-finance is dominated by Self-Help Groups (SHGs) – Banks Linkage Programme, aimed at providing a cost effect mechanism for providing financial services to the ‘unreached poor’. In the Indian context, terms like ‘small and marginal farmers’, ‘rural artisans’, and ‘economically weaker sections’ have been used to broadly define micro-finance customers.

A more refined model of micro-credit delivery has been evolved lately, which emphasises the combined delivery of financial services along with technical assistance and agricultural business development business. When compared to the wider SHG bank linkage movement in India, private MFIs have had limited outreach. However, we have seen a recent trend of large micro-finance institutions transforming into ‘Non-Bank Financial Institutions (NBFCs). This changing face of micro-finance in India appears to be positive in terms of the ability of micro-finance to attract more funds and therefore increase the outreach.

In terms of demand for micro-credit or micro-finance, there are three segments, which demand funds. They are as follows:

1. At the very bottom in terms of income and assets, are those who are landless and engaged in agricultural work on a seasonal basis and manual labourers engaged in forestry, mining, household industries, construction and transport. This segment requires, first and foremost, consumption credit during those months when they do not get labour work and for contingencies such as illness. They also need credit for acquiring small productive assets such as livestock, using which they can generate additional income.

2. The next segment is small and marginal farmers and rural artisans, weavers and those self-employed in the urban informal sector as hawkers, vendors and workers in household micro-enterprises. This segment mainly needs credit for working capital, a small part of which also serves consumption needs. This segment also needs term credit for acquiring additional productive assets, such as irrigation pumpsets, borewells and livestock in case of farmers and equipment (looms, machinery) and worksheds in case of non-farm workers.

3. The third market segment is of small and medium farmers who have gone in for commercial crops such as surplus paddy and wheat, cotton, groundnuts and others engaged in dairying, poultry, fishery, etc. Among non-farm activities, running provision stores, repair workshops, tea shops and various service enterprises. These persons are not always poor, though they live barely above the poverty line and suffer from inadequate access to formal credit.

Well these are the people who require money and with micro-finance it is possible. Right now, the problem is that, it is SHG’s which are doing this and efforts should be made so that the big financial institutions also turn up and start supplying funds to these people. This will lead to a better India and
will definitely fulfil the dream of our late Prime Minister, Mrs. Indira of reducing poverty. In the words of Adam Smith:

“When you have got a little, it is often easy to get more but the greatest difficulty is to get the little.”

Today, India is facing a major problem in reducing poverty. About 25 million people in India are under below poverty line. With low per capita income, heavy population pressure, prevalence of massive unemployment and underemployment, low rate of capital formation, misdistribution of wealth and assets, prevalence of low technology and poor economic organisation and instability of output of agriculture production and related sectors have made India one of the poor countries of the world.

Vital Statistics on Micro-Finance

The SHG-Banks linkage programme which commenced as a pilot programme during 1992 to link 500 SHGs with banks, has grown exponentially during the last two decades and over 97 million rural households have now access to regular savings through 74.62 lakh SHGs linked to different banks.

| Table 1. Progress of Micro-Finance in India (Amount Rs. In crore /Number in lakhs) |
|-----------------|-----------------|-----------------|-----------------|
|                  | 2008-2009       | 2009-2010       | 2010-2011       |
|                  | No. Of SHGs     | Amount          | No. Of SHGs     | Amount          | No. Of SHGs     | Amount          |
| SHG Savings with Banks as on 31st March | 61.21            | 5545.62         | 69.53           | 6198.71         | 74.62           | 7016.30         |


The above table indicates that the micro-finance loans have increased leaps and bound in recent years from merely 61.21 lakh borrowers with total disbursement of Rs. 5545.62, the number of borrowers has increased to 74.62 lakh with total disbursement of Rs. 7016.30 lakhs.

SUGGESTIONS

Micro finance institutions have expanded the frontiers of institutional finance and have brought the poor, especially poor women, into the formal financial system and enabled them to access credit and fight poverty. Though some significant strides have been made in upscaling the purveyal of micro finance, it is observed that microfinance has had an asymmetric growth across the country with diverse rates of interest being charged to the members, which are areas of concern. The research has sought opinions from a number of persons, such as bank managers and officers, members of the SHGs and NGOs and also some scholars from education field. The views expressed by these people have been condensed in the form of recommendations for the improvement of the scheme:

(a) There is considerable scope for development of microfinance in India since there is enormous unmet demand for financial services in this sector. Therefore, enacting fresh legislation or
appropriate amendments in the existing legislation related to Micro-financial institutions is needed.

(b) There is an urgent need to streamline the procedure for applying, seeking and releasing of micro-finance. The procedural difficulties are one of the major problems, which have denied the needy groups, the financial benefits of the banks.

(c) In order to ensure proper utilisation of the credit, there is an urgent need to introduce availability of consumption credit from the formal channel. The need is to sensitize bank staff towards the needs, constraints and inhibitions of the micro-finance clients.

(d) There is a need to evolve new products by the banks to commensurate with the requirements of rural, semi-urban and urban people. The customer-contact programmes especially for the people living below poverty line be organised to disseminate the information of various schemes and financial needs of these groups.

(e) Micro-finance as a permitted activity for societies, NGO’s and voluntary organizations may be ensured through amending the existing Indian Income Tax Act, 1956 [Section 2(5), Section 11(5)], Societies Registration Act, 1860, FCRA and RBI Act.

(f) Micro-financing institutions need proper regulation and operation of business transactions. Therefore, RBI, SIDBI, NABARD and other organizations should evolve proper mechanism for monitoring, supervision, direction, appraisal and evaluation of micro-financial institutions as well as self help promotion institutions.

(g) A proper mechanism should be evolved to prepare database on SHG’s, SHP’s, MFI’s etc. Moreover, MIS with good management backing needs to be developed to achieve sustainability of micro-financing institutions.

(h) The factors responsible for poor performance of microfinance and functioning of SHG’s should be investigated, examined and analyzed scientifically and systematically to resolve the emerging problems, difficulties and challenges being faced.

(i) More research should be carried out to assess the impact of micro-credit through SHG’s. The impact assessment should be more focused on socio-economic empowerment of members, social change, dynamics of groups, business, leadership, promotion of viable micro enterprises, etc.

CONCLUSIONS

Although micro-finance industry has grown rapidly in India in recent years, the supply of micro-finance has failed to match with the needs and demand for it in India. There is an urgent need for a formal institutionalization of micro-finance sector under independent department under Reserve Bank of India (RBI) to assess the demand for micro-finance in India and take effective steps for meeting such demand on time. For this purpose, there is a need for training and strengthening the Self-help Groups (SHGs), which acts as facilitators between the financial institutions and the needy population. These measures will go a long way in quick and timely fulfillment of small needs of poor population.

REFERENCES

ABSTRACT

The internet is one of the biggest discoveries of the modern era, has transformed and revolutionized processes and procedures of the business world as well. The growing use of the internet in India has created a basis for tremendous prospects for marketers of today and tomorrow. The customer and consumers of modern times are techno savvy and innovative in their attitude. So the internet is sure to take over as a prime marketing and selling channel. Thus it is using a 3D virtual environment and adding an online shopping idea to it is considered as very interesting, especially if it reflects the real world in a virtual reality that makes its users attached to it. It is imperative for the companies to investigate and understand the online shoppers habits, awareness about 3D online shopping and the potential for it. The paper attempts to explore the various online shopping habits, awareness and potential for 3D online shopping.

Keywords: Internet; Online Shopping; 3D Online Shopping

INTRODUCTION

The Internet is a transformation channel to the world of accessing information. As a result, the user can access information that is available on the Internet easily, and carry out different activities through the use of Internet services like e-business, e-commerce, e-learning, e-governance activities and etc. In addition, the social interaction of the users will be enhanced. Hence, it is a combination between technology and information. The development of new technology services in the digital world e.g. the use of Internet and online services was used pursued excessively by the users. The possibilities of sharing and accessing information that is available on the Internet are mostly contributing to the user’s social life and daily activities. Online services have become a viable alternative for different actions like: shopping, online education, meetings, and organizing businesses etc.

Due to the development of information technology (IT) and Internet, many online shopping Website services have been developed. These business websites attract lots of customers due to their advantages, like easy and fast price comparison. Examples for these business websites are: (Amazon, EBay, Blocket, Tradera etc.). Online shopping websites in recent years have attracted more consumers due to several factors, e.g. a convenient price, the ease of accessibility to items, fast shipping, obtaining customer reviews etc.

These online shopping sites have much more popularity amongst customers because it is considered entertaining and time saving to the customers. These online shops are considered as 2D websites. Gradually, there are some more facilities that were added to online shopping sites, e.g. transforming these shopping sites in to 3D through the additional use of virtual reality. This transformation has led
to a gradual use of the 3D virtual reality in different aspects, and it’s attracting a lot of customers of 3D Games, 3D Movies etc.

OBJECTIVES

1. To understand the buying habits of youth towards online shopping
2. To examine the awareness of 3D shopping among the youth
3. To know potential for 3D online shopping

LITERATURE REVIEW

Renold et al. (2005, p. 235) In the past, computers were only rigid devices that have been used exclusively for specific actions and purposes. Nowadays, through the use of Internet, the computer usage evolved to the next level of technology, that is considered helpful and can create a more efficient, less costly, and higher-quality service-delivery environment for the users.

Anna Croon Fors (2006, p. 151) writes “Virtual worlds emerged from a distributed technical system that allows a substantial number of people to interact synchronously. The interaction takes place in a sustained environment based on some kind of special metaphor.”

Bellman and colleagues (1999) reported that the online population is relatively younger, more educated, wealthier, although the gaps are gradually closing. They argued that demographics appear to play an important role in determining whether people use the internet, however, they also concluded that once people are online demographics do not seem to be the key factors affecting purchase decision or shopping behaviour.

Barnes and Mattsson (2008, p. 195) defined virtual worlds as: “Three-dimensional, computer-generated environment that appears similar to our ‘real’ world, often massively multi-user and connected to the Internet, and developed to supply online entertainment and social networking for users.”

Researchers like Vrechopoulos et al. (2001) explored that the youth are main buyers who use the internet to buy products online. So, as the universe of this study, we considered youth in South Mumbai who used the internet for different purposes and were above the age of 18 years.

Earlier studies have long focused on studying the utilitarian aspects of the shopping experience in both traditional and online stores. Online shoppers, for instance, were found to be motivated by utilitarian values, such as convenience of locating and comparing merchants, evaluating price/quality ratios, information availability, ease of use, selection and physical store orientation (Grewal et al., 2003; Mathwick et al., 2001; Joines et al., 2003; Teo, 2001). To increase online sales, retailers should, according to Bridges and Florsheim (2008), design their websites to serve utilitarian goals rather than to offer hedonic value. Their study demonstrated that online retailers can increase their visitors purchase likelihood by making internet users believe they are skilled at using the Web and perceive that they can move quickly through a website. Hassounah & Brengman: Shopping in Virtual Worlds Page 322.

LIMITATIONS

Firstly the present study focused on the youth in south Mumbai which could limit the generalization of findings and references to the entire section of online consumer. This creates the ideal opportunity to consider more diverse demographic group of buyers. Secondly, the sample size taken is too small that is of 500 youths where the youth population of Mumbai

RESEARCH METHODOLOGY

A questionnaire was developed and distributed to 500 youth of selected different location in Mumbai. Sampling technique can be best described as random sampling.
The data for the study was gathered through a self-structured questionnaire. The questionnaire was divided into two parts. The first part of the questionnaire included questions about demographic profile of the respondents. The second part of the questionnaire focuses on various online shopping habits, awareness about 3D online shopping & measures the potential market for 3D online shopping.

**DATA ANALYSIS**

- 84% respondents go for online shopping
- 57% respondents buy on monthly basis
- 38% respondents purchase through credit card & 33% purchase through debit card
- Flipkart ranked highest with 46% going for it followed by Amazon 33%
- 76% respondents felt that it was safe and secure to do online shopping
- 67% respondents felt that there can be chances of being cheated while shopping online
- 60% respondents felt that their personal information can be leaked
- 76% felt that the internet provided them with authentic and reliable information with regard to buying a product
- 65% respondents denied having any bad experience during online shopping
- 80% respondents are aware of 3D online shopping
- 35% respondents are aware of 3D online shopping through internet, 30% through friends & where as 25% through social media
- Accessories are most preferred to purchase through 3D online shopping as well as 2D online shopping, following the books and apparel respectively 28% and 22%
- 30% respondents think it will be better experience where as 28% think it will be entertaining to shop while 3D online shopping
- 60% respondents strongly agree that it will help to increase online shopping experience
- 57% respondents would like to spend between Rs.500-2500 on 3D online shopping
- If companies offering a discounts, free gifts and promotional offers in 3D online shopping then 71% respondents would like to buy
- 76% respondents said that 3D online shopping is Acceptable
- 81% respondents felt that 3D online shopping will help to increase the demand for online shopping and lead to a decline in demand for physical shopping malls

**CONCLUSION AND SUGGESTIONS**

The results revealed that most of the youth go for online shopping. It revealed some of the habits of the youth while buying online just like they purchase on monthly basis the most and also the mode of payment is preferred through credit card and they spend moderately. Awareness among the youth about 3D online shopping was high. It was created through internet, friends & social media sites. It revealed that there was lot of potential regarding 3D online shopping. Respondent would like to buy through 3D online shopping because it helps to improve their shopping experience. Due to busy & hectic routine life it’s difficult for them to go physically & do shopping. They felt that 3D shopping malls will help them to save their time & energy & enhance the online shopping experience. India’s big retail companies should start with virtual 3D online shopping. 3D online shopping should offer various branded and wide variety of products. 3D online shopping should offer the product such a way that it will enhance the customer shopping experience and it will be more entertaining and time saving.
REFERENCES


# Table of Contents

## Articles

**FOREIGN DIRECT INVESTMENT (FDI)-KEY CHALLENGES FOR EFFECTIVE INVESTORS’ DECISION**  
*Dr. A. A. Attarwala, CA. Smitesh Bhosale*  
1-7  

**A STUDY ON LOAN MANAGEMENT WITH SPECIAL REFERENCE TO THE BELGAUM INDUSTRIAL CO-OPERATIVE BANK LIMITED, BELGAUM**  
*Srinivas K T*  
8-17  

**CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF ICICI BANK**  
*Megha Mehta, Kshitija Chaugule*  
18-25  

**COMPRESSION OF SMS FOR EFFICIENT COMMUNICATION**  
*Rakibe Priya*  
26-34  

**CONSUMER BEHAVIOR OF RURAL WOMEN TOWARDS BATHING SOAPS: A STUDY OF VILLAGES IN IRALA MANDAL, CHITTOOR DIST., ANDHRA PRADESH**  
*Reddy Praneeth Karnam, Dr. N. Appa Rao, Dr. I. Lokananda Reddy*  
35-38  

**ENVIRONMENT ACCOUNTING AND REPORTING**  
*Anjali Vachhani*  
39-43  

**A SOCIAL PERCEPTION TOWARDS WOMEN ENTREPRENEURS IN INDIA – FROM PERCEPTION TO REALITY**  
*Dr. Neelam Arora*  
44-49
FOREIGN DIRECT INVESTMENT (FDI)-KEY CHALLENGES FOR EFFECTIVE INVESTORS’ DECISION

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ABSTRACT
India, an emerging market and a favourite investment destination, is struggling to lure foreign investment and there are many underlying factors which are adding to the struggle. Fundamentally, India has been and will continue to be a net importer country on account of our dependence on imports of Crude oil and Gold. The current account foreign exchange deficit is almost given factor for so many years and in the near future there seems to be a little possibility for substantial reduction in the current account deficit.

Till 2008-09 the FDI flow has been increasing at a phenomenal rate of more than 75%, since 2009-10 there has been a substantial decrease in new investments. Especially US Business groups are more concerned than ever about investing in India though the Government is pursuing various reforms.

While little can be done to prevent current account foreign exchange deficit, a critical step is to enhance the level of capital receipts by way of investments by foreign entities in India. There are number of policy issues and challenges which are preventing a seamless flow of foreign investments in India especially in sectors like Insurance, Retail, Infrastructure and allied areas. India as an emerging market needs to address issues on FDI policies, bringing in clarity over taxation matters, implement necessary legislation to protect the investors interest, enhance governance and transparency in large investment projects, take State government into confidence and develop pro-investor approach and look for opportunities for enhancement of bilateral trade relationships with European and US market.

Keywords: FDI; Foreign Investment; Investor’s perception

INTRODUCTION
India, an emerging market and a favourite investment destination, is struggling to lure foreign investment and there are many underlying factors which are adding to the struggle. Till 2008-09 the FDI flow has been increasing at a phenomenal rate of more than 75%, since 2009-10 there has been a substantial decrease in new investments. Especially US Business groups are more concerned than ever about investing in India though the Government is pursuing various reforms.

This research paper attempts to analyse the factors which impact the perception of foreign investors and key challenges faced by the investor while making a decision to invest in India.

OBJECTIVE
This research paper attempts to analyse the
1. Factors which impact the perception of foreign investors and
2. Key challenges faced by the investor while making a decision to invest in India.

Pattern of Foreign Direct Investment in India

Foreign Direct Investment (FDI) is a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor. The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence (not necessarily control) on the management of the enterprise. The direct or indirect ownership of 10% or more of the voting power of an enterprise resident in one economy by an investor resident in another economy is the statistical evidence of such a relationship.

FDI is primarily allowed under two routes in India, one being the Automatic Route where prior approval of Government of India (GOI) or Reserve Bank of India (RBI) is not required with respect to the sectors as specified by the GOI from time to time. In case of Government Route, the investment requires prior approval of Foreign Investment Promotion Board (FIPB) of Department of Economic Affairs (DEA), Ministry of Finance. The investment necessarily has to be in equity shares or debts instruments convertible into equity where the price is pre-determined at the time of issuance of such debt instruments.

Sectors like Floriculture, Mining, Alcohol Distillation and Brewing, Power Generation, Single Brand Retail, Telecom, NBFCs, Courier Services qualify for 100% FDI. In respect of other sectors like Banking, Insurance, Civil Aviation the FDI limit ranges from 26% to 74%. Some of the sectors like Tobacco, atomic energy, plantations (other than tea) are specifically excluded from the Automatic as well as Government route.

Genesis of FDI in India

Initially, India followed a very conservative approach with respect to the FDI. Major changes occurred post liberalisation in 1991 and then the advent of Foreign Exchange Management Act (FEMA) in 1999 also assisted bringing clarity to the FDI regulations. A comparative of FDI policies carried out by RBI identified countries like Argentina, Brazil, Chile and the Russian Federation have sectoral caps higher than those of India implying that their FDI policy is more liberal. The sectoral caps are lower in China than in India in most of the sectors barring agriculture and forestry and insurance. A noteworthy aspect is that China permits 100 per cent FDI in agriculture while completely prohibits FDI in media. In India, on the other hand, foreign ownership is allowed up to 100 per cent in sectors like ‘mining, oil and gas’, electricity and ‘healthcare and waste management’.

FDI in India has increased over the years due to the efforts that have been made by the Indian government. FDI in India has in a lot of ways enabled India to achieve a certain degree of financial stability, growth and development. This money has allowed India to focus on the areas that may have needed economic attention, and address the various problems that continue to challenge the country. The increased flow of FDI in India has given a major boost to the country's economy.

India remains the world's third most attractive destination for investment by transnational corporations (TNCs) during 2013-15, stated a recent survey by UNCTAD. The country was ranked after china and the US in the survey based on responses of 159 companies.

While India has been top 2 destination (as depicted in the table below) in Asia Pacific Region in terms of number of Projects where FDI has been received, there is a reduction of approximately 20% in 2012 in comparison to number of projects in 2011.

<table>
<thead>
<tr>
<th>FDI Destinations in 2012</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Country wise number of projects where FDI has been received in 2012
Table 1. Country wise number of projects where FDI has been received in 2012 (Contd….)

<table>
<thead>
<tr>
<th>FDI Destinations in 2012</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>307</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>184</td>
</tr>
<tr>
<td>Malaysia</td>
<td>162</td>
</tr>
<tr>
<td>Indonesia</td>
<td>155</td>
</tr>
<tr>
<td>Vietnam</td>
<td>143</td>
</tr>
<tr>
<td>Japan</td>
<td>118</td>
</tr>
<tr>
<td>Thailand</td>
<td>118</td>
</tr>
<tr>
<td>Other</td>
<td>557</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3740</strong></td>
</tr>
</tbody>
</table>

Source: FDI Market report 2013

Three’s Story - The downfall of FDI, current account deficit and depreciating Rupee

India continued to be attractive FDI destination till end of 2010, some of the developments lead to a fall in inflows and multiple reasons have contributed to the downfall.

Source: FDI statistics, Ministry of Finance, Government of India

Graph 1. Financial year-wise equity inflows through FDI route

The reasons are attributable to some of the key sectors which are evident from the following table. Analysis of the FDI in various sectors reveals that the contribution of FDI to Service Sectors has been significantly higher compared to the core manufacturing in the last 10 years. Further approximately. 40% of the FDI is routed through Mauritius, tax haven for the investment world.

Table 2. Sector-wise FDI investment on Financial year 2011-12 and 2012-13

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY 2011-12 ($ Million)</th>
<th>FY 2012-13 ($ Million)</th>
<th>Increase / (Decrease) – ($ Million)</th>
<th>% of Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>5216</td>
<td>4833</td>
<td>(383)</td>
<td>(7)</td>
</tr>
<tr>
<td>Construction Development</td>
<td>15236</td>
<td>7248</td>
<td>(7988)</td>
<td>(52)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>9012</td>
<td>1654</td>
<td>(7358)</td>
<td>(82)</td>
</tr>
<tr>
<td>Computer Software and Hardware</td>
<td>3804</td>
<td>2656</td>
<td>(1148)</td>
<td>(30)</td>
</tr>
<tr>
<td>Drugs and Pharmaceuticals</td>
<td>14605</td>
<td>6011</td>
<td>(8594)</td>
<td>(59)</td>
</tr>
</tbody>
</table>
In comparison to 2011-12, most of the sectors witness a steep decline in the FDI inflows barring Automobile and Hotel & Tourism. While these two sectors have been able to attract the foreign investors, the slowdown of demand in automotive segment especially passenger and commercial vehicles and higher indirect taxes in Hospitality sector have led to lesser number of actual deployment of investment in the project / developmental assets.

**Foreign Investors’ perception per se FDI in India**

To understand the reasons an evaluation of the factors contributing to the fall from foreign investors’ point of view is critical. 

While the measures for increasing the FDI limit across sectors have been taken by the Government and RBI, the foreign investors may not be able to pump in capital and increase foreign currency inflows. Many of the challenges which are creating limitation for foreign players to avail the benefit of FDI are as follows:-

**Increased costs do not justify adequacy of margins and return on foreign investments** - Companies in manufacturing segment especially luxury cars, high end auto components fitness, health, shoes, apparels rely on significant level of imports from the home country or manufacturing locations outside India e.g. Adidas / Reebok of Germany, Telecom equipments companies. The depreciating rupee is adding significant cost to imports by such manufacturers. Such increased cost may not necessarily justify adequate return on investment for the foreign investors.

**Demand for capital in home country of a foreign investor** - Some of the developed economies are facing growth challenges and the government of developed nations have been taking measures to attract investment in the home country on the grounds of safeguarding jobs, creation of employment and enabling growth through at a slow pace.

**Uncertain political conditions in India** - Political uncertainty on account of upcoming elections adds to the challenges of a foreign investor on the decision making process. The policies of the ruling government and the opposition are significantly different. Some of the states ruled by the opposition like Gujarat have been able to make progress while the state administered by the ruling government have failed to attract the interest of domestic as well as foreign investors. Expulsion of a credible name like Tata in the Indian industry from Singur, West Bengal set a very bad example of the approach adopted by the Government towards investor community as such. The per capita GDP of Gujarat in FY 11-12 as against that of West Bengal in the Industries segment has been almost 1.62 times. Further Gujarat as a state as also made its headway in the Top 5 states contributing to the economy of India.

**Retrospective amendments in taxation laws** - Uncertainty over the Direct and Indirect Taxation is also affecting the decision making process at the top for number of foreign investors. Some of our discussions with the officials of MNC telecom firms in India revealed that the confidence in the Indian Judicial system is intact however the approach of overruling the decision of the Apex Court through retrospective changes in law in highly unwelcome. The uncertainty over the famous Vodafone direct tax case has sent a wrong signal to the foreign investors. While there have been two views prior to
ruling of the Supreme Court, however, once the case is concluded in favour of the investor, the approach adopted by the Government to override the Apex Court’s stand is not a welcome step.

**Higher incidence of taxation on foreign companies in India** - Corporate taxation is one of the important parameter for selection of appropriate FDI destination. Some multinationals use strategies that allow them to pay as little as 5% in corporate taxes when smaller businesses are paying up to 30%. Some small jurisdictions act as conduits, receiving disproportionately large amounts of foreign direct investment compared with large industrialised countries and investing disproportionately large amounts in major developed and emerging economies. Uncertainty over the taxation regime in the investment destination adversely affects the ability of foreign investor to decide in FDI.

**State specific issues in India** - Some of the State related issues are also creating major challenges in the decision making process for the foreign investors to avail the benefit of FDI. The issue of separation of Telangana from Andhra Pradesh is largely affecting the Pharmaceutical and technology investment by Foreign Firms.

**Restrictive domestic procurement obligations** - Measures to protect local Units and mandatory sourcing quantum from domestic firms may work in favour of the Indian manufacturing set ups, however, not necessarily in the best interest of the supply chain of the foreign firm. The government stipulated that companies that own 51% or more equity in these single-brand retail outfits will have to source almost one-third of the total merchandise they sell in the country from small enterprises with investment of about $1 million (Rs5.5 crore) E.g. Expecting sourcing of 30% of the material from domestic may not be appropriate for IKEA, leader in home furnishing segment. The approach to eat the cake and have it too is definitely not a workable model if the interest of the foreign firms is to be attracted in India.

**Uncertainty of project completion on account of Long gestation cycles** - Long gestation cycles in the real estate, infrastructure and allied developmental segments is also creating uncertainty over the ability of the invested asset to generate positive cash flows. Sectors like real estate, infrastructure projects require heavy dosage of investments over the life cycle of the investment.

**Backlog of key legislations** - India is also carrying a backlog of various key Bills pending for enactment which are directed towards fairness in business and governance. Some of the key Bills include the land acquisition Bill; the whistleblowers’ protection Bill; the Pension Fund Regulatory and Development Authority Bill, 2011; and the Companies Bill, which has been passed by the LokSabha and is pending before the upper house. Pendency over the key regulations and cat on the wall approach by the ruling Government is also creating hiccups for foreign investor evaluating our country as an investment destination.

The downfall couple with current account deficit situation has led our country to a very difficult situation of a rupee depreciated to all time low. The Indian Government keeps making efforts to sustain global investors’ confidence in Indian markets. In the recent past Government has been taking measures to increase the inflows of foreign capital. However, to our opinion these are knee jerk reactions by RBI. To mitigate the falling rupee and attracting the foreign investors the Government and as well as the Reserve Bank of India (RBI) in reacting to the situation rather than creating necessary environment to foster the investor confidence. The measures are expected to enhance the capital inflows in the country.

Some of the recent key reactions include:

- Raising cap on FDI from 49 to 74% in the asset reconstruction companies (ARCs) in August 2013
- Allowance of 100% FDI in single brand retail

The above reaction may not be able to address the issue of downfall of FDI in India. In case on account of FDI there is an improvement seen in the foreign exchange reserves the other challenges
coupled with FDI which includes the readiness of the domestic sector for the changes in technology, intensification of competition, loss of ownership also needs to be evaluated. Further, investing in India also has number of administrative challenges which includes

- Time taken for starting foreign business. The time is estimated at 45-50 days which is relatively lower compared to BRIC countries, however very high in comparison to other Asian nations like Malaysia where the time required is approx. 14 days.
- Number of procedures at India are estimated at 16 compared to less than 10 in some of the other Asian nations
- While Access to land information index in India is very conservative and among the lowest which is at 16%
- Time to lease the private land is highest amongst other Asian nations and it is at 90 days.
- Ease of process index is at 68% which is relatively lower and extent of judicial assistance is also low at 53%.

CONCLUSION

Hit by global recession and following a recovery, currently, the Indian economy is passing through a phase of transformation and appropriate measures for stabilisation of business environment are imperative. While little can be done in the short term to prevent current account foreign exchange deficit, a critical step is to enhance the level of capital receipts by way of investments by foreign entities in India. There are number of policy issues and challenges which are preventing a seamless flow of foreign investments in India especially in sectors like Insurance, Retail, Infrastructure and allied areas.

The potential to scale up the growth, employment, productivity and overall development of the economy exists and right policies by the Government participating with the Business will lead to long term and sustainable growth path for India.

In addition to liberalising the FDI limits in various sectors, India has number of other significant fundamental challenges to deal with. Further, in order to boost the investor confidence, India needs to enhance its ability to create and sustain conducive environment for foreign investors to conduct business.

While on the FDI chart in respect of the number of projects India remains in the Top 5 investment destinations, India as an emerging market needs to address –

- issues on FDI policies
- bringing in clarity over taxation matters
- implement necessary legislation to protect the investors interest
- enhance governance and transparency in large investment projects,
- take State government into confidence and;
- develop pro-investor approach and look for opportunities for enhancement of bilateral trade relationships with European and US market.
- Some of these changes may bring in much awaited FDI to India and provide a great impetus for the achievement of India 2020 growth dream

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Interviews conducted

7. Indian Merchants Chamber-Investor Conclave September 2013 – Question and answer session with Consulate General of New Zealand, United States, Canada and Germany
A study on loan management with special reference to the Belgaum Industrial Co-operative Bank Limited, Belgaum

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ABSTRACT

The present study is made an attempt to know the loan management of Belgaum Industrial Co-operative Bank Limited, Belgaum. In the present study it is made an attempt to know the lending policy and recovery policy of loans and it is also made an attempt to study the different loans (Financial assistance) provided by the Belgaum Industrial Co-operative Bank Limited. To achieve the said objectives data is gathered from primary and secondary sources. From the present study it is found that there is great improvement in performance of the company year by year in lending and recovering loans and financial soundness of the bank is also commendable.

Keywords: Loan Management; Co-operative bank

INTRODUCTION

A loan is a financial arrangement under which an advance is granted by a bank to borrower on a separate account called the loan account. When a loan is sanctioned to a borrower, the entire amount of a loan is credited to the account of the borrower and is paid to the borrower at once, in one lump sum, either in cash or by transfer to the credit of his account. (Of course sometimes, banks release the sanctioned loan amount in installments i.e. in case of housing loans amount is released in installments taking into consideration the engineers report) just as the disbursement of the loan is made in lump sum, the repayment of the loan also is generally made in one lump sum. A loan is generally granted for a short period of one year or more than one year, say, 2 years, 3 years, 5 years, 7 years etc. Such a loan is called a term loan. If the loan is given for a period ranging from one year to 5 years or 7 years, it is called a medium term loan, and if it is given for still longer period, it is called a long term loan. A loan is granted either against collateral securities or against the personal security of the borrower. In the case of a loan, interest is charged on the whole amount of the loan sanctioned irrespective of the amount actually withdrawn by the borrower at quarterly or half yearly intervals. But the rate of interest charged on a loan is slightly lower than that charged on an overdraft and a cash credit. Generally, a banker can collect interest on the entire amount of the loan sanctioned. Secondly, a loan involves very little accounting work, as the granting and the repayment of the loan are done in lump sum, but the borrower does not prefer this type of advance, as he is required to pay interest on the full amount of loan sanctioned to him irrespective of the amount actually withdrawn by him.

Meaning of Loan

Loan is arrangement in which a lender gives money or property to a borrower, by executing necessary loan bond papers and the borrower agrees to return the property or repay the money, usually along with interest, at some future point(s) in time. Usually, there is a predetermined time for repaying a loan, and generally the lender has to bear the risk that the borrower may not repay a loan (though
modern capital markets have developed many ways of managing this risk and there different types of loan offered by various banks.

The Belgaum District Industrial Co-operative Bank

The Belgaum District Industrial Co-operative Bank Limited was established in the year 1948 and it was registered on 19th September, 1949 as Co-operative society under Central Act II of 1912 and its registration number is P-682. It was started with 14 Co-operative Societies and 32 Individual members with initial capital of Rs 14,397, to carry on business activity with small societies and members. Later in the year 1990, it has got a License from Reserve Bank of India to carry on all type of banking activities so this bank was converted in to Urban Co-operative bank and it was renamed as The Belgaum Industrial Co-operative Bank Limited. Today it is having total 5 branches (including main branch) in Belgaum district and its area of operation is entire Belgaum district except Athani Taluk. Bank’s objective was primarily to extend financial facility to the Local Handloom Industry, Small and Medium Scale Industries and to the Societies. After the year 1990 as per the Reserve Bank of India guidelines bank cannot finance to the Societies but bank can accepts the deposits from Societies.

The bank offers following products/services to its customers:

Loans & Advances

- Loans: Short term loans, Medium term loans, Gold loans, Deposit loans, Loan against NSCs and KVPs, Staff Loans
- Cash credit: Secured cash credit, Business cash credit, clean cash credit, Deposit cash credit

Deposits:

- Deposits for Individuals: Bhagyalaxmi deposits (Reinvestment Scheme), Fixed deposits, Saving bank deposits, Current deposits, Recurring Deposits, Pigmy Deposits (Daily Deposits)
- Deposits for Societies: Bhagyalaxmi deposits (Reinvestment Scheme), Fixed deposits, Saving bank deposits, Current deposits.

Loan sanctioning procedure at The Belgaum Industrial Cooperative Bank Limited:

The bank is providing financial assistance by loans & advances only to the members of the bank. If a new customer wants to avail loan then, first he/she has to become member (Share holder) of the bank.

Membership procedure:

Customer has to fill a membership form which is provided by bank along documents required under KYC norms (Know Your Customer) and has to pay prescribed fee for registration, then said filled form will be kept in Board meeting for verification & approval. After the approval he/she becomes the member of the bank. Further the borrower has to buy additional shares @ 2.50% of sanctioned loan amount in case it is secured loan & 5% in case of unsecured loans.

1. Borrower has to fill loan application form provided by the bank, giving information like purpose of loan, detailed address, name, no of members in family, industry/business details, sources of income etc…
2. Borrower has to provide two solvent sureties & said sureties are also must be share holders (members) of the bank.
3. Once the loan application form is submitted to the bank, then branch manager/field officer will analyze borrower’s income status by verifying his financial statements, his business/industry turnover, his sales tax/income tax returns, value of immovable property mortgaged to the bank, its legal opinion etc.
• Latest property extract-CTS/R of R/CCB
• Original title deed
• Latest 13 years nil Encumbrance Certificate
• P&L A/c, balance sheet, VAT statement assessment year, Stock statement
• Sales tax/income tax assessment order or return file copy
• Partnership deed and registration number
• Vehicle license copy
• Property tax paid receipt
• No Dues Certificate from the local banks
• Building construction approved permission, approved Building plan and estimation
• Property/Building valuation Certificate
• Plant & machinery valuation and details.

5. In case of housing loans, sanctioned loan amount will be released step by step as per construction level as per engineers remarks,& in case of vehicle loan, industrial loan, and deposit loan, full loan amount will be released at one time. However in respect of cash credit facility, certain limit will be fixed as per the calculation.

**Loan recovery procedure at The Belgaum Industrial Co-operative Bank Limited:**

Bank takes following steps to recover the loan dues from barrower:

**First Stage of Recovery:**

1. By taking post dated cheques.
2. If the account is existing, and if customer is salaried person, amount is recovered by
3. Standing instructions
4. Direct remittance by borrower in branch

**Second Stage of Recovery:**

1. Reminding the borrowers about their loan and interest dues and pursuing them to repay the loan and interest over a phone.
2. Sending notice to the barrower to repay the due amount in stipulated time.
3. If the borrower ignores the notice sent by the bank, then bank will send notice to the borrower as well as guarantors (Sureties) by registered post.
4. In the meantime staff of the bank also visits the borrower & appraise him to repay the loan dues in the stipulated time and warns him to take legal actions if defaulted.
5. Even after sending notices, if the borrower does not pay, then bank will initiate legal action against borrower by sending legal notice.
6. If all the recovery actions taken by the bank are not giving results, then bank will file arbitration case in the court of law & obtain award from the court. On the basis of the award the bank will dispose of the immovable property by auction & recover loan dues.
7. In case of vehicle loans, after taking all actions, bank will seize the vehicle & recover the amount.
8. In case of gold loans, notices are served to borrower to pay the loan dues. If defaulted bank will auction the gold ornaments & recover the dues.

9. If the loan is against the fixed deposits, then on maturity of fixed deposit, maturity amount is adjusted towards the loan amount & remaining balance, if any, is refunded to the borrower

STATEMENT OF THE PROBLEM
The economic development of any country depends on sound financial system. Financial system consists of co-operative banks, now days co-operative banks also plays a important role in meeting financial requirement of small and medium scale industries. While reviewing the literature, questions which strike the mind are what are sanctioning procedures and recovery procedures of loans to industries, what are different kinds loans lend to industries etc., to study the above said questions this project is undertaken at The Belgaum Industrial Co-operative bank Limited.

OBJECTIVE OF THE STUDY
- To understand the concept of loan management.
- To understand the different loans (Financial assistance) provided by the Belgaum Industrial Co-Operative Bank Limited.
- To study the lending procedure of the Belgaum Industrial Co-Operative Bank Limited.
- To study the recovery procedure of the Belgaum Industrial Co-Operative Bank Limited, Belgaum.
- To offer suggestion based on findings of the study.

SCOPE OF THE STUDY
The present study is limited to Loan Management and the scope of the study is confined to The Belgaum Industrial Co-operative Bank Limited, Belgaum.

Data Collection
To achieve the aforesaid objectives data is collected from primary sources, they are questionnaire, face to face interview with executives etc and secondary sources are journals, annual reports, etc

Data Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>24,83,40,739.54</td>
</tr>
<tr>
<td>2008-2009</td>
<td>26,42,94,731.30</td>
</tr>
<tr>
<td>2009-2010</td>
<td>30,96,79,639.43</td>
</tr>
<tr>
<td>2010-2011</td>
<td>32,98,20,175.47</td>
</tr>
<tr>
<td>2011-2012</td>
<td>35,98,98,173.68</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation
The above table shows the overall Loans sanctioned by The Belgaum Industrial Co-operative Bank. In the financial year 2007-2008 the Loans was 24, 83, 49,739.54 crore which increased gradually to Rs. 30, 96, 79,639.43 crore in the financial year- 2009-2010. And in the financial year 2011-2012 the Loans of The Belgaum Industrial Co-operative Bank stood at Rs. 35, 98, 98,173.68 crore
Table 2. Showing the Different Loans Offered By the Belgaum Industrial Co-Operative Bank Ltd (Amounts in Crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Cash Credit</td>
<td>80.26</td>
<td>86.02</td>
<td>88.84</td>
<td>94.73</td>
<td>106.63</td>
</tr>
<tr>
<td>Secured Cash Credit</td>
<td>767.58</td>
<td>869.63</td>
<td>999.98</td>
<td>1067.18</td>
<td>957.34</td>
</tr>
<tr>
<td>Business Cash Credit</td>
<td>690.86</td>
<td>602.32</td>
<td>839.4</td>
<td>879.57</td>
<td>908.5</td>
</tr>
<tr>
<td>Clean Cash Credit</td>
<td>13.03</td>
<td>8.91</td>
<td>7.65</td>
<td>6.69</td>
<td>5.25</td>
</tr>
<tr>
<td>Short Term Loan</td>
<td>175.05</td>
<td>297.53</td>
<td>240.07</td>
<td>108.53</td>
<td>162.87</td>
</tr>
<tr>
<td>Medium Term Loan</td>
<td>564.43</td>
<td>540.17</td>
<td>576.84</td>
<td>697.85</td>
<td>824.86</td>
</tr>
<tr>
<td>Staff Loan</td>
<td>41.64</td>
<td>38.48</td>
<td>35.78</td>
<td>41.58</td>
<td>37.82</td>
</tr>
<tr>
<td>Gold Loan</td>
<td>65.42</td>
<td>122.63</td>
<td>200.59</td>
<td>271.95</td>
<td>472.18</td>
</tr>
<tr>
<td>Loan Against Loan</td>
<td>85.17</td>
<td>77.24</td>
<td>109.69</td>
<td>124.39</td>
<td>123.5</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation:
The above table shows the various types of loans of The Belgaum Industrial Co-operative Bank and shows position of bank, which helps in analyzing the financial position of the bank.

Table 3. Showing the Deposit Cash Credit of the Belgaum Industrial Co-Operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>80,25,697.78</td>
<td>17.58%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>86,02,245.08</td>
<td>18.84%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>88,83,098.76</td>
<td>19.45%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>94,73,345.29</td>
<td>20.75%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>1,06,63,724.77</td>
<td>23.36%</td>
</tr>
<tr>
<td>Total</td>
<td>4,56,48,111.68</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation:
The above table showing in financial year 2007-2008 the deposit cash credit of bank was 80,25,697.78, if we take it as 100%, in the financial year 2008-2009 which was increased to 18.84%, which was gradually increased to 19.45% in the financial year 2009-2010 and in the financial year 2010-2011 it was 20.75% the deposit cash credit of The Belgaum Industrial Co-operative Bank was gone up to 1,06,63,724.77 i.e.23.36% in the financial year 2011-2012.

Table 4. Showing the Secured Cash Credit of the Belgaum Industrial Co-Operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>7,67,56,599.71</td>
<td>16.47%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>8,69,63,266.06</td>
<td>18.66%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>9,97,93,624.33</td>
<td>21.41%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>10,67,18,348.63</td>
<td>22.90%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>9,57,34,919.14</td>
<td>20.54%</td>
</tr>
<tr>
<td>Total</td>
<td>46,59,66,757.87</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report
Interpretation:

The above table it can be analyzed that the secured cash credit is increased gradually year by year. In financial year 2007-2008 secured cash credit was 16.47%, which was increased continuously in the financial year 2009, 2010, 2011 the demand for secured cash credit increased to 18.66%, 21.41%, 22.90% respectively and which was decreased to 20.54% in the financial year 2011-2012, the secure cash credit of The Belgaum Industrial Co-operative Bank was decreased by 2.36% in the financial year 2011-2012.

Table 5. Showing the Business Cash Credit of the Belgaum Industrial Co-operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>6,90,86,466.65</td>
<td>17.62%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>6,02,32,126.99</td>
<td>15.36%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>8,39,39,697.73</td>
<td>21.40%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>8,79,57,305.10</td>
<td>22.43%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>9,08,50,164.86</td>
<td>23.17%</td>
</tr>
<tr>
<td>Total</td>
<td>39,20,65,761.33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation: The above table showing in financial year 2007-2008 the business cash credit was 17.62%, which was decreased by 2.26 in the financial year 2008-2009, then after the demand for business cash credit was increased gradually to 21.40%, 22.43%, and 23.17% in the financial year 2010, 2011, and 2012 respectively. The business cash credit of The Belgaum Industrial Co-operative Bank was increased by 7.81% from financial 2008-2009 to financial year 2011-2012.

Table 6. Showing the Short Term Loan of the Belgaum Industrial Co-operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>1,75,05,269.30</td>
<td>17.78%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>2,97,53121.30</td>
<td>30.23%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>2,40,07,329.30</td>
<td>24.39%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1,08,53,044.30</td>
<td>11.02%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>1,62,87,131.30</td>
<td>16.55%</td>
</tr>
<tr>
<td>Total</td>
<td>9,84,05,895.5</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation: The above table shows that short term loan lent by The Belgaum Industrial Co-operative Bank. There is fluctuation in demand year by year. In the financial year 2007-2008 the loan amount was Rs.1,75,05,269.30, i.e. 17.78% which was increased to 30.23% in the financial year 2008-2009, and in the financial year 2009-2010 which is decreased to 24.39%, again in the financial year 2010-2011 the loan was further decreased to 11.02% finally in the financial year 2011-2012 which was increased to 16.55%.

Table 7. Showing the Medium Term Loans of the Belgaum Industrial Co-operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>5,64,42,559.00</td>
<td>17.61%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>5,40,16,910.20</td>
<td>16.85%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>5,76,84,269.20</td>
<td>18.00%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>6,97,85,563.20</td>
<td>21.77%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>8,24,86,565.20</td>
<td>25.74%</td>
</tr>
<tr>
<td>Total</td>
<td>32,04,15,866.8</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report
Interpretation: The above table shows the medium term loan lent by The Belgaum Industrial Co-operative Bank. There is more demand for medium term loan at bank which is increased gradually. In the financial year 2007-2008 the medium term loan was 17.61%, which is slightly decreased by 0.76% in the financial year 2008-2009, and which is increased gradually to in the financial year 2010, 2011, and 2012 the demand for medium term loan increased to 18.00%, 21.77%, 25.74% respectively.

Table 8. Showing the Staff Personal Loans of the Belgaum Industrial Co-Operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>41,64,155.00</td>
<td>21.32%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>38,48,146.00</td>
<td>19.70%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>35,77,376.00</td>
<td>18.31%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>41,58,211.00</td>
<td>21.29%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>37,82,096.00</td>
<td>19.36%</td>
</tr>
<tr>
<td>Total</td>
<td>1,95,29,984</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation: The above table it can be analyzed that the loan amount given to staff has been fluctuating every year. In comparison to 2008, the loan amount in 2009 decreased by 19.70% and when compare to previous year loan amount in 2010 decreased by 18.31% and compare to previous year loan amount in 2011 increased by 21.29% followed by in 2012 the loan amount decreased by 19.36% and stood at 37, 82,096.00.

Table 9. Showing the Gold Loans of the Belgaum Industrial Co-Operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>65,41,819.00</td>
<td>5.77%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>1,22,63,982.00</td>
<td>10.82%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>2,00,59,647.00</td>
<td>17.70%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>2,71,94,858.00</td>
<td>24.00%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>4,72,18,355.00</td>
<td>41.68%</td>
</tr>
<tr>
<td>Total</td>
<td>11,32,78,661</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation: The above table shows that there is more demand for gold loan in bank and its increasing gradually. Comparison to 2008, the loan amount in 2009 increased by 10.82% when compared to previous year loan amount in 2010 increased by 17.70% followed by in 2012 loan amount was increased by 41.68% and stood at 4,72,18,355.00

Table 10. Showing the Loans against Deposits of the Belgaum Industrial Co-Operative Bank Ltd

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>%Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>85,16,622.00</td>
<td>16.37%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>77,24,507.00</td>
<td>14.85%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>1,09,68,070.00</td>
<td>21.09%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1,24,39,344.00</td>
<td>23.92%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>1,23,50,001.00</td>
<td>23.75%</td>
</tr>
<tr>
<td>Total</td>
<td>5,19,98,544.00</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual report

Interpretation: The above table shows the loans against deposits lent by The Belgaum Industrial Co-operative Bank. In the financial year 2007-2008 the loan amount was 16.37%, which is slightly decreased by 14.85% in the financial year 2008-2009, then after which is increased by 21.09% in the l
2009-2010. In the financial year 2010-2011 which is further increased by 23.92% and finally the loan amount was slightly decreased to 23.75% and stood at 1, 23, and 50,001.00 in the financial year 2011-2012.

FINDINGS OF THE STUDY

1. The loans and advances on the balance sheet shows a increasing trend in 2010-11 Rs 30.56 lacks and in 2011-12 Rs 47.76 lacks which shows that The Belgaum Industrial Co-operative Bank is doing good and making good profits.
2. The Deposit cash credit and Business cash credit lend by The Belgaum Industrial Co-operative Bank is increasing every year by 23.36% and 23.17% respectively and yielding more interest amount to the bank.
3. The Medium term loan, Gold loan lend by The Belgaum Industrial Co-operative Bank is increasing every year by 25.74% & 41.68% respectively and yielding more interest amount to the bank.
4. In the last five financial years it is found that most of lending made by The Belgaum Industrial Co-operative Bank is towards Gold loan and Medium term loan i.e. Rs 4,72,18,355.00 & Rs 8,24,86,565.20 respectively. The Belgaum Industrial Co-operative Bank has retained its prospective customers by charging low interest rates.
5. The Belgaum Industrial Co-operative Bank is making good profit year by year, which shows efficiency of bank and optimum utilization of fund.
6. Other all loans (secured cash credit, clean cash credit, short term loan, staff personal loan and loans against loan) either decreasing or fluctuating. This is due to fluctuating interest rates.
7. The clean cash credit of The Belgaum Industrial Co-operative Bank is decreasing gradually year by year in financial year 2011-12 decreased by 12.64% which is a good sign.
8. The Belgaum Industrial Co-operative Bank has Rs 33, 00,000 investments in apex banks, and Rs 12, 95, 06,306 Government Securities.
9. The Belgaum Industrial Co-operative Bank has its investment in nationalized and other privet banks.
10. The deposits made by The Belgaum Industrial Co-operative Bank are much higher than the loans and advances made by the bank, which shows the bank has good liquidity position.
11. The Belgaum Industrial co-operative bank more loan lend to the wavers, business merchants, tiny industries.
12. The Belgaum Industrial co-operative bank has maintained strict rules and regulation to recover the lend amount.

SUGGESTIONS

1. The Belgaum Industrial Co-operative Bank should focus on lending more to other sectors other than Deposit cash credit, Business cash credit, Medium term loan and Gold loan, as there is decreasing trend in such loans.
2. Creating more awareness among the customers about like various loan schemes available with the bank.
3. More specially, measures such as reduction in the interest rates for loans, simple procedure in the sanctioning of loans and speedy sanction of different types of loans will give a boost for further lending of loans.
4. The Belgaum Industrial Co-operative Bank should provide Door-Step service and provide SMS banking facility through this people come to know the loans available in bank and schemes.

5. Bank should decrease paper work and decrease processing fees or pre-payment fess which attracts more customers.

6. The Belgaum Industrial Co-operative Bank has to lend agro based companies it increased asset of the bank and also earn good profit.

7. The Belgaum Industrial Co-operative Bank has to give more focus on providing long term loans for the growth of industry.

8. The Belgaum Industrial Co-operative Bank should think of providing Overdraft facility to Current Account holders for the purpose of working capital.

9. The Belgaum Industrial Co-operative Bank has to provide rebate/ concession to the prompt customers, i.e. customer who regular in repayment of their loan amount.

10. The Belgaum Industrial Co-operative Bank can tie up with any Nationalized Bank for opening ATM facility to their customers.

11. The Belgaum Industrial Co-operative Bank has to setup more branches throughout the Belgaum district.

12. Bank should make sure that they take efficient methods to have a proper credit management in the case of recovery of bad debts of housing loan and personal loan.

CONCLUSION

Growth in population and income level had lead to increase in the demand for Loan to meet the growing housing needs and other requirements of people. Affordable interest rate and easy loan sanction by Banks and Financial Institutions have increased the demand of Loans in India. From the detail study and comparison of Loan schemes of co-operative banks, observed that few changes are required in the Loan Scheme of The Belgaum Industrial Co-operative Bank Ltd.

Customer rating form designed by The Belgaum Industrial Co-operative Bank Ltd. contains all necessary information about the applicant that helps the bank in granting loan to the applicant.

After studying this form it observed that the information contained in it is beneficial for the bank as it helps in proper scrutiny of applicant capacity to repay the amount of loan. Bank checks the information to its satisfaction before granting loan to the applicant. This form contains all necessary information about the applicant’s financial position and also the detail information about the property.

By analyzing the financial performance of The Belgaum Industrial Co-operative Bank Ltd. for the last five years, it is clearly observed that there has been a great improvement in performance of the company when compared to the respective previous years.

However, to remain so competitive and progressive the bank is expected to improve still further its financial stability with proper and efficient service to the public in general.

REFERENCES


CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF ICICI BANK

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ABSTRACT
Social responsibilities of businesses and their managers have been discussed since the 1950s. This article defines corporate social responsibility. In this article, we seek to study the corporate social responsibility adopted by ICICI bank. We focus particularly on ICICI bank and programs done by ICICI bank to develop society and environment as well. This paper makes an effort to understand various CSR initiatives prevalent in the Indian banking sector with special reference to ICICI bank. According to a survey conducted by Karmayog in 2008 ICICI invests Rs. 20 crores yearly through its devoted not for profit group to the Social Initiatives Group (SIG). ICICI Bank invest the money as CSR in three layers. The three layers of CSR activities for ICICI Bank, are primary or elementary education, health at birth and microfinance. While primary education connects the poor and the uneducated to the larger economy, activities in health and microfinance have a direct link with the bank. The practice of carrying out the responsibility for the general population not only enhances the governance of the bank but also eases out attraction and retention of employees and customers.

Keywords: Social responsibilities; CSR initiatives; layers; Corporate Governance

INTRODUCTION
The term "corporate social responsibility" became popular in the 1960s. Corporate social responsibility CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business. CSR, is something that was started by 'ethical' businesses. The concept of Corporate Social Responsibility can be explained quite simply as it is doing the right thing in respect of society as well as economy. In short CSR is about how your organisation's existence affects stakeholders beyond your own interests. Adopting CSR considers how you can use this impact in a positive way, leading to sustainable growth and financial gains.

Over the years, CSR has become more and more popular; back in 2007 more than 80% of the FTSE 100 index reported on Corporate Social Responsibility within their Annual Report.
Corporate Social Responsibility

Different organisations have framed different definitions of CSR. Companies need to answer to two aspects of their operations:

1. The quality of their management - both in terms of people and processes.
2. The nature and quantity of their impact on society in the various areas.

Corporate Social responsibility is a concept whereby companies integrate social and environmental concerns in their business and in their interaction with stakeholders on voluntary basis. Outside stakeholders are taking so much interest in the activity of the company. Most of the outsiders look at: what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, how it treats and develops its workforce. Other than stakeholders, financial analysts also principally focused on quality of management as an indicator of likely future performance.

Some argue that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. Political sociologists became interested in CSR in the context of theories of globalization, neo-liberalism, and late capitalism.

But CSR is titled to support an organization's mission as well as a guide to what the company stands for and will maintain to its consumers. ISO 26000 is the recognized international standard for CSR. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

Public sector organizations hold on to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation.

OBJECTIVES OF THE STUDY

1. To understand the concept of CSR.
2. To Evaluate current initiatives and consolidate efforts taken by ICICI Bank for CSR.
3. Innovative strategies adopted by ICICI in order to promote CSR Activities.
4. To analyze CSR strategies with organizational goals and capabilities

REVIEW OF LITERATURE

Frederick (1960) stated: Social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people.
Davis (1960) argued that: social responsibility is a nebulous idea but should be seen in a managerial context. He asserted that some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook (p. 70).

The Chartered Institute of Personnel and Development (CIPD) considers: CSR to involve corporations taking responsibility for their “impact economically, socially, environmentally and in terms of human rights” (CIPD website).

The UK Corporate Responsibility Bill (2002) suggests that: corporations should “take all reasonable steps to minimise any negative environmental, social and economic impacts” (Article 7b). These definitions tend to emphasise the avoidance of harm, based on the notion of a shared responsibility towards ‘stakeholders’ and the achievement of sustainability, whereas for others, CSR necessarily entails actively seeking to achieve positive change.

McWilliams & Siegel (2001) define CSR: as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (117), and similarly Carroll's (1991) 'Pyramid of Corporate Social Responsibility' includes philanthropic requirements.

About ICICI Bank

ICICI Bank is India’s largest private sector bank with total assets of Rs. 5,367.95 billion (US$ 99 billion) at March 31, 2013 and profit after tax Rs. 83.25 billion (US$ 1,533 million) for the year ended March 31, 2013. The Bank has a network of 3,595 branches and 11,162 ATMs in India.

ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management.

The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. ICICI Bank’s equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

History

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000. ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group’s universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity’s access to low-cost deposits, greater
opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI’s strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity. ICICI Bank has formulated a Code of Business Conduct and Ethics for its directors and employees.

Awards

Awards 2014

Ms. Chanda Kochhar, MD and CEO received the 'Mumbai Women Of The Decade' award by ASSOCHAM.

Awards 2013

- ICICI Bank wins awards under the categories of 'Most Innovative Bank' and 'Most Innovative use of Multi-Channel Infrastructure' at the Indian Bank's Association's BANCON Innovation Awards 2013.
- ICICI Bank won an award under the Social Media category at the InformationWeek EDGE Award
- Ms. Chanda Kochhar, MD & CEO, has been named as the most powerful woman in business in India for the third consecutive year in Fortune's list of '50 Most Powerful Women In Business: The Global 50'. She is also among the four most powerful women in business in the world, according to the list.
- Conferred with CNBC Asia's India Business Leader of the year award and CSR awards

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<th>Board Members</th>
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<td>Mr. K. V. Kamath, Chairman</td>
<td>Ms. Chanda Kochhar, Managing Director &amp; CEO</td>
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<td>Dr. Swati Piramal, Director</td>
<td>Mr. N. S. Kannan, Executive Director</td>
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<td>Mr. Homi R. Khusrokhan, Director</td>
<td>Mr. K. Ramkumar, Executive Director</td>
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<td>Mr. Dileep Choksi, Director</td>
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Corporate Social Responsibility of ICICI Bank

ICICI Foundation

Vision and Mission

For over five decades, the ICICI Group has partnered India in its economic growth and development. Promoting inclusive growth has been a priority area for the Group from both a social and business perspective. The ICICI Group strives to make a difference to its customers, to the society and to the nation’s development directly through its products and services, as well as through development initiatives and community outreach.

ICICI Foundation for Inclusive Growth (ICICI Foundation) was founded by the ICICI Group in early 2008 to carry forward and build upon its legacy of promoting inclusive growth. ICICI Foundation works within public systems and specialised grassroots organisations to support developmental work in four identified focus areas. We are committed to investing in long-term efforts to support inclusive growth through effective interventions.

**Vision**

To be a leading institution for the promotion of inclusive growth in India by contributing to the key enablers required for widespread participation in economic opportunities in the country.

**Mission**

We will promote inclusive growth in India through focused initiatives in the identified areas including primary healthcare, elementary education, skill development & sustainable livelihoods and financial inclusion.

**History**

ICICI Bank’s Social Initiatives Group (SIG), a non-profit group set up within ICICI Bank in 2000, pioneered their work on primary health, elementary education and access to finance. In January 2008, ICICI Group established ICICI Foundation for Inclusive Growth, which carries forward this legacy.

**Programs of ICICI Bank For Corporate Social Responsibility**

- Blood donation drive
  - Location: Mumbai
  - Type: CSR
  - Regular drives for ICICI Group employees to donate blood.
- Chhattisgarh Mitanin programme
  Location: Chhattisgarh
  Type: Programme
  Initiative with the government of Chhattisgarh to provide nutrition training to community health workers.

- English language education in Assam
  Location: Assam
  Type: Programme
  Promoting English-language education in government schools in Assam.

- Jharkhand Sahiyya programme
  Location: Jharkhand
  Type: Programme
  Redesigned training and support for 40,000 community health workers across Jharkhand with the government.

- Outpatient health care
  Location: Gujurat
  Type: Programme
  New large-scale project to create an out-patient micro-insurance product.

- Rural Self-Employment Training Institutes
  Location: Jodhpur
  Type: Programme
  New acquisition and strengthening of vocational training centre.

- Nutrition Security Innovations Programme

- Chhattisgarh Government scales up ICICI Foundation’s Nutrition Security Innovations Programme to 70 blocks across the state.

The success of the Foundation’s Nutrition Security Innovations (NSI) programme in 23 blocks of Chhattisgarh has prompted the state to replicate specifics of the programme and other nutrition and communication strategies. Nutritional status of women and children in Chhattisgarh are particularly poor, with 41 percent women and 48 percent children undernourished. Government services and programmes including the Integrated Child Development Services (ICDS), the Mid-Day Meals Scheme (MDMS) and the Public Distribution System (PDS) are all mandated to have universal coverage in Chhattisgarh.

In March 2011 the Nutrition Security Innovations (NSI) programme concluded in Chhattisgarh. The NSI programme was initiated by the foundation within the pre-existing Swasthya Mitanin Programme (community health worker programme) in 2006 in partnership with the State Health Resource Centre (SHRC), Chhattisgarh. The project was aimed at deepening the impact of community health workers (mitanins), and to bring about convergence between health interventions of the Mitanin Programme and the nutritional interventions of the Integrated Child Development Services (ICDS).

PHRS offers the following programmes through its state network offices:
- Distance Learning Programme on Public Health
- Fast Track Capacity Building Programme
- The Community Health Fellowship
School and teacher education reform programme in Rajasthan

Creating a model for change Improving school and teacher education in Rajasthan

The goals of the statewide Rajasthan programme are to:

- Revise the curriculum for training new teachers.
- Develop textbooks for classes I to V for all subjects and textbooks for classes VI, VII, and VIII for English and Social Sciences.
- Develop the in-service teacher education curriculum to facilitate the use of new textbooks by teachers in the classrooms.
- Build the ability of the District Institutes for Education and Training (DIETs) and block-level functionaries to support the in-service teacher education curriculum and teachers inside schools.

Project SARAS

The first of the initiatives under technical research in nutrition is the Mumbai Maternal Nutrition Project/Project SARAS, a research partnership between the Medical Research Council, University of Southampton, UK, SNEHA – India (Society for the Natal Effects of Health in Adults), and the Centre for the Study of Social Change, Mumbai.

ICICI Bank opens training academy as part of CSR activities

ICICI Bank has opened a skill training academy in Jaipur as part of its Corporate Social Responsibility (CSR) efforts, to provide vocational training to youth from economically weaker section of the society. The vocational training course will provide sustainable livelihood opportunities to the beneficiaries,” ICICI Bank Managing Director and Chief Executive Chanda Kochhar said in Jaipur.

- Around 62 per cent of total population is in the productive age group of 15-59 years. Over 60 per cent of our population will be in the productive age group till at least 2060
- Our youth in the age group of 18 to 30 years constitutes about 24 per cent of the total population. There are some critical challenges we need to address.
- About 25 per cent of the incremental global workforce over the next two decades will come from India. This poses a significant challenge for the country in terms of job creation and the immediate need for skill building.
- We must significantly expand vocational education focused on specific job skills.

ICICI goes green, makes offices eco-friendly

ICICI Bank has launched a ‘Go Green’ initiative across the group to move processes and customers to cost-efficient, automated channels and build awareness about the environment.

The initiative is part of the bank’s corporate social responsibility (CSR). Apart from encouraging paperless transactions, the bank’s ‘Instabanking’ facility, gives customers the convenience of banking anytime and from anywhere through Internet banking, mobile banking, i-Mobile and IVR banking. This helps cut down the carbon footprint of the customers by eliminating the need for physical statements or travel to branches.

GREEN OFFICE: Banking major encourages clients and employees to act green. The vehicles identified include LPG models of Maruti800, Omni and Versa, Hyundai's Santro Eco, Honda's Civic Hybrid, Reva electric cars, and the CNG versions of Tata Indica and Mahindra Logan. ICICI Home Finance is trying to woo consumers by with reduced processing fees on purchasing homes in ‘Leadership in Energy and Environmental Design’ (LEED) certified buildings.
FINDINGS

- Business which is resourceful has a special responsibility to the society.
- Social involvement may create a better public image and goodwill for the company which further becomes instrumental in attracting customers, efficient personnel and investors.
- As business is an integral part of the social system it has to care for varied needs of the society.

CONCLUSION

Organizations are coming to realize the bottom-line benefits of incorporating sustainability. It is beneficial for attraction and retention and it’s the right thing to do. CSR also increases the goodwill in the eyes of customers and stakeholders. HR practitioners can act as translators of the organization’s CSR commitment vertically and horizontally across departments. HR is a key organizational leader and can take the lead or partner with other executives to work cross-functionally to integrate CSR objectives into how business gets conducted. Most will find upon reading this report that they have many good practices underway. Many will find they have a new structure for their thinking they can apply practically in the workplace. SoCSR helps to retain the employees, customers as well as to increase the growth of the company.

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Books
COMPRESSION OF SMS FOR EFFICIENT COMMUNICATION

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ABSTRACT
Nowadays SMS occupies everybody's lives. Surveys suggest that approx6.9 trillion SMS were sent in the year 2011 alone. We can be sure that now this number must have greatly increased. This kind of traffic pushes the networks; also network operators milk this opportunity and come out with various plans for SMS. This has led to the need of efficient compression on SMS's so that more number of characters can be accommodated in a message. Our project aims to compress text messages (SMS) effectively and optimize the use of the current SMS system. Those SMS characteristics require a very efficient compression method to compress SMS.

To perform this we have studied some methods. Arithmetic Coding is a compression mechanism that works by converting a data message to real code number between 0 and 1 and provides nearly optimal data compression. LZW replaces string of characters with a single code without analyzing the incoming text. It just adds every new string of characters it sees to the table of strings. Our base paper emphases on ACHA for compression of SMS. Our project includes the study of above algorithms and techniques from which we will employ a technique for our application.

Keywords: SMS Compression; Data Compression; Text Message; Arithmetic Coding; LZW; ACHA

INTRODUCTION
Short Message Service: Abbreviated as SMS is the transmission of short text messages to and from a mobile phone, fax machine and/or IP address. [4] Messages must be no longer than 160 alpha-numeric characters and contain no images or graphics. Once a message is sent, it is received by a Short Message Service Center (SMSC), which must then get it to the appropriate mobile device.

This paper proposes the compression technique for conventional SMS by using advanced hybrid techniques. So we can serve the end user by reducing the cost incurred in sending huge messages. The system ultimately reduces the message size and the cost in sending a message (by reducing the number of messages for a text).

Arithmetic coding is a compression mechanism that works by converting a data message to a real code number between 0 and 1. To compress a data, arithmetic coding requires a probability table of characters contained in the data. Probability table is a table containing probability range of existing characters in a data which is built based on the existing characters frequency in the data itself. The smaller the range to generate code number, the higher bit number is needed to represent the code number. The aim of this proposal is to optimize the maximum character capacity of SMS body. Every character in SMS is mostly encoded in 7 bit and the maximum capacity of one SMS is only 1120 bit. Those SMS characteristics require a very efficient compression method to compress SMS Arithmetic coding is a compression mechanism that works by converting a data message to a real code number between 0 and 1.[1]
LITERATURE SURVEY

There are several Compression techniques are available and these techniques used in many Application where there is need of compression, some of the technique are discussed below.

Arithmetic Coding: In Arithmetic coding the compression mechanism works as “converting a data message to a real code number between 0 and 1” [1]. To compress a data, arithmetic coding requires a probability table of characters contained in the data. Probability table is a table containing probability range of existing characters in a data which is built based on the existing characters frequency in the data itself. The smaller the range to generate code number, the higher bit number is needed to represent the code number [2]. Arithmetic coding only needs usual arithmetic operation to compress and decompress a message. On arithmetic coding, compression encoding is not done to every single character but it is done straight to the message itself. Basically, arithmetic coding is able to compress a message with compressed-message result near to the message entropy value.

There are two main weaknesses of arithmetic coding. The first one is that it needs memory space in compressed-data to save its range probability table for decompressing the compressed-data. If arithmetic coding is used to compressed small-size data, the existence of the range probability table in compressed-data will make the compressed-data bigger in size than the original data itself. The second weakness of arithmetic coding is that it requires encoder-decoder with high-precision value. Encoder is a machine to compress a message; meanwhile decoder is a machine to decompress a compressed-message. If encoder or decoder doesn’t have ability to calculate long mantissa with precision value, the decompressed message of compressed-message can be different from the original message.

LZW: Lempel–Ziv–Welch (LZW) is a universal lossless data compression algorithm created by Abraham Lempel, Jacob Ziv, and Terry Welch. It was published by Welch in 1984 as an improved implementation of the LZ78 algorithm published by Lempel and Ziv in 1978. The algorithm is simple to implement, and has the potential for very high throughput in hardware implementations. It was the algorithm of the widely used UNIX file compression utility compress, and is used in the GIF image format.

LZW is a general compression algorithm capable of working on almost any type of data.

LZW compression creates a table of strings commonly occurring in the data being compressed, and replaces the actual data with references into the table. The table is formed during compression at the same time at which the data is encoded and during decompression at the same time as the data is decoded. The algorithm is surprisingly simple. LZW compression replaces strings of characters with single codes. It does not do any analysis of the incoming text. Instead, it just adds every new string of characters it sees to a table of strings. Compression occurs when a single code is output instead of a string of characters. It starts with a “dictionary” of all the single character with indexes 0-255. It then starts to expand the dictionary as information gets sent through. Pretty soon, redundant strings will be coded as a single bit, and compression has occurred. This means codes 0-255 refer to individual bytes, while codes 256-4095 refer to substrings [8].

ACHA compression: ACHA compression mechanism is adapted from hybrid compression mechanism using codebooks containing k static codes used by IBM’s “Information Management System” (IMS) [2] –with some modified method elaboration. In IBM IMS, there are k static compression codes to compress a particular character; meanwhile in ACHA there are n static sub tables used to build main conversion table (range probability table) to build compressed-data (code number). While in IBM-IMS the compression-code has been statically defined, in ACHA it is the sub table characters frequency that is statically defined. The compression-code in ACHA is always dynamic depends on the variety of characters in original data. If the characters-variety in original data changes, the ACHA sub tables needed to compress the original data will probably change too, thus the main range probability table will also change, as the result, the overall compression code will be different too.
PROPOSED METHOD

The proposed method uses hybrid compression technique/s to reduce the size of the message efficiently. The first technique of method accepts the SMS from the users, to perform analysis on it and uses the mentioned technique/s to reduce its size. The second technique is responsible for sending/receiving this compressed text on/from the network in the form of a normal message. The third technique is responsible for accepting the compressed message from the second module and decompressing it by using the hybrid technique/s.

SCOPE

The system extends on a android based platform. The SMS send by the system are initially compressed by compressor, and decompressor decompress the message at the receiver side. Also the SMS storage facility is provided to the user, who wishes to store the send and receive messages. Thus, the compression process reduces the size and cost of messages, and provides some security.

OBJECTIVE

In the proposed system the overall compressed-SMS is written using standard default GSM 7-bit characters, it means that every character written in compressed-SMS can be read correctly by receiver phone. And the configuration character prepared by string of zero's and one's. In our system the sub table characters frequency is statically defined. The compression code in our system is always dynamic depends on the variety of characters in original data. If the characters-variety in original data changes, the sub tables need to compress the original data will probably change too. As a result, the overall compression-code will be different too.

CONSTRAINTS

A constraint is a specific condition or restrictions on the system that should be satisfied for the results to be more accurate and correct; or something that is beyond the system's scope. Like any other system, our system too consists of certain constraints. These constraints on the system are that for any result to appear closer to accuracy, if a total no of subtables is less then better compression ratio is achieved. Another constraint is that, if any character is not found in the subtables which are statically defined then its value can be assigned by using escape character and that character itself of size two bytes.

IMPLEMENTATION

The following figure shows the Compression and Decompression processes of the proposed systems.

Firstly, input (user text) from the user who is acting as a sender for our application is accepted. Then analysis on the above mentioned text is performed. After all the non-trivial work is done, the hybrid compression technique is performing to compress the analyzed text message.

Next technique acts as an interface between user (acting as sender) and the network. Its role is to take the compressed text message as input from the previous technique and send it over the network successfully. It also works on the receiver's side to receive the message and then hand it over to the third module.

After that similar to the first technique, these steps are responsible for performing analysis on the message. The aforementioned message is taken as input from the second techniques. The analysis mentioned earlier means nothing but decompressing the message to its original length, and then displaying it to the user (acting as a receiver).
SMS Compression Processes

Fig 1: SMS Compression Processes

SMS Decompression Processes

Fig 2: SMS Decompression Processes

Implementation Processes and Modules

To observe ACHA performance, the proposed mechanism has been implemented in mobile phone using android operating system.
Compression Application Interface

![Compression Application Interface](image1)

**Fig 3:** Compression Application Interface

This is the interface of compression application implementing ACHA that can be run on various devices Android Devices. The registered user will be able to login using this form.

Compose Application Interface

![Compose Application Interface](image2)

**Fig 4:** Compose message Interface

Retrieve Contacts

All the Contacts of the Device can be import, so we can able to text to any one of our contacts. The retrieval processes takes place by configuration of mobile with the mobile device
Fig 5: Contact Speak

**Compression Process**

The Actual compression processes operation will have the following look, which is user friendly and easy to use by any sophisticated users.

Fig 6: Compression of Message

**Sending Compressed Message**

After the successful composition of the message the sending processes takes place and that can be look like as shown below fig 7.
Decompression processes

The receiver can decompressed the message and that user interface can be of following look, as its is simple and easy to understand can handle by easily.

Fig 7: Send Message Process

Fig 8: Decompression process
RESULT ANALYSIS

In order to evaluate the performance and exercise the functionality provided by the system, the system can be analyzed in following ways:

INPUT:  You’ll need 2 make many turns & overcome many obstacles to create d path you desire, Arriving @ our destination may b d aim but how v make d journey is d measure of success.

Total no of character: 172

For 16 sub tables:
- Sub tables Used: 5,2,3,1,6,4,7
- No of bits required to encode single character: 6
- Total no of bits: 172*7=1204
- No of bits required for configuration character=16
- No of bits required after compression: 172*6=1032+16=1048
- Compression Ratio: 0.87043

For 32 sub tables:
- Sub tables Used:9,3,2,6,11,1,4,7,13,5,8
- No of bits required to encode single character: 6
- Total no of bits: 172*7=1204
- No of bits required for configuration character=32
- No of bits required after compression: 172*6=1032+32=1064
- Compression Ratio: 0.8837
Comparison with Earlier Work

- Arithmetic coding mechanism of compression has two weaknesses first one is of memory location to save main range probability tables and second is it requires encoder decoder with high precision value.
- LZW compression mechanism used for large files only.
- Huffman compression mechanism is used for small files only.
- ACHA compression mechanism needed big-decimal-code number.

Our compression mechanism used for any types of data.

CONCLUSION

Based on research that has been done so far on ACHA mechanism, the proposed SMS compression Mechanism, (ACHA: Arithmetic Coding Hybrid Ario) is proven to be practically effective to compress SMS body efficiently. ACHA mechanism has been tested on Android operating- system-base mobile phone. The current average ACHA compression ratio that has been researched is 71%, while the best compression ratio of ACHA can reach less than 25%. However, this compression ratio is practically still not proven as the best ACHA compression ratio. Until today, the research to optimize ACHA compression ratio by finding the best ACHA sub tables configuration is still under observation. The ACHA mechanism related paper information was not sufficient for our system so, we just used this mechanism as a base skeleton of our project. The main change we have done in this mechanism is instead of decimal representation of configuration character we used the higher GSM encoding. The advantage of this technique is achieving the protection criteria such as confidentiality and authenticity between two communication parties and at the same time decreasing the message lengths and cost too.

FUTURE SCOPE

Aim to reduce the size of configuration character and changes in the suitable. This technique can also further implement for the mobile system with best storage facility as a proper inbox.

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CONSUMER BEHAVIOR OF RURAL WOMEN TOWARDS BATHING SOAPS: A STUDY OF VILLAGES IN IRALA MANDAL, CHITTOOR DIST., ANDHRA PRADESH

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ABSTRACT
Rural markets are virtually untapped compared to urban markets, thus marketers are turning towards the vast potential available in the rural markets. Women consumers are playing a vital role in purchase decisions and the current study makes an attempt to know rural consumer behavior of women towards soaps.

Keywords: Consumer Behaviour; Bathing Soaps; Rural Market

INTRODUCTION
Consumer behavior is an ever changing concept, which tends to change according to time, tastes and fashions, income of consumers and so on. It is understood that there is always a gap in the study of consumer behavior, particularly towards FMCG products.

Urban markets are almost saturated on account of aggressive marketing of firms and buying habits of urban consumers, rural markets are possessing a huge potential yet untapped on account of many reasons like less income among rural consumers, traditional living of them etc.

Indian women are not confined to four walls today like how it happened to be before some time, they are also occupying a similar role like men and thus are becoming influential person as a income earner and consumer.

Women are very much concerned with beauty and bathing soaps play a very significant role in protection of skin and beauty.

Taking all the above facts into consideration, a study is undertaken to know consumer behavior of rural women towards bathing soaps in four villages of Irala mandal namely Irala, Polakala, YS Gate and Agarampalle by taking a sample of 25 respondents from each village, thus a total sample of 100 respondents are covered under this study. Convenience sampling is used in choosing the respondents.
REVIEW OF LITERATURE

Avinash Kapoor and Kulsresta studied about the effect of perception on Indian urban female consumer behavior and found that a significant positive relationship was found between media usage and fashion involvement.

Melnik et al studied about gender differences in loyalty to firms and individual service providers and found that females are more loyal than men in the object of loyalty as an individual and when the object of loyalty is a group, then there was an opposite effect.

Mary Lou Roberts studied about changing roles of women as a consumer and found that women have multiple roles and also working women do not make up single homogeneous group.

Sureshlal et al studied about spending patterns of rural women consumers on cosmetic products and found that women consumers try to buy popular brand cosmetics in spite of less income.

Madhwanand in his study stated that FMCG products are performing in a better way in rural markets than in urban markets.

Selvaraj in his study stated that many marketers are not still possessing in-depth knowledge of analyzing complex rural markets in India.

Manjunatha in his study stated that urban markets are saturated, so marketers should give importance to rural markets. The study also revealed that rural markets are growing at about five times than urban markets.

OBJECTIVES OF THE STUDY

1. To study the socio-economic profiles of the respondents
2. To know factors influencing women consumer behavior in the purchase of bathing soaps and to know their satisfaction levels

DATA SOURCES

Primary data
Questionnaire

Secondary data
Journals

ANALYSIS AND INTERPRETATION

1. What is your age group?
   a. 18-25    b. 25-40    c. above 40
   For the above question, it is known that 19 respondents belonged to age group of 18-25 years, 67 respondents belonged to 25-40 years group and remaining 14 respondents belonged to above 40 years group.

2. What is your marital status?
   a. Married    b. Un Married    c. Separated/ Divorced/Other
   For the above question, 69 respondents answered that they are married, 27 respondents are unmarried and 4 respondents belonged to separated/ divorced or other category.

3. What is your monthly income?
   a. Below 10000    b. Between 10000 and 20000    c. More than 20000
For the above question, 51 respondents said that their monthly income is below 10000, 29 respondents said that their income range is between 10000 and 20000, and remaining respondents said that their monthly income is more than 20000

4. What soap brand are you currently using?

For the above question, 10 respondents said that they are currently using cinthol soap, 8 respondents are using liril soap, 15 respondents are using lux soap, 14 respondents are using medimix soap, 13 respondents are using santoor soap, 10 respondents are using lifebuoy, 7 respondents are using dettol soap, 9 respondents are using hamam soap, 5 respondents are using mysore sandal soap, 2 respondents are using No 1 soap, 2 respondents are using vivel soap, 2 respondents are using dove soap and remaining 3 respondents are using other brand soaps.

5. Which pack of soap do you generally prefer to purchase?
   a. small  b. big

For the above question, 71 respondents said that they prefer to purchase small soap packs, 29 respondents said that they prefer to purchase big pack soaps

6. What factor plays a significant role in your purchase decision of soap
   a. Lathering effect  b. Fragrance  c. Packaging  d. Shape of soap  e. other factors

For the above question, 15 respondents said that lathering effect of their soap plays significant role in their purchase decision of soap, 31 respondents said it to be fragrance of their soap, 40 respondents said it to be packaging, and 11 respondents said it to be shape of soap and remaining 3 respondents said other factors

7. What source plays important role in purchase of your soap brand?

For the above question, 24 respondents said that TV Ads play an important role in their purchase, 10 respondents said it to be reference of friends and relatives, 26 respondents said it to be family members consent, 20 respondents said it to be newspaper Ads and remaining 20 respondents said it to be other source

8. Have you ever recommended the current soap brand to your friends/ Relatives
   a. Yes  b. No

For the above question, 54 respondents said that they have recommended their soap brand to their friends and relatives, 46 respondents didn’t recommend

9. Is price of your soap brand a major concern for you
   a. Yes b. No. c. Can’t say

For the above question, 78 respondents said that price is a major concern, 18 respondents said no for that and 4 respondents couldn’t say any answer

10. Rate your current soap brand
    a. Highly satisfactory  b. Satisfactory  c. Fair d. Dissatisfactory  e. highly dissatisfactory

For the above question, 21 respondents said that they are highly satisfied with their current soap brand, 55 respondents are satisfactory, 20 respondents have fair opinion, 4 respondents are dissatisfied, and 3 respondents are highly dissatisfied
CONCLUSION

From the above study it is found that majority of the respondents purchase soaps based on the packing that it has and many of them said that family members consent is the major factor in the purchase of soaps. Finally it can be concluded that majority of respondents are satisfied with the current soap brand that they are using.

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ABSTRACT

In recent years, environmental pollution has become so acute and the stakeholders’ awareness to this issue has become so serious that the environmental accounting has become a strong branch of accounting. With increasing social need and focus on the environment, accounting fills an expectation role, to measure environmental performance. Environmental Accounting is a field that identifies resource use, measures and communicates costs of a company’s or national economic impact on the environment. While consistently emphasizing on the economic and industrial development, we have taken the environment for granted. The result of such leniency towards environment has resulted into several remarkable incidences in the past including the Bhopal chemical leak (1984), Tsunami in India (2004). The issue of environmental responsibility and the sustainable industrial development has given to the birth of new branch of accounting, i.e. Environmental Accounting and reporting. Environmental accounting is relatively a recent entrant in the domain of accounting. It is the process of identification measurement and commutation of information in the environmental responsibility of the performance of an entity to permit economic decision. There is no conceptual framework of environmental accounting and its disclosure. Hence there is mandatory disclosure requirement with specific style of format. For proper implementation of environmental accounting in India a large number of researches, discussion, accounting standard and regulatory frameworks is necessary. Examining the integration of environmental policy with business policy is the focus of this research. The business firm’s strategy includes responding to capital and operating costs of pollution control equipment. This is caused by increasing public concerns over environmental issues, and by a recent government-led trend to incentive-based regulation.

Keywords: Environment Accounting; Environment Pollution

INTRODUCTION

Environment refers to the atmospheres around an object. Environmental accounting is a vital tool for understanding the role played by the natural environment in the economy. Environmental accounts provide the information which brings out the real value of the contribution of environmental resources to economic resources and the costs created by pollution or resource utilisation. Issues such as Global warming, glacier meltdown, soil erosion, land degradation, deforestation, and loss of biodiversity and pollution of all kinds such as water, air, marine, noise, light etc are primarily caused due to environment degradation. Also, it is very vital to note that the business and industries have been the main contributories to the degradation of the environment. The economic development of a nation without concerns for environment will land up into many irreversible environmental imbalances, which would in turn result into danger to the life of present as well as future generations. As we all are aware that resources are available within a limit for the use of everyone (including all species) on the earth and the business enterprises have caused lot of impairment to the environmental due to their activities. The matter of sustainability of industrial development with environment in sight has given birth to this concept of accounting “Environmental Accounting”. Environmental Accounting is
relatively new domain of accounting. Environmental Accounting primarily refers to the process of identification, measurement and disclosing the information with regard to the environmentally responsible performance of a business entity to allow economic conclusions. It is vital for any business entity to follow the concept of sustainable development as it will result into consideration of ecological activities of the entity in economic measurement of the overall results.

OBJECTIVES OF THE STUDY

- Understanding the concept of Environment Accounting and to depict the role and importance of Environment Accounting.
- To evaluate the balanced integration of environmental policy with economic policy.

METHODOLOGY

The researcher has basically relied on the secondary method of data collection. The researcher has referred to books, research papers, and webs and has also looked at various Environment Accounting reports / studies published online.

Scope of Environment Accounting

Environmental Accounting is very wide area with a large scope. Scope of environment accounting can be broadly classified into

1. Global level
2. National &
3. Corporate level

Environmental Accounting can be understood from the following 3 broad perspectives:

Global Environmental Accounting

Global environmental accounting is an accounting methodology that deals with energetics, ecology and economics at a global level.

National Level Environmental Accounting

National level environmental accounting is an approach that deals with economics on a national level. National environmental accounting is a measure that looks at the use of natural resources and the impacts of national policies on the environment. This common framework of preparation of accounts helps individual countries to compare its performance with that of other countries. The need of a country for the environment accounts will differ showing differences in characteristics of that nation and political priorities (for eg. some countries might have special interest in water supply, forestry management, energy savings, waste minimization and recycling), and so each country would wish to define the scope of environment-related activities in its own way.

Corporate Environmental Accounting

Corporate Environmental Accounting emphases on the cost elements and resultant savings in environmental degradation by the company. The reasons behind the importance of Corporate Environmental Accounting can be traced back to the increased public concern about the adverse impact of the business activities on environment.

In this research, prominence is given mainly to corporate accounting. Various aspects of Environmental Accounting are as under:

1. Measurement of the costs is relatively easier for a corporate as it can be easily quantified in monetary terms. Generally the investment expenses incurred by the corporates for reduction of losses to the Environment are the costs. The costs may be in the nature of investment into environment saving equipment/tools.
2. However, the degradation impeded on the environment (that is the cost that environment has to bear due to industrial activities) are not easily quantifiable. The losses to environment are mainly due to business operation/activities. These primarily comprise:

a. Exhaustion of non-renewable natural resources i.e. over exploitation of non-renewable natural resources including minerals, water, gas etc.

b. Degradation or destruction of natural resources for eg soil erosion, air and sound pollution, water pollution and many other kind of pollutions resulting into endanger to the specie of mankind.

c. Using the forestry lands for corporate development and removal of different species of animals. For eg. Specie of tigers have been endangered in such a way that the government has to take initiatives to protect them from extinction.

d. It is not easy to decide the extent of loss incurred to the environment due to a particular company or industry. To quantify this approximation can be used or other measurement of loss like quantity of non-renewable natural re-sources used / degraded etc.

**Why Environmental Accounting?**

There are various reasons for an organization / business entity to consider adopting environmental accounting as part of their accounting. These are discussed below:

- Realizing organizational accountability and increasing environmental transparency
- Minimizing environmental impacts through improved product & process design.
- Improved environmental performance which may have a positive impact on human health and business success processes
- Can support the development and running of an overall environmental management system, which may be required by regulation for some types of businesses
- The organization that opts to disclose environmental issues in their statements get various benefits as given below:
  - It builds the image of the product or company which leads to improvement in sales and ultimately profitability.
  - Possible competitive advantages as customers may prefer environmental friendly products and services.
  - Better borrowing access from the shareholders/bankers/creditors.
  - Improvement in the health safety of the workers which will help increasing productivity.
  - Build up trust and confidence within the community.
  - It is also helpful regarding pricing policy decision making since this accounting system supplies information regarding particular casts which are generally hidden by the management, a big lacuna on the part of management.

**Significance**

Concern for environment accounting has been growing since the early 1980s to better the level of social responsibility and environmental accounting in public and private sectors. The history has quite some examples of the actions of companies that had significant and negative impact on the Environment. Examples of these are Exxon Valdex oil Spill in Alaska (1989) and the Union Carbide gas leak in India (1984). Enormous costs were involved in both the cases, on account of clean-up activities, fines, compensation and negative publicity. Not just in monetary terms, also the human lives
were impacted in such a way that the generations thereafter have developed certain deceases due to these disasters historically.

There is immense pressure on the enterprises to accept responsibility for adverse impacts on society from their business activities. Companies are therefore increasingly urged to be more accountable to both shareholders and wider society.

**Major Accounting Issues**

**Distinction between environmental and normal business expenditure** – By using the technology, such machines have been developed with state-of-the-art environmental technology and accordingly, some portion of the capital costs as well as the running and maintenance expenses of these machineries is attributable towards the corporates’ contribution for environment. However, such expenditure is not easily separable from the overall expenses incurred. It is very important to have such guidelines in place to identify the expenditure eligible to be termed as towards environment and towards normal business activities. Further, there should be monitoring by independent regulatory bodies to identify whether the business entity has properly allocated the capital and revenue expenditure between environmental and normal business expenditure.

**Capitalization of environmental expenditures as against charging off them in the profit and loss account during the current accounting period** – As we are aware that the environmental protection costs relating to prior periods and current period are generally very high, it is preferable to capitalize environmental cost instead of immediate expensing and adopt an amortization policy extending up to 10 years.

**Recognition and disclosure of contingent liabilities related to environment** – Contingent liabilities in relation to the environment are a matter of increasing concern throughout the world. As the environment is affected by a gradual process, the effect though emitted even in the current period, the results of the same would be reflected in the future. However, recognition of the contingent liability for hazardous waste or polluting emissions remediation most of the times depend on the ability of the organization to fairly estimate the remediation cost.

Considering the growing public and regulatory concerns about environment and the uncertainty in the accounting treatment of environmental cost and liabilities, the business entities across the globe have started disclosing both financial and qualitative information about the role played by them towards degradation and contribution in their own way. In India, the corporate sector is making environmental disclosure both on account of statutory requirements and also on their own as discussed below:

**Statutory Disclosure:** The legal provisions as to the disclosures with regard to the environment in annual accounts are very minimal. Section 217 (1) (e) of the Companies Act, 1956 provides that the directors report should include the particulars as to “Conservation of energy, technology absorption, foreign exchange earnings and outgo in such a manner as maybe prescribed”. Consequently, the Government of India has prescribed the following information to be given by certain industrial groups.

“Every company shall, in the report of its Board of Directors, disclose particulars with respect to the following matters, namely:

**Conservation of Energy**

a. Energy conservation measures taken

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

c. Impact of the measures of a & b above for reduction of energy consumption and consequent impact on the cost of production of goods and;

d. Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified”
Voluntary Disclosure: Many corporate entities in India, on their own are giving information in their annual reports on the role played by them in environmental protection. Such information shows their concern about their social responsibility and their inclination to protect the interest of both the present and future generation.

Survey of the Indian Position

In India, the level of disclosers (both financial and qualitative) in the corporate annual reports pertaining to the environment, are not at an encouraging level. In furtherance to this, neither the Companies Act nor the ICAI have any laid down guidelines for the disclosure of the environmental related aspects.

CONCLUSION

Disclosure of environmental matters and the concept of environment accounting are emerging as an important aspect of corporate reporting. Environmental accounting has lately begun but still it’s at an early stage of development. Though at the same time it is getting nurtured by suo moto governance of various corporates across the globe. As can be seen from the discussion above, Environmental Accounting is very crucial in the development of more responsible and democratic civil society if used with an unambiguous recognition. The functioning of the Environment Accounting should be environment focused, not indirectly or unconsciously business centered.

Environmental accounting plays a very vital part to understand the role of corporates in the sustainable economic growth of the economy. Environmental accounts provide information which depicts the contribution of natural resources to economic growth and the costs imposed by pollution or resource degradation by the corporates. The technologically advanced countries should be extra aware of the connection between development of social justice and the protection of natural resources. The corporates should emphasis on setting aside a part of their funds for environmental development and protection. Environmental accounting is in initial stages across the world and more particularly in India. In India, whatever is shown in the accounts in respect of environment is mainly to be compliant with the relevant rules and regulation in the Act. Currently, this is the demand of the time for the corporate sector to make a proper environmental policy, initiate steps for control of pollution, comply with the rules and regulations, disclose adequate details of aspects of environmental in the annual reports. There are many challenges to environmental accounting and reporting as discussed above, including but not limited to social values in applicable assumptions, economic value and lack of reliable industrial data. To overcome these challenges various research accounting standard / guidelines and measures for Environmental accounting and proper implementation at corporate level is necessary. For sustainable development of economy and the nation a definite policy of environmental accounting and reporting, also proper accounting procedure is a required at the global level, which can be achieved by initiatives at country levels.

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A SOCIAL PERCEPTION TOWARDS WOMEN ENTREPRENEURS IN INDIA – FROM PERCEPTION TO REALITY

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ABSTRACT
Extensive research work has been carried out by the academicians, research scholars, private organisations and the government agencies on the wide range of issues pertaining to women entrepreneurs and their problems in India. However, the root cause of slow pace of development of women entrepreneurs in India is psychological nature. The perception barrier of men towards women and more importantly women towards women is the main cause of slow development of women entrepreneurs in India.

Keywords: Entrepreneurship; Perception; Women Entrepreneurs

INTRODUCTION
Development of entrepreneurship and entrepreneurship talents and skills are crucial for the developing economies like India, especially when half of its population consists of women who have been restricted to the four walls of houses since centuries. The major constraint for their backwardness is not economic in nature because the Indian government has taken a number of initiatives for encouraging women to play an active role in the economic development of the nation. It is the social perception of male dominated society which has resulted in backwardness of women as they have always been given a secondary role. The direct impact of this is that women in India, being deprived of a positive role in social and economic development of the society, have accepted the secondary role to such an extent that given an opportunity, many of them are not ready to break traditional bondage. In many cases, it is the self-imposed stupor of women which restricts them from engaging in economic activities.

The social, educational and economic environment in India has undergone a sea change during the last two decades. With the changing social structure and rising cost of living, the perception of society towards working women has changed, not only in urban but also in rural areas. There is a growing realization that both quantity and quality of women entrepreneurs is of utmost significance for achieving the goal of economic development. Active and enthusiastic women entrepreneurs can fully exploit the potentialities of a country’s available resources such as labour, innovations, technology, infrastructure, ideas, skill and capital. A number of studies have been conducted by various research scholars on a number of issues pertaining to women entrepreneurs such as contribution of women entrepreneurs, their problems, case studies of some successful women entrepreneurs and so on. However, none of these studies have highlighted the changing social perspective towards women in Indian Society. Against this background it is worthwhile to evaluate the degree of changing perception of males towards working women and perception of women towards themselves.
OBJECTIVES OF THE STUDY

The present research paper seeks to achieve the following objectives:

- To understand the profile of women in India in comparison to international status.
- To gauge the perception of people towards women and women entrepreneurs in India.

Demographic Variables about Women in India

1. Of the total population of 1,21,01,93,422, female constitute 48.46%, i.e. 58,64,69,174 in numbers.
2. The decadal population growth (2001-2011) of female had been 18.12% as against 17.91% of males.
3. The increased decadal growth of females over males has boosted sex ratio in India from 932 females per 1000 males in 2001 to 940 females.
4. Literacy rate among females stood at 65.46% as per the Census 2011 as against literacy among males at 82.14%.
5. In the year 2006, women constituted 19% of the total workforce in the organised sector and 16.51% of the total workforce in the public sector1.

International Comparison of Status of Women in India

1. In 2011, the Human Development Index (HDI)∗ score of India stood at 0.547, ranking India 134th out of 187 countries.
2. In 2011, the Gender Inequality Index (GII)** score and Global Gender Gap Index (GGGI)*** of India stood at 0.617 and 0.619 respectively, placing India in 113rd place out of 135 countries.
3. India is ranked 56th out of 86 countries in the year 2012 in terms of Social Institutions and Gender Index (SIGI)****.

Note: * HDI is a comparative measure of life expectancy, literacy, education, and standards of living of a country. ** GII is a composite measure reflecting inequality in achievements between women and men in three dimensions: reproductive health, empowerment and the labour market. *** GGGI ranks countries according to their gender gaps and their scores can be interpreted as the percentage of the inequality between women and men. **** SIGI solely focuses on social institutions that have an impact on the equality between men and women. Social institutions comprise norms, values and attitudes that exist in a society in relation to women.

REVIEW OF LITERATURE

Female entrepreneurship is considered as an important tool in enabling female empowerment and emancipation. The increasing presence of women in the business field as entrepreneurs or business owners in the last decades has changed the demographic characteristics of entrepreneurs in India. Women-owned businesses are playing a more active role in society and the economy, inspiring academics to focus on this interesting phenomenon.

“Women entrepreneurs are defined as those who use their knowledge and resources to develop or create new business opportunities – whether this be informally in a home environment without formally registering their business or formally via business registration, hiring office premises, etc. – who are actively involved in managing their businesses, are responsible in some way for the day-to-day running of the business, and have been in operation for longer than a year”.

Interestingly, recent studies reveal that psychological constraints play a big role in this context; the fear of failure impacts the performance of entrepreneurial females (Halkias, 2011)². In India this
factor is significantly high. A study of the literature, however, shows that this is not the case with all female entrepreneurs; some of them love a challenge and like to take on risks (Mordi et al., 2010). Researchers consistently point to a lack of access to finance as the major barrier that female entrepreneurs face (Jamali, 2009). A majority of the females rely on family funding (Halkias, 2011) or personal savings (Itani et al., 2011). Due to non-availability of easy access to capital, women do not have funds to grow their businesses.

Meanwhile, Dileepkumar (2006) has elaborated on some of the issues faced by entrepreneurial women, such as a shortage of finances, male dominance, limited mobility, a lack of education, required motherly duties and a lack of achievement motivation. According to Rizvi and Gupta (2009), government-sponsored development activities have benefited only a small section of women, namely the urban middle class. This may be primarily due to their higher level of education, access to information and family support.

With the changing socio-cultural environment and increasing educational opportunities, women became aware of their potential to develop entrepreneurial skills. These socio-cultural changes along with the encouragement of a spectrum of non-governmental organization (NGOs) to associate with women entrepreneur, have played a key role in the emergence of female entrepreneur over the past few decades. Dileepkumar (2006) and Khanka (2010) have reported that Indian women have started becoming entrepreneur in sizeable numbers only recently, partly due to the formation of various self-help groups (SHGs), support from NGOs, higher level of education and economic liberalisation.

Babaria and Chedda (2010) concluded in their recent survey that India is brimming with the success stories of women. They stand tall from the rest of the crowd and are applauded for their achievements in their respective field. These women leaders are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance. Ability to learn quickly from her abilities, her persuasiveness, open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully, are the qualities of the Indian women entrepreneurs.

In a recent survey it is revealed that the female entrepreneurs from India are generating more wealth than the women in any part of the world.

**RESEARCH METHODOLOGY**

The present research is restricted to the city of Mumbai. A sample of 50 males and 50 females has been selected randomly from various parts of the city.

The present study is constrained by the limitation of time and cost. It is restricted to Mumbai city. Again collection of data from a conservative segment like women had been a big challenge.

**FINDINGS AND CONCLUSION**

A summarised findings and conclusions of the research derived on the basis of responses of respondents have been presented here.

**(A) Equal Treatments for Men and Women in Families**

**Perception:** In the field survey, 97% of the men and 100% of the women opined that women should be given equal treatment with men in the families.

**Reality:** In the field survey, 94% of the men and 78% of the women agreed that females are given equal treatment with males in their families.

Thus, there is a gap between perception of males and females towards giving equal treatment to women in families and actual practices in their houses.
(B) Equal Educational Facilities for Men and Women in Families

Perception: In the field survey, 97% of the men and 100% of the women agreed that females should be given equal educational facilities at par with males.

Reality: However, only 86% of the men and 69% of the women agreed that females are given equal educational facilities at par with males in their families.

Thus, there is again a gap between perception and reality. Although, the general perception of respondents (86%) is that women in their families are treated at par with women, when it comes to specific area such as education, the reality is different (77%).

(C) Opportunities for Higher Studies for Women in Families

Perception: In the survey, 84% of the men and 84% of women agreed that females should be given equal educational facilities at par with males in the families.

Reality: In the field survey, 81% of the men and 63% of the women agreed that females are given opportunity for higher studies in their families.

Here again there is a gap in perception and reality. Some of the respondents opined that higher education in India is becoming increasingly costly and therefore, it is not possible for them to afford it for girl child.

(D) Financial Plans for Females in Family

Perception: In the field survey, 97% of the men and 89% of the women admitted that there should be a financial plan for girl children.

Reality: In the field survey, only 36% of the men and 39% of the women admitted of having financial plans for girls in their families.

In an average Indian family, generally there are plans for the higher education of a male child but girls are generally given a secondary consideration in this matter. This is reflected in the responses of the 62% of the respondents who denied having a financial plan for girls in their families.

(F) Encouragement to Women for Business

Perception: In the field survey, 19% of the men and 33% of women agreed that women should be encouraged to start their own independent business.

Reality: In the field survey, in the families of the 42% of the respondents, the number of working women was zero, in the families of 38% respondents the percentage of working women was 10-25%, in the families of 14% respondents, this proportion was 25-50% and in the families of 6% it was more than 50%. In the field survey, in the families of 81% respondents, no woman was a professional or business person. In the families of 13% respondents, 10-25% of the women were professional or in business, in the case of 5% respondents this percentage was between 25% to 50% and in the case of 1% respondents it was more than 50%.

The above statistics show that the proportion of women as professionals and businessmen in the respondents’ families is meagre. In only 19% of the respondents’ families, there are women who are either professionals or business persons. Again among these women, the proportion of professional women was more and those who were in business field owned small businesses like beauty salons, papad making, tiffin services, jewellery making, or such other small scale ventures.
Suggestions for Bringing about Positive Perceptual Change towards Women Entrepreneurs

(A) Suggestions to Women:

1. Women need to realise their role and significance in family upbringing and keeping family in an organised manner.
2. The mother should pass on this perception to her daughters and daughters to their daughters in a hierarchical manner.

(B) Suggestions to Men:

1. Men in the society need to realise the significance of women and should give them opportunities for growth and development as per their abilities and not as per tradition.
2. There should not be any discrimination in the families on the basis of gender because if girls in families learn to be discriminated at younger age, the same perception is carried forward throughout their life.

(C) Suggestions to Educational Institutions:

1. The educational institution should make a list of various vocations that are suitable for girls after completing their 10+2 or graduation and orient their students about the same.
2. The educational institutions should also orient parents of girls to encourage their children to go for higher studies and various vocations that girls can take after completing their studies.

(D) Suggestions to the Government:

1. The government has introduced a number of schemes for women development and women empowerment. But many of these schemes remain on paper only and do not reach the real beneficiaries. Hence, the government should ensure their effective implementation.
2. The government should clear the women reservation bills in the Lok Sabha to show its commitments to women development and women empowerment. This is necessary to ensure equal participation of women in politics.

CONCLUSION

It can be concluded from the analysis of secondary data and responses of the respondents during the survey that there is a strong perceptual change in society towards women and women entrepreneurs in the Indian society. However, this change is not reflected in the practice. The researcher feels that the Indian society is passing through a transition phase, whereby the change in peoples’ perception towards women will be reflected in their action over a period of time as the present generation paves the way for new generation. The process of this change can be speeded up with the catalytic action of the government, NGOs and educational institutions.

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MARCH
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# Table of Contents

## Articles

**SPECIFIC FACTORS AND THEIR DEGREE OF INFLUENCE IN COSMETIC PRODUCT**
*Dr. Neetu Aneja*  
1-6

**THE TAXONOMIC EVALUATION OF THE PERFORMANCE OF SELF HELP GROUPS IN INDIA (WITH SPECIAL REFERENCE TO THE STUDY UNDERTAKEN IN GUJARAT STATE, INDIA)**
*Dr. Mayuri Farmer*  
7-15

**INTEREST FREE BANKING (IFB) – THE NEED TOWARDS BUILDING AWARENESS AND ACCEPTABILITY**
*Dr. Sirajuddin Chougle*  
16-20

**MANAGING NON-PERFORMING ASSETS OF BANKS**
*Vinit Rokade, Dr. Mukunda Sonavane*  
21-29

**MOBILE BANKING IN INDIA: ISSUES AND CHALLENGES**
*Gurmeet Singh Saini*  
30-37

**PERFORMANCE APPRAISAL - A TOOL TO NURTURE HUMAN POTENTIAL**
*Dr. Pratibha Siriya*  
38-45

**INTEGRATING SLUMS: A 21ST CENTURY CHALLENGE**
*Syed Saleha Javed*  
46-50

**BLENDING EXIT MANAGEMENT WITH TALENT MANAGEMENT STRATEGY**
*Dr. Bhanupriya Khatri*  
51-53

**A STUDY ON ROLE OF KARNATAKA GOVERNMENT AND ITS PROGRAMMES FOR RURAL DEVELOPMENT**
*Srinivas K. T.*  
54-60

**E-GOVERNANCE AND FINANCIAL REPORTING THROUGH XBRL**
*Saurabhi Borthakur, Purnashree Das*  
61-69

**SUSTAINABLE ETHICAL PRACTICES IN CONTEMPORARY ORGANIZATIONS: A PANACEA FOR ORGANIZATIONAL SUCCESS**
*Dr. Anisa Jan, Dr. Aubid Hussain Parrey*  
70-77

**ABSENT LEADERS - A STRATEGIC ANALYSIS OF WOMEN LEADERSHIP IN HIGHER EDUCATION**
*Dr. Anisa Jan, Dr. Aubid Hussain Parrey*  
78-85

**IMPACT OF MICROFINANCE AND SELF HELP GROUPS (SHG) ON RURAL MARKET DEVELOPMENT**
*Dr. Keshav Shinde*  
86-89

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SPECIFIC FACTORS AND THEIR DEGREE OF INFLUENCE IN COSMETIC PRODUCT

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ABSTRACT

The most simple is that marketing is the human activity directed at satisfying Needs and wants through the exchange process. The new concept of marketing is consumer Oriented. In this concept consumer is the king of market. This new concept signified Emphasis on the buyer/consumer end of exchange chain. The effort now have shifted to Identify target segment and once having done that finding their needs and wants to develop a product to satisfy them. The season that’s why the people buy a particular brand. The ultimate buying decision is the result of both emotional and rational consideration.

Keywords: Consumer Behavior; Brand, Branding

INTRODUCTION

The ultimate buying decision is the result of interplay of many factors, Which differ from person to person. But since no two person are alike and hence their motivations are also different. Modern Marketing concept starts with the consumer and consumer is the very basic for an organization.

Consumer

A consumer is an individual who purchase or has the capacity to purchase goods and services offered for sale by marketing institutions in order to satisfy personal or house hold needs, wants or desires.”Peter F Drucker also underscores the importance of the customer. “The main purpose of the business is to create customer.”

We observe that customer is very important to buy for any business organization.

Consumer Behavior

Schiffonan and kanuk as the behavior that consumer display is searching for purchasing using evaluating and disposing of goods, services and ideas which they expect will satisfy their needs.” Buyer or consumer behavior is concerned with the decision processes that buyers or group or buyer go through to make a purchase decision including all those influence that explain the outcome of the decision.

The study of individual consumption behavior in the area of cosmetic products might included a study of his own level of involvement which brand of cosmetic products like Hair and Body oils, Face and Body cream he buy why he/she buys it. When where and how often he/she buys it. Behavior not surprisingly can be result of myriad of influences. A Person is influenced by many forces the sum total of which is designated as the psychological field. First each person is motivated by internal basic needs. The human being is not time bound however and is fully capable of recalling and being influenced by the past as well as anticipating future on sequences of behavior. A person is profoundly influence by the surrounding environment, especially the social role of others.
The role of social environment requires further classification. In one sense, other people serve supportive functions both in goods they make and share in the opportunity to give love and affection. Another role is constraining one, for a person is seldom free to act as would mores and guides become established and limit freedom of action. Some of the constraints are necessary for maintenance or order and become confined as laws. Others are required for the effective functioning of goods and emerge as norms or accepted pattern of social behavior.

**Importance of Consumer Behavior**

The study of consumer behavior is especially important in response to question. ‘How should buyer buy? Knowledge about buyer behavior is essential as the prescriptive trend become pronounced such knowledge can lead to both buyer protection effort and to a better understanding if the impact that these efforts have no buyer.

One way practical reason for the concentrated study of consumer behavior is to understand micromarketing problem how a society meets the needs of the people as an aggregate. The concern for solving micro marketing problem has motivated other to study consumer behavior. The necessity or significance of studying consumer arises because it is relevant to various segments.

**Relevance to Marketers**

The main aim of Marketing is consumer satisfaction so in this way requires a thorough understanding of consumer behavior. Without such insights marketers will fail to segment market effectively and design strategies for an effective penetration in to defined market segments.

**Relevance to Consumer**

Consumers are also benefitted by studies and research on the behavior of consumer. As the main aim of all the studies of consumer behavior is to formulate. Marketing strategies as per consumer desires. Consumer will now be cared by the marketers they will get the desired products, with price within their reach at places which are most suitable to them.

**Relevance to Society**

From Society’s point of view also studies on consumer behavior have great significance. After such studies society’s cultural values are not adversely effected society’s resources are also better allocated because now they will be channelized to those users only which one more beneficial to the members of the society. Studies on consumer behavior will also lend to the industrial development of the society as these studies will point such products which are highly required by the society but could not yet attract the attention of the manufacturers.

**Brand**

A brand is on all inclusive term. It can be anything that identifies as product expects possibly the package or shape of the product.

**Brand Name**

A brand name is that part of brand which can be vocalized.

**Branding**

Branding is an inseparable element of marketing mix. The function of branding is to serve as main connecting link between manufacturer promotional program and sale to final buyers. Brand identification is therefore necessary for a company to differentiate its product and giving it some degree of control over product resale by middle men as also to improve the promotional effectiveness. Through brand development, a company prepares itself to complete on a non-price basis that ultimately help to achieve its goal.
Branding offer several benefits. It can create a personality for a new launched product so that it stands out vis-à-vis its competitors. Branding can add value to a product and is therefore an intrinsic aspect of product strategy. For consumer brand name help them to identify different products and help them to identify quality differences too.

OBJECTIVES

1. To identify the factors those affect the consumer behavior in brand loyalty.
2. To generate a framework, to help marketers to build & monitor variety of brands available
3. Identify the determinants of brand which consumer select while buying a product.
4. To develop strategies this may help marketers to capture more consumers through the brand.

RESEARCH METHODOLOGY

The present study aims to investigate into specific factor and their degree of influence in cosmetic products.

Population profile and sampling: - A total of 100 respondents were taken for the study, It was based on a survey among consumers of cosmetic products the sample unit were selected on the basis of convenient sampling the personal visit was made to residential areas colonies. Also the sample unit was drawn from colleges, Schools.

Sampling media

Personal face to face media was selected for the purpose.

Research Instrument

Used here by was a questionnaire. Questionnaire an appropriate tool for primary data collection was framed together information from the participants’ factors within the questionnaire used both statements negative or positive.

Data Collection

Respondents were personally interviewed for the purpose of collecting information. Description was given to the respondents regarding nature and purpose of the study.

Research Technique

The data collected have been tabulated, analyzed and interpreted with the help of simple percentage or Rank.

Respondents profile

Total 100 respondents which constitute sample of present study was examined. Demographic profile of the respondents’ shows that majority of the respondents were according to age sex, education and income level.
Note: Figures in Parenthesis indicates to total

From table 1 was observed that major proportion of consumers (about 88%) consider quality factors in terms of its rank while choosing the brand being currently used Brand image and price factor was considered by about 7% and 3% respondents respectively. A few respondents consider company image while choosing the brand being currently used.

It terms of 2\textsuperscript{nd} price was very important factor fallowed by brand image (about 33%) company image (approx 13%) and packaging (9%) respectively only 4% respondents consider quality factor. None of the consumer consider advertising and other factor such as multinational company or any other company.

In terms of 3\textsuperscript{rd} rank most of consumer (about 45%) consider brand image factor. As many as 29% and 15% consumer consider price and company image respectively. Only 5% respondents consider advertising fallowed by quality (packaging each by about 3%)

In terms of 4\textsuperscript{th} rank as many as 54% consumer consider company image. It was also observed that about 15%, 11% and 8% respondents consider price, advertising and brand image in descending order. Only 7% respondents consider brand image. The quality was considered by a small number of consumers in the sample.

In term of 5\textsuperscript{th} rank most of the consumers 54% consider advertising fallowed by packaging (about 27%) 9% and 4% respondents respectively. The quality, brand image and any other factor was considered by almost equal number of consumers.

In terms of 7\textsuperscript{th} of rank 96% consumers consider any other factor fallowed by advertising (2%) and packaging (1%) respectively. The major key factor was not considered by any one respondent.

Over all analysis suggests that quality played a very important role while choosing the brand being currently used in term of 1\textsuperscript{st} rank. The price, brand image, company image advertising and packaging in terms of their respective rank from two to six.

### Table 1. Factor In Brand Choice A Rank Order Analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank order</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>1\textsuperscript{st}</td>
<td>2\textsuperscript{nd}</td>
</tr>
<tr>
<td>Quality</td>
<td>87</td>
<td>4</td>
</tr>
<tr>
<td>Price</td>
<td>3</td>
<td>40</td>
</tr>
<tr>
<td>Advertising</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Any Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

Note: Figures in parenthesis indicates to total.
Table 2. Factors In Brand Choice A Rank Analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rank Order</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very Important</td>
<td>Some What Important</td>
</tr>
<tr>
<td>Doctors Advice</td>
<td>54</td>
<td>8</td>
</tr>
<tr>
<td>(42.85)</td>
<td>(4.32)</td>
<td>(20.10)</td>
</tr>
<tr>
<td>Advertising Appeal</td>
<td>16</td>
<td>65</td>
</tr>
<tr>
<td>(12.69)</td>
<td>(35.13)</td>
<td>(9.08)</td>
</tr>
<tr>
<td>Popular Brand</td>
<td>19</td>
<td>62</td>
</tr>
<tr>
<td>(15.07)</td>
<td>(33.51)</td>
<td>(9.78)</td>
</tr>
<tr>
<td>Joint Decision Of Family</td>
<td>36</td>
<td>46</td>
</tr>
<tr>
<td>(28.57)</td>
<td>(24.86)</td>
<td>(9.23)</td>
</tr>
<tr>
<td>Any Other</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>(79)</td>
<td>(2.16)</td>
<td>(51.08)</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>185</td>
</tr>
<tr>
<td></td>
<td>(100)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

Note: Figures in parenthesis indicate percentage to total.

It has been observed for table 2 that the doctor’s advice was very important factor followed by joint decision of family (about 29%) popular brand (15%) and advertising appeal (approx 13%) only 1% consumer is influenced by any other factor such as reference group friends recommendation. As a somewhat important factor as many as 34% respondents were influenced by advertising appeal. Approximately 35% and 24% consumer were influenced by popular brand joint decision of family respectively. Only 4% and 2% consumers are influenced by doctor's advice any other factor in descending order.

As a not important factor more than 50% consumer are not influenced by any other factor followed by doctor’s advice (20%). As many as 10% respondents were not influenced by joint decision of family. Thus it was concluded that doctor’s advice was very important factor while choosing the brand being currently used.

FINDING AND CONCLUSION

The study provides information to the company how to cosmetic product like Face & Body Creams. It has been found that a vast number of consumers used the brand clue to quality. But the doctor’s advice still was also important factor which influence the brand loyalty of the product. Other factor like Price, Packing, and Advertising was not more consider for the cosmetic product.

RECOMMENDATION

In cosmetic product the quality has played a remarkable role in developing brand loyalty. So it may be suggested that a company should stress an improving the quality so that almost all the consumer may be brand loyal.

LIMITATION OF THE STUDY

- The present study is based on Rohtak City.
- There was no secondary data available for supporting the findings of the present research work.
- The sample size is limited to 100 only.
- The results of the study are based merely on the percentage analysis of respondents. However reliability of the findings could have been improved by use of scaling.
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ABSTRACT

Microfinance is a powerful anti-poverty tool that has demonstrated relevance to people on every continent and in every country. The paradigm of microfinance has varied from country to country depending upon the prevalent social, cultural, economic and political scenario. The strategy of microfinance through SHGs can help in a big way in eradicating poverty and empowering women in particular. However, the growth of SHG bank linkage programs is uneven across India. Some states, the southern India states are SHG developed states while Bihar, M.P., U.P. are SHG backward states. The need therefore is to share experiences and materials which will help not only in understanding success and failures but also provide knowledge and guidelines to strengthen and expand microfinance programs.

The present research study is intended to focus on how performance of an SHG can be affected by different variables. This is presented in a new holistic evaluation method, considering the 10 variables both quantitative and qualitative by nature. For the purpose of the study, 690 active members of 345 SHGs (2 from each Group) have been taken as respondents and interesting findings were sought. Policy makers may study these variables before implementation of new programs in the microfinance sector.

Keywords: Microfinance; SHGs

INTRODUCTION

Microfinance is the provision of financial services to the poor in order to enable them to raise their living standards. It has strong poverty reduction and gender empowerment dimension. SHG-bank linkage programs in India, spearheaded by the National Bank for Agriculture and Rural Development (NABARD) is the largest microfinance program in the world.

The origin of SHGs is the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were initiated by NABARD in India in 1986-87, but the real effort was taken after 1991-92 from the linkage of SHGs with the banks. Self Help Group (SHGs) is a small voluntary association of poor people, preferably from the same socioeconomic background. SHG members come together for the purpose of solving the common problems through Self and mutual help. The SHG promotes small savings among its members. The savings are kept at a bank. This common fund is in the name of SHG. Usually, the number of members in one SHG does not exceed 20. The SHGs is the dominant microfinance methodology in India. The operations of 15-25 member SHGs are based on the principle of revolving the members’ own savings. External financial assistance...
by MFIs or banks augments the resources available to the groups – operated revolving fund. Savings thus precede borrowing by the members.

The rural poor are incapacitated due to various reasons, such as most of them are socially backward, illiterate with low motivation and poor economic base. Individually, a poor is not only weak in socioeconomic term but also lacks access to the knowledge and information, which are the most important components of today’s development process. However, in a group, they are empowered to overcome many of these weaknesses.

OBJECTIVES OF THE STUDY

On the practical side, research showed that the SHG concept has become a most effective vehicle for implementation of poverty alleviation programmes and spreading its benefits across the length and breadth of a country. In India, particularly the role and impact of SHGs has been very significantly beneficial. Among the SHGs itself, the impact of women SHGs in rural areas has been even highlighting this. The few that have failed to make an impact can be used more to understand the possible pitfalls than to criticize the concept. Considering this fact the present study is based on following objectives:

1. To study the factors limiting or enhancing the successful functioning of self help groups and
2. To study and evaluate SHGs strengths and weaknesses.

Area Selection and Sampling

A planned approach has been employed for data collection so that the facts that are near to reality and free from aberrations are elicited for impact evaluation. This study is based on both primary and secondary source of data and the survey method of research was employed for this research study.

The primary data has been collected from field survey of 690 members (Responses of 690 members converted into 345 Groups i.e., 2 members from each SHG) of SHGs from 23 Blocks of Gujarat State i.e., 15 Groups from 15 villages from each block through random sampling. For selection of blocks, Report of the Committee under the Chairmanship of Shri V.R.S. Cowlagi (to study the backwardness of Talukas of Gujarat State) had been taken into consideration. The Committee has prepared a list of all blocks (ranked) of the state considering specific indicators of development. Out of total 225 blocks, 10% blocks were randomly selected for the study. Though it was designed to study equal number of SHGs from different scheme/organisation, 15 groups selected randomly (from each block) on the basis of their functioning and linkage with nearby banks irrespective of the scheme. To have clarity and differentiation amongst blocks and districts, they have been divided into 5 zones namely; North Gujarat Zone, South Gujarat Zone, East Gujarat Zone, Saurashtra Zone and Central Gujarat Zone according to their geographical presence. Hence, all acquired data has been presented in these five categories and analysed accordingly.

(Abbreviated as E - East Gujarat Zone, S - South Gujarat Zone, Sau -Saurashtra Gujarat Zone, N - North Gujarat Zone & C - Central Gujarat Zone.)

Taxonomic Method

The application of Taxonomic method is based on the introduction of ten different parameters related to SHGs’ performance. It is proposed to work out the Ideal value referring to each quantitative variable as well as each qualitative variable separately, taking a positive value for each variable.

\[ M^{1/2} = \sum_{k=1}^{K} \frac{(D_{ik} - D_{ok})^2}{\sum_{k=1}^{K} (D_{ik} - D_{ok})^2} \]


Where  \( D_{ik} \) = each standard matrix value
\( D_{ok} \) = ideal value.

\[ (5) \quad M_p = \frac{P_i}{P_o} \quad \text{Where} \quad P_o = P_o + 3 \text{ S.D.} \]

Where \( M_p \) = Measure of performance

The application of Taxonomic method is based on the introduction of ten different parameters related to SHGs’ performance. It is proposed to work out the Ideal value referring to each quantitative variable as well as each qualitative variable separately, taking a positive value for each variable.

It is possible that the performance of an SHG may be excellent along with its overall performance which may be less than desired and therefore, the SHGs have been ranked from two points of view: (A) Performance of Quantitative factors and (2) Performance of Qualitative factors. Aggregation of both these will be the overall performance of SHG. The data of quantitative variable were availed from the statements/ledgers/books of records. Since the target groups were not so aware about this kind of qualitative evaluation, their answers on certain concerned topic have been recorded with particular points. And the same has been used to prepare an Index of qualitative factors affecting the sustainability of SHG.

The variables selected for the purpose of the study are follows:

<table>
<thead>
<tr>
<th>The Quantitative Variables</th>
<th>The Qualitative Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Savings Of The Group</td>
<td>Skill/Innovativeness</td>
</tr>
<tr>
<td>Total Internal Lending Of The Group</td>
<td>Information Seeking Behaviour</td>
</tr>
<tr>
<td>Total Bank Credit Given To The Group</td>
<td>Achievement Motivation</td>
</tr>
<tr>
<td>Number Of Loan Case In A Group</td>
<td>Risk Orientation</td>
</tr>
<tr>
<td>Total Sunk Amount In The Group</td>
<td>Social Behaviour</td>
</tr>
</tbody>
</table>

For all the parameters, **Five Categories** for analysing the data have been identified:

<table>
<thead>
<tr>
<th>Sl. N.</th>
<th>Category</th>
<th>PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excellent</td>
<td>0.81 - 1</td>
</tr>
<tr>
<td>2</td>
<td>Very Good</td>
<td>0.61 – 0.80</td>
</tr>
<tr>
<td>3</td>
<td>Average</td>
<td>0.41 - 0.60</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>0.21 – 0.40</td>
</tr>
<tr>
<td>5</td>
<td>Very Poor</td>
<td>0 – 0.20</td>
</tr>
</tbody>
</table>

In reality a subjective valuation is possible e.g. the risk orientation or achievement motivation may be given a value falling between 81% and 100%.

**RESULTS AND DISCUSSION**

**Table 1. Average Scores of All Parameters**

<table>
<thead>
<tr>
<th>Name of the Parameters</th>
<th>Average</th>
<th>South Zone</th>
<th>Cent. Zone</th>
<th>Sau. Zone</th>
<th>North Zone</th>
<th>East Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill/Innovativeness</td>
<td>0.57</td>
<td>0.54</td>
<td>0.61</td>
<td>0.57</td>
<td>0.56</td>
<td>0.57</td>
</tr>
<tr>
<td>Information Seeking Behaviour</td>
<td>0.53</td>
<td>0.51</td>
<td>0.55</td>
<td>0.56</td>
<td>0.49</td>
<td>0.53</td>
</tr>
<tr>
<td>Achievement Motivation</td>
<td>0.58</td>
<td>0.57</td>
<td>0.57</td>
<td>0.52</td>
<td>0.65</td>
<td>0.61</td>
</tr>
<tr>
<td>Risk Orientation</td>
<td>0.85</td>
<td>0.82</td>
<td>0.86</td>
<td>0.85</td>
<td>0.85</td>
<td>0.86</td>
</tr>
<tr>
<td>Social Behaviour</td>
<td>0.57</td>
<td>0.65</td>
<td>0.52</td>
<td>0.62</td>
<td>0.48</td>
<td>0.64</td>
</tr>
<tr>
<td>Total Savings of the groups</td>
<td>0.31</td>
<td>0.33</td>
<td>0.29</td>
<td>0.34</td>
<td>0.29</td>
<td>0.30</td>
</tr>
<tr>
<td>Total Internal Lending of the groups</td>
<td>0.45</td>
<td>0.41</td>
<td>0.47</td>
<td>0.45</td>
<td>0.45</td>
<td>0.44</td>
</tr>
<tr>
<td>Total Bank Credit given to the groups</td>
<td>0.45</td>
<td>0.48</td>
<td>0.49</td>
<td>0.42</td>
<td>0.44</td>
<td>0.46</td>
</tr>
</tbody>
</table>
Table 1. Average Scores of All Parameters (Contd….)

<table>
<thead>
<tr>
<th>Name of the Parameters</th>
<th>Average</th>
<th>South Zone</th>
<th>Cent. Zone</th>
<th>Sau. Zone</th>
<th>North Zone</th>
<th>East Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Loan Case in a groups</td>
<td>0.16</td>
<td>0.15</td>
<td>0.15</td>
<td>0.18</td>
<td>0.16</td>
<td>0.14</td>
</tr>
<tr>
<td>Total Sunk Amount in the groups</td>
<td>0.84</td>
<td>0.88</td>
<td>0.81</td>
<td>0.81</td>
<td>0.83</td>
<td>0.91</td>
</tr>
</tbody>
</table>

When compared all parameters’ Average to the Average of all Zones, some interesting findings were obtained:

**Skill and Innovativeness** (Average - 0.57): Central Zone is on top position with 0.61 score, East Zone and Saurashtra Zone are performing at par, and South and North Zone are performing below average.

**Information Seeking Behaviour** (Average - 0.53): The highest performer is Saurashtra zone for this parameter and Central Zone is on second rank. South and North Zone are performing below average.

**Achievement Motivation** (Average - 0.58): Here, North Zone is the highest performer with 0.65 score, followed by East Zone with 0.61 score. Whereas, South, Saurashtra and Central Zones are below average performers. Saurashtra was performing very low.

**Risk Orientation** (Average - 0.86): Except South Zone all Zones are performing above average or having their scores at par.

**Social Behaviour** (Average - 0.57): North and Central Zones are below average performers, and North Zones is considerably low performer (0.48) amongst all parameters. In this area of Gujarat State, social rigidness is seen very much, sex ratio of 915/1000 is one of the evidences for it.

**Total Savings** (Average - 0.31): First was Saurashtra Zone followed by South Zone and other three Zones are performing below average. If income is an important factor for saving, then income level above Rs.4000/- is seen more in case of Saurashtra and South Zones. If size of family is also considered with income, in Saurashtra, North and South Zones women are less in number who have more than 6 family members in their families.

**Total Internal Lending** (Average - 0.45): The score of Central Zone is ahead of all and East and South Zones are performing below average. Central, North and Saurashtra Zones are on the top in getting big amount bank loans.

**Total Bank Credit** (Average - 0.45): Central Zone is the highest performer and South Zone is ranked second. Saurashtra and North Zones are below average performers.

**Number of Loan Case** (Average - 0.16): Except Saurashtra and North Zone, other three are the below average performers. Less number of loan cases are mainly due to less availability of loanable funds. Saurashtra and North Zone is having big amount of savings compared to other Zones.

**Total Sunk Amount** (Average - 0.84): In case of Sunk amount South Zone performance is best whereas Saurashtra Zone is the least performer.

Table 2. Average Scores of All Quantitative Parameters

<table>
<thead>
<tr>
<th>Obtained Score</th>
<th>Zone of the Study Groups (Number of Respondents and Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Zone</td>
</tr>
<tr>
<td>0 - 0.20</td>
<td>---</td>
</tr>
<tr>
<td>0.21 - 0.40</td>
<td>3 (9.9%)</td>
</tr>
<tr>
<td>0.41 - 0.60</td>
<td>42 (12.2%)</td>
</tr>
<tr>
<td>Total</td>
<td>1 (0.3%)</td>
</tr>
</tbody>
</table>
Table 2. Average Scores of All Quantitative Parameters (Contd….)

<table>
<thead>
<tr>
<th>Obtained Score</th>
<th>Zone of the Study Groups (Number of Respondents and Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Zone</td>
</tr>
<tr>
<td>0.61 - 0.80</td>
<td>---</td>
</tr>
<tr>
<td>0.81 - 1</td>
<td>---</td>
</tr>
<tr>
<td>Total</td>
<td>45 (13.0%)</td>
</tr>
</tbody>
</table>

Note: * Percentage is based on the total answers received, ** Whenever required, the zone wise/scheme wise Percentage analysis has been presented.

The average score of quantitative parameters shows that 68.1% groups fall under Good Performance category, 25.2% groups are in Poor Category. None of the group presents in Excellent Category. This is due to their low performance in Savings and Number of Loan Cases parameters. These groups have just started their path, and there are miles to go ahead. If they will continue with little high performance, definitely they will succeed in their goal.

Graph 1. Average Score of Quantitative Parameters

Graph 1 presents the average of 5 quantitative parameters and it can be easily seen that East Gujarat Zone is the highest performer followed by South Gujarat Zone. The lowest performance was of North Gujarat Zone.

Table 3. Average Scores of All Qualitative Parameters

<table>
<thead>
<tr>
<th>Obtained Score</th>
<th>Zone of the Study Groups (Number of Respondents and Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Zone</td>
</tr>
<tr>
<td>0.21 - 0.40</td>
<td>---</td>
</tr>
<tr>
<td>0.41 - 0.60</td>
<td>23 (6.7%)</td>
</tr>
<tr>
<td>0.61 - 0.80</td>
<td>21 (6.1%)</td>
</tr>
<tr>
<td>0.81 - 1</td>
<td>1 (0.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>45 (13.0%)</td>
</tr>
</tbody>
</table>

Note: * Percentage is based on the total answers received, ** Whenever required, the zone wise/scheme wise Percentage analysis has been presented.
The average values of qualitative parameters shows that 57.4% groups are in Very Good category on the point of their sustainability, and 39.4% groups are in Good category. Thus, the overall picture is very positive. If these groups are targeted considering their present issues, according to the categories based on points obtained by them, many benefits can be derived. Issues are related to the groups, i.e., which economic activities can be started, their attitudes towards initiating economic activities, their ability to sustain the economic activities etc. The probable answers can be easily given based on the points they have scored. In Good Category South Gujarat Zone groups are leading and in Very Good Category East Gujarat Zone are ahead of all.

The average Index of qualitative parameters compared with self-help groups formed under various schemes/institutions was compared, it seems that the groups formed by SGSY and NGOs having Very Good performance were more than Sakhi Mandal.

Graph 2. Average Score of all Qualitative Parameters

Graph 2 presents the average of 5 qualitative parameters and it can be easily seen that East Gujarat Zone is the highest performer followed by South Gujarat Zone. The lowest performance was of North Gujarat Zone.

Table 4. Overall Scores of all Quantitative & Qualitative Parameters

<table>
<thead>
<tr>
<th>Obtained Score</th>
<th>Zone of the Study Groups (Number of Respondents and Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South Zone</td>
</tr>
<tr>
<td>0 - 0.20</td>
<td>***</td>
</tr>
<tr>
<td>0.21 - 0.40</td>
<td>3 (0.9%)</td>
</tr>
<tr>
<td>0.41 - 0.60</td>
<td>40 (11.6%)</td>
</tr>
<tr>
<td>0.61 - 0.80</td>
<td>5 (1.4%)</td>
</tr>
<tr>
<td>0.81 - 1</td>
<td>***</td>
</tr>
<tr>
<td>Total</td>
<td>45 (13.0%)</td>
</tr>
</tbody>
</table>

Note: * Percentage is based on the total answers received, ***Whenever required, the zone wise/scheme wise Percentage analysis has been presented.

In Overall PI, 87.5% group have a score/index of 0.41 to 0.60, in 0.61 – 0.80 North Gujarat Zone is not present, and not a single Zone is present in Excellent category. This means, that the total 345 groups from 23 blocks of Gujarat have not reached the maturity level as they are in the initial stage of their development. Some groups which are ahead are very few in number. The Performance Index of these groups was prepared considering total 10 parameters i.e., 5 qualitative and 5 quantitative, and the results are as per expectations.
If the Overall Performance Index is compared with self-help groups formed by various schemes/institutions, it seems that there were more groups from Sakhi Mandal have Poor score, and Groups having Very Good performance were from SGSY and NGOs. Only one group from Sakhi Mandal scheme was in this category, and most of the groups were in Good category. In Overall PI, more than 75% groups are covered in almost all types in Good category.

Graph 3. Average Score of Overall Performance (All Parameters - Qualitative and Quantitative)

Graph 3 reveals the average Overall Performance for all 10 parameters and as shown in it East Gujarat Zone is the highest performer while considering the overall performance for all groups, North Gujarat Zone is the least performer and other three Zones are performing almost at the same level of 0.62. The reasons found were; they were ahead of all in Achievement motivation, Risk orientation and Social behavioural pattern for qualitative parameters’ score. And for quantitative parameters’ score they were excelled in Bank credit obtained by groups and the Sunk amount.

Thus, in the study for 5 qualitative parameters, the skill and Innovativeness and Risk Orientation score, was higher in Central Zone, whereas, in Information Seeking Behaviour, Saurashtra Zone is the best performer. For Achievement Motivation and Social Behavioral Pattern, North Zone and South Zone is on the top. East Zone is the second ranked performer in all parameters except Information Seeking Behavior (3rd rank).

For 5 quantitative parameters a mixed picture is observed and no single zone excels in all parameters. Saurashtra Zone is ahead of all in Savings and Number of Loan cases, Central Zone is ahead in case of Bank Loan and Internal Lending and East Zone is ranked first in Sunk Amount. For the average of all 5 quantitative parameters, East Gujarat Zone is ranked first, South Gujarat Zone on second rank and Central Gujarat Zone is on third place.

While considering Overall performance, East Gujarat Zone is ranked first, South Gujarat Zone second and Central Gujarat Zone placed on third rank.

Model Equation for Performance Analysis

As mentioned earlier the present study has identified 5 quantifiable and 5 semi quantifiable factors affecting the overall performance of an SHG. These 10 variables with reference to the 345 SHGs under study have afforded the explanation of almost 99.5% of changes in the overall efficiency while applying Regression analysis. Also there is no considerable change noticed in the value of r while applying Regression analysis on exclusion basis. The Regression analysis has been used to derive the following formula which can be used as a model for evaluating the overall performance of any SHG:

\[ Y = (0.195) + (1.05E-006) X_1 + (2.92E-007) X_2 + (2.02E-007) X_3 + (.000) X_4 + (-1.7E-005) X_5 + (.003) X_6 + (.001) X_7 + (.005) X_8 + (.002) X_9 + (.001) X_{10} \]

Where \( Y \) = Overall Efficiency Index/Performance Index

\( X_1 \) = Total Savings
\( X_2 \) = Total Internal Lending
X₃ = Total Bank Credit given
X₄ = Total Sunk Amount
X₅ = Skill/Innovativeness
X₆ = Information Seeking Behaviour
X₇ = Achievement Motivation
X₈ = Risk Orientation
X₉ = Social Behavioural Pattern

As shown in the equation, Number of Loan Case has 0 coefficient value hence being insignificant deleted from the final list of parameters.

CONCLUSION

The study of empowerment and viability/feasibility of an SHG can never be complete without considering the non-quantifiable or qualitative variables and the identification and study of qualitative variables. These variables can help in evaluating the overall feasibility of the SHGs in any study. It is interesting to find as to how SHGs under study have performed during the period of the study when certain performance criteria are considered. It is also more interesting to know why groups occupying the highest or lowest strata. The knowledge of such information can perhaps help in improving the efficiency of SHGs and enable the authority to reach the higher performance of SHGs in future.

Process of ranking of an entity is complex by nature. The possible complications may arise because of the possible difficulties in identifying variables affecting the aggregate performance. It is certainly more difficult to identify qualitative factors affecting the overall performance. The values to be assigned to the quantifiable factors can be determined with reference to the annual financial statements of the entity. However, it may not be possible to get all values in accurate terms for all the qualitative variables.

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INTEREST FREE BANKING (IFB) – THE NEED TOWARDS BUILDING AWARENESS AND ACCEPTABILITY

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ABSTRACT
Interest Free Banking has been accepted the world over except INDIA, not only in countries where Muslims are in absolute majority but in countries where they are in minority. The reason being it has its advantage over conventional banking system, the advantage of doing business without the hassle of ‘interest’ element. Interest is a deterrent whereas ‘sharing profit’ is a logical reasoning. Interest Free Banking is not only for Muslims, it is for one and all, irrespective of any religion. In countries like Indonesia and Malaysia almost forty percent of the customers are non-Muslims. India needs to clean-up the illusions and myths that have become hurdles to accepting a system which the world has acknowledged. There is this need to educate the people of India both Muslims and non-Muslims regarding interest free banking, spread awareness so that acceptability by both the intelligentsia and the masses becomes easy. In the era of globalization where India (a democratic society) wants to join the leagues of super power nations it has to provide the people with all feasible alternatives in various spheres of life. Interest Free Banking is one such step towards financial inclusion of the Muslims and the poverty striven masses.

Keywords: Riba; Shairia; Interest Free Banking

INTRODUCTION
Interest based Mechanism has no place for sympathy, empathy, generosity etc. In fact there is no scope for humanity too. The people are tempted to become money minded and workaholic to money. The one who earns more money (though he may not possess moral values) is considered and declared as winner. In other words the winner is the one who earns huge amount of money. Even ethical rules are converted, calculated and considered in term of money. Money becomes the only parameter for success. One having money but no moral values are considered to be successful and the honest, dedicated, hardworking and sincere poor man are termed to be failure. This is the most dangerous aspect of interest based mechanism.

OBJECTIVE OF THE PAPER
1. Creating awareness among Indians about an alternate banking system; viz-a-viz Interest Free Banking System.
2. Emphasizing against the myth that interest free banking system is only for Muslims, it is for one and all, irrespective of any religion.
3. Introducing Interest Free Banking in India is a step towards financial inclusion of the Muslims and the poverty striven masses.
Riba (Usury) Constitutes War against Allah and His Messenger. War – Allah has declared war on those who consume interest. In Surah al-Baqarah, verses 278-27 of the Quran, He says: “O you who believe! Be afraid of Allah and give up what remains (due to you) from riba (usury) (from now onward), if you are (really) believers. And if you do not do it, then take a notice of war from Allah and His Messenger . . .”. Whether it is one per cent or 50 per cent, Islam forbids taking of interest in all its forms.

Former Nigerian President Obasanjo commented on Nigeria debt, (2000), “All that we had borrowed upto1985 or 1986 was around $5 billion and we have paid about $16 billion yet we are still being told that we owe about $ 28 billion. That $28 billion came about because of the injustice in the foreign creditors’ (lender) interest rate. If you ask me what the worst thing in the world is, I will say it is compound interest.”

Debt kills. Some 11 million children die each year because of poverty and debt.

The Prime Minister Dr. Manmohan Singh an economist himself has categorically stated twice about the understanding and implementation of interest free banking in India. The high level planning commission on 12th September 2008 submitted its report to the prime minister advocating and supporting the concept of interest free banking. Moreover the ex-director of Reserve Bank of India Dr. Raghu Ram Rajan committee has also recommended the implementation of interest free banking system in India.

Then the big question is why India has not made necessary moves to establish interest free banksand what are the chances of its establishment in the near future.

This paper is a small step towards building opinions among academicians and general public to visualize the opportunities that lay in accepting and setting up Interest Free Banking System in India.

The Socio-Economic Evils of Interest Based System

Islam has very strongly condemned and prohibited interest because it gives birth to a large number of socio-economic evils such as:

- The gap between the rich and the poor keeps on widening.
- The interest based system inculcates mindset or mentality of earning money without putting any efforts in real economic terms.
- In this system the human values are not given much importance. The system is very cruel and ruthless. The poor and helpless get very little or no respite and sympathy.
- This system develops an unending race of making or earning money. People do not hesitate to violate the rules and indulge in crime.
- There is little scope for basic human values such as generosity, kindness, tenderness, compassion, favor, help, fraternity, friendship and on the contrary there is ample scope for economic exploitation.
- For being successful and popular higher level of money and income becomes the most important parameter.
- Knowledge, ability, qualification, expertise, honesty, virtue, good character, courage, self-confidence and other such values do not get due weight against the society.
- Some people become slaves to money and through all possible means and efforts try to develop a system to easily fool or exploit others.
- The concept of permissible (halal) and impermissible (haram) disappears.
The interest based lenders often keep searching ways and means to enhance their interest income, may be by charging penalty.

Relatives, friends and neighbors may develop a sense of jealousy against the interest based lenders as they know that the interest income is earned without putting any economic efforts.

All these socio-economic evils can be removed from a society and an ideal socio-economic society can be developed by an interest free financial mechanism.

The Arguments in Favor of Interest

Today, a section of people who are in favor of the concept of interest argue and claim that interest is necessary and must for everyone. Their justification is, the lender by giving his money takes risk as there is no guarantee that the money will come back. So interest is the consideration or compensation for the risk taken.

The lender, by lending his money gives borrower a chance to make profit. So when the borrower can earn income why not lender charge interest and earn money? Capital can make profit by itself. When the borrowers uses lender’s money and makes income, it gives a justification for the lender to charge interest and earn income from his capital.

The Counter-Arguments

Counter argument No.1: Giving a chance of profiteering can be charged when the borrower uses the money in the business. The investment in the business has the possibility of lower or higher rate of profit as well as loss. The borrower who puts his efforts is left with uncertain return and the lender by giving only his money gets a fixed and sure return in the form of interest. This is unjust. The person doing real contribution to the economic growth has the possibility of bearing loss and the lender gets sure return in the name of interest.

Counter-argument No. 2: Capital itself cannot make profit unless labor and entrepreneurship is mixed with it. Even then there is no guarantee of profit. Therefore profiteering cannot be self-feature of capital.

In addition to this, Syed QutubShaheed says that the person who does not put economic efforts, money alone is of no use to him. Money does not create money by itself. It requires labor and entrepreneurship. Earning money without putting efforts is not good.

The SWOT Analysis

The SWOT analysis will give a balance and logical picture on Interest Free Banking. No doubt there are weaknesses, but these are basically because of lack of awareness among both Muslims and non-Muslims. Interest-based financial transactions are unjust, inflationary and led to economic instability. It leads to a vicious kind of debt trap for the poor folk.

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
</tr>
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<tbody>
<tr>
<td>Proved better banking system in recent global financial crisis.</td>
<td>Majority of people believe that this system is for Muslims only</td>
</tr>
<tr>
<td>Based on profit and loss sharing agreements.</td>
<td>Market share is negligible as compared to conventional banking</td>
</tr>
<tr>
<td>Based on the principles of Sharia</td>
<td>Major regulatory and legal framework need to be changed</td>
</tr>
<tr>
<td>People have positive attitude that</td>
<td>There are some conflicts in Sharialaws among different school of thoughts.</td>
</tr>
<tr>
<td>Islamic banks are and based on equity, justice and ethics.</td>
<td>Lack of awareness about Islamic</td>
</tr>
<tr>
<td>More controlled form of banking due to dual monitoring.</td>
<td>Banking system</td>
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### Opportunities
- Biggest Muslim population in the world
- An alternate to the conventional banking
- Chances of innovation and reengineering in financial products are more
- Positive attitude of Indian Muslims and non-Muslims towards Islamic banking.

### Threats
- Opposition by some political groups.
- Stiff competition from conventional banks.
- There is a perception that religion and financial matters are two separate things.

**Source:** Awareness of Islamic Banking in India- an Empirical Study; Mohammad Faisal & Others (http://www.wbiconpro.com/606-Faisal.pdf)

Quoting from the report of the Rural Credit Enquiry Commission appointed in 1930 by the British-India government, he said: "the rural folk were born in debt, lived in debt, died in debt and transferred their debt to their progeny after death."

### Why India needs an Interest Free Banking model?

The concept of IFB originates from the religious principals i.e. Islamic Laws or Shairia, never the less it is a workable model of investment based on risk sharing and caring. This is because IFB is all about encouraging and facilitating investment in real economic activity and societal welfare, while prohibiting investment in reckless businesses such as gaming, alcohol and adult entertainment or risky financial products like derivative contracts of the kind which led to the 2008 sub-prime crisis. Traditionally, Indians practice participatory banking by creating cooperative banks, nonbanking financial institutions and micro credit programmes; the same platform can be used to introduce IFB.

The Planning Commission of India has projected a funding gap of US$ 300 billion – or 30% – in meeting its infrastructure funding requirement until 2017. India can adopt the model adopted by countries like Malaysia, Indonesia, UK, France and Germany, i.e. use Islamic /interest free financial products such as Sukuk (long term bond) to fund infrastructure and other sectors. By introducing IFB in India can attract the Middle East’s high investible surplus. FDI from GCC to India will increase in four folds.

In 2010 India was home to nearly 177 million Muslims. A considerable number of Indian Muslims either invest in non-interest bearing accounts or donate the interest from interest-bearing accounts to charity. There is an opportunity for IFB to attract funds that interest paying conventional banks cannot.

According to 2005 estimate Rs 5,000 crore are lying idle in nationalized banks without earning any interest on it as it has been deposited by the community members, who control assets worth US $1.5 trillion in the country and it is growing at 15-20 per cent. The money is lying idle, which if invested in profit-sharing basis and utilized judiciously, can have a major impact on the Indian economy. There is a feeling growing among the Muslims to explore "vehicles of financial instruments which can facilitate interest-free financial products, including loans, for the community's benefits". At present large number of Indian Muslims are deprived of investing their savings in an organized sector and availing the financial resources for their own economic benefit.

### Making a Start: Suggestions

We need to make a start somewhere, sooner the better. Few broad areas that need immediate attention are:

**Political Will:** Political will is the catalyst that will start the ball rolling. Towards this goal all political parties in India need to endorse the acceptance of introducing IFB in India without the tag of
“appeasement of the Muslims”. The benefit though on the face of it seems to be for the Muslims, but in reality it will be benefit to all Indians at large and the Indian economy in general.

Public Awareness: It is necessary to educate the public about IFB to build acceptability among the masses. There is a need to dispel the myths and misconceptions spread among the people. The government, the RBI, various NGO’s and individuals can spearhead the agenda to accelerate the process.

Pilot Step: To initiate with, RBI can introduce a window in the existing banking system giving an option to customers to bank under interest free system. As a first step forward it can introduce some financial instruments as a pilot step to avoid the situation where an amendment is required in the Banking Regulations Act.

Perceive Training: For successful implementation and operation of IFB there will be a need of host of trained professionals who will be able to operate the system as per rules. At present there is a vacuum which needs to be filled-up. Training institutes will be needed to be set-up for the same, with the best in the field of banking heading it.

CONCLUSION

A system which will allow 13.4 percent of the Muslim population of India to participate in the mainstream of financial inclusion and at the same time provide succour to the large poverty striven masses from the clutches of interest is worth giving a try.

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MANAGING NON-PERFORMING ASSETS OF BANKS

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ABSTRACT
The concept of Non-Performing and Performing Assets has founded at the juncture under the new regulatory norms. Several policy measures have been required to contain the menace of NPA’s which are a drain on profitability, having negative impact on capital adequacy and affecting the sources and image of the bank. NPA’s in the banking system are identified on certain determining factors and are required to be tackled on a war footing to mitigate their evil effects. The vulnerability of NPA’s call upon the bank managements to appreciate their implications in India as well as global context and put in place, an effective policy of NPA Management. To meet this, it would be essential for any bank to catch up with the latest developments by ensuring proper appraisal, analysis and follow up of Credit. The Market expects the bank to take speedy credit decisions. Banks are also required to meet the expectations of Stakeholders who want maximum returns. The best way to deal with this challenge is to acquire adequate knowledge and expertise in managing Banks’s credit portfolio and particularly the NPA’s.

Keywords: Non-Performing Assets; Legal System; Preventive Measures; Recovery

INTRODUCTION
Immediately after Nationalisation Public Sector Banks (PSB’s) focused on three Main Objectives namely Branch Expansion, Deposit Mobilisation and Loan Maximization especially to the priority sector and other areas that were deemed important. These objectives were largely achieved even though it caused cross subsidized administered interest rates and loan approvals without adequate regard for security and collaterals. Monitoring of the loans took a back seat in the era of Mass Banking. Indian Banks have not only been perceived as the vehicles of social change but have also played a pivotal role in stepping up credit for agricultural and rural development. Banks have also been shouldering the responsibility of social banking for a variety of poverty alleviation or self-employment programmes. This has to be kept in view while analyzing the level of NPA’s in banks.

In the process, large scale inefficiencies have crept in the system. The public sector banks backed by the government guarantee, have deviated from the basic principle of banking, absence of accountability, political interference in credit decision making and lack of prudence and transparency in operations and accounting have made these banks disorganized. Indiscriminate lending, absence of post sanction monitoring, corruption, tax recovery procedures and weak or lender biased legislations have deteriorated the quality of loan portfolio over the years.

Available online on www.saiompublishations.com
An Asset becomes Non Performing when it ceases to generate income for the bank and becomes nonproductive. Earlier an asset was considered as NPA’s based on the concept of “Past Due”. However after 2001, the concept of past due has been changed. Now from that date a Non Performing Asset is an Advance where:-

1. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of term loans.
2. The account remains “out of order” for a period of more than 90 days in respect of any type of working capital.
3. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.
4. Interest and / or installment of principal remain overdue for two harvest seasons but for a period not exceeding two and half years in case of agricultural advances specified to be for that purpose. For non-specified agricultural advances the identification of NPA is to be done on the same basis as non-agricultural advances.
5. Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

Classification of Assets:

As per RBI guidelines banks classify their assets into the following four categories:

2. Sub-Standard Assets.
3. Doubtful Assets.
4. Loss Assets.

1. Standard Assets: Standard Asset is one which does not carry more than normal risk attached to the business. Such an asset should not be a NPA or it can also be said that Standard Assets are assets which are regular in paying interest / installment and its operations are normal.

2. Sub-Standard Assets:

a. Substandard asset is one which has remained as NPA for a period less than or equal to 12 months.
b. In case of Sub-Standard Asset, the current net worth of the borrowers / guarantors or the current market value of the security charged is not enough to ensure recovery of the dues to the bank in full. As such these assets bear a credit weakness than can jeopardize the liquidation of the debt. In such cases, there is clear possibility that banks will sustain a loss if the deficiencies are not corrected in time.
c. In case of loans where the terms of loan arrangement regarding interest and principle have been re-negotiated or re-scheduled after commencement of production such loan accounts are required to be classified as sub-standard and should remain in such category for at least 12 months of satisfactory performance under re-negotiated terms. Thus, classification of advance should not be immediately upgraded merely as a result of rescheduling.

3. Doubtful Assets: With effect from 2005, an asset is required to be classified as doubtful, if it has remained NPA for more than 12 months. For Tier-1 banks, the 12 months period of classification of sub-standard assets in doubtful category is effective from April 2009. A loan classified as doubtful has all the weaknesses inherent as that classified as sub-standard, with the added characteristics that the weaknesses make collection or liquidation in full on the basis of currently known facts, conditions and values, highly questionable and improbable.
4. Loss Assets: A loss asset is one where loss has been identified by the bank or internal or external auditors or by RBI inspection but the amount has not to be written off, wholly or partly. In other words such an asset is considered un-collectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

OBJECTIVES

1. To study the important reasons of NPA’s and know the measures for the Management of Non-Performing Assets.

2. To study how Public Sector Banks are responsible for High NPA's and see that how to make them more profitable.

3. To study how to acquire adequate knowledge and expertise in managing banks credit portfolio especially the NPA's

Important Reasons of NPA’s

Some of the reasons for emergence of the NPA typical to Indian Banks include faulty institutional environment reflected in its economic, political, legal and social environment. Other reasons include use of bank as an instrument of public policy, incompatibility of banks interest with certain policy instruments as well as change in the economic system.

1. Defaulter friendly legal system: The legal system of our does not favour early recovery of dues. According to the report, the Indian Legal system is supposed to be sympathetic towards borrowers to the extent of working against banks interest, specifically their tendency to write off small advances if their recovery was not possible. Accordingly, banks also believe that writing off such loans would help them clean up the Balance-Sheet and bring about greater transparency.

2. Use of Banks as an instrument of Public Policy: Lending under schemes like Loan Melas, sectors like mini steel, mini paper, sugar and cotton spinning cooperatives are examples of the use of PSB’s as an instrument of public policy which has contributed to the accumulation of NPA’s.

3. Use of certain Policy Instruments - Cutting across Interest of Banks: Lack of decisiveness with regard to getting rid of bad loans through, one time settlement due to fear of investigating agencies like CBI have gradually worsened the NPA situation of banks. The process of revival of sick industries has over a period of time resulted in the corporate houses resorting to blackmailing the lenders with the threat of seeking protection under the Sick Industrial Companies (Special Provisions) Act, which has become a safe haven for companies that want to put off a flexible solution like closure and prefer to survive on public money.

4. Intentional Misuse of Settlement Policy of RBI: A policy of settlement of loans with the borrowers initiated by the RBI involves an element of concession granted to the defaulters. This resulted in even the smaller and less influential borrowers refusing to pay off their loan and the tendency to misuse the settlement policy of RBI has increased over the years.

5. Euphoria generated with liberalization: Huge investments with great market prospect, which were initiated to realize the dream of globalization were not successful. Large Corporate houses delayed their repayments, thereby contributing indirectly to NPA of SSI.

6. Economic Slowdown: General Economic Slump and sometimes doldrums in specific sectors makes pre-determined amount of repayments an up bill task.

7. Absence of Structured Monitoring Mechanisms: Ineffective, Inadequate and Incompetent supervision owing to shortage of qualified manpower as well as absence of structured monitoring mechanisms. Subsequently the concept of centralized as well as specialized loan advancing hub came into being leading to marginal improvement.
8. Lack of Entrepreneurship: Lack of Entrepreneurship and knowledge on the part of the borrowers about proper use of funds coupled with absence of proper guidance by the lending institution.

9. Improper Discharge of Responsibilities: Occasional connivance between the borrower and loan granting authority further supplemented by improper discharge of responsibilities by lawyer in respect of security of title of properties, values in respect of proper valuation of the mortgaged assets and even auditors by being very casual and mechanical in their approach.

10. Delay in Disbursements: Delay in Disbursements of loan of various phases in project implementation throwing the same off track, thereby increasing project implementation cost.

11. Casual Monitoring: Comfort of some of the lending authorities in collateral securities which does not enthuse them to have proper monitoring of the end use of the loan.

12. Lack of Proper Payment Culture: Lack of proper payment culture mainly in priority sector advances where there are numerous instances of loan waiver by the political establishment of the day. The borrowers expect their loan to be waived off and the bank also do not feel the necessity to follow a particular segment of advances vigorously with the hope that one day or other they would have the advances reimbursed by the government.

13. Improper Networking: Lack of improper networking among the banks where one particular bank is not aware of the default history of a particular borrower with other banks.

14. Wilful default in payments: Willful default in payment of loan taking advantage of ineffective relevant legislation and slow pace of legislation process. However with the introduction of SARFAESI (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest) Act 2002 which empowers the banks and financial institutions to auction the mortgaged assets to recover their NPA without the intervention of courts, the scenario has become a little better.

15. RBI officials are quite right in flagging the risks to public sector banks from monitoring bad loans. Gross NPA’s of the banks have doubled as a percentage of their advances over the last 3 years. At over 4%, this no is twice that of private banks. Worse PSB’s don’t fully reflect the real magnitude of the problem. Restructured Assets make up another 8% of PSB portfolios. With banks making adequate provisions against these, the loan write offs, if they eventually turn bad, will make a significant dent on profits, draining them of precious capital.

16. A big worry is the ease with which large corporate houses / borrowers accounting for 90% of restructured loans are able to negotiate more lenient terms or haircuts from PSB’s. Many of them blithely pass on the consequences of over borrowing or bad business decisions to banks – what economic theory refers to as the moral hazard problem. This could also lead to even good borrowers to seek a restructuring citing the slowdown as an alibi. Concentration of loans to a few corporate groups suggests poor risk management. Example is of a reputed Private Airlines in India which shows that PSB’s often take a soft approach, instead of identifying risks at early stage, filing recovery proceedings and quickly reprocessing assets, they delay the denouncement as assets rapidly lose value.

Are Public Sector Banks Responsible for Higher NPA’s?

Much has been said about the deteriorating bad loan situation for public sector banks (PSB’s) in recent time. Many now seem to sympathise with them, citing their compulsions on lending to core sectors such as infrastructures. But higher exposure to industrial loans is not the sole reason for the PSB’s bad loan problems. Inefficient credit appraisal systems have played a big role too. It may be easy to attribute soaring bad loans of PSB’s to the weakening economy, but if the economy was the reason, how would private banks alone were able to bring down these NPA’s sharply during this period?

If infrastructure loans are the current pair of PSB’s some private banks ran similar risks from their huge unsecured retail loans during the financial crises. But they took tough calls to write off such loans and contain risks by tightening their appraisal system.
PSB’s in contrast do not seem to have taken much action to step away from stressed sectors when there problems escalated. After the financial crises in 2008 the loan growth for private banks slowed down considerably to 8-9% as they took a cautious stance on new lending, but credit by PSB’s forged ahead a 20-25% through 2009-2010.

For instance, even though data shows infrastructure projects stalling and new projects declining from the beginning of 2010, PSB lending to the infrastructure sector continued to grow at a scoring pace of 44% in 2010-2011 and 25% in 2011-2012.

Restructuring assets for PSB’s are now twice the size of NPA’s --- a sign that banks have been kicking the can down the road, rather than facing up the problem. If extending a lifeline to business is the line of arguments, then why not extend similar generosity to small businesses? But over 90% of restructured loans belong to large corporates. Numbers suggest that public sector banks stressed are nearly 100% of their net worth and less than a third of these bad loans are provided for. It is not just PSB finances that will be at stake if the banks do not contain slippages in assets. Minority shareholders will be short changed too, as new capital comes in at much discounted prices. Instead of banking on a revival in the economy to rescue them, PSB’s need to set their houses in order.

**Measures for the Management of Non-Performing Assets**

The measures can be divided into 2 types:

1. **Preventive**
2. **Curative**

**Preventive Measures:**

1. Verification of Advances: Before sanctioning of loan, bank has to undertake Credit Appraisal. It includes assessing credit worthiness of borrower, viability of the project / business for which the loan is proposed to be sanctioned, review of project report, future projections, mode of recovery of loan amount proposed, value & quality securities offered etc....The bank authorities and also the auditors should undertake verification of process related to credit appraisal in case of selected borrower accounts. Apart from the above process of Credit Appraisal various other documents should also be verified such as:

   - Application in the prescribed form along with necessary supporting documents.
   - KYC compliance as per RBI guidelines.
   - Partnership deed / Memorandum & Articles of Association / Contribution Related.
   - Past 3 years financial data. 1. Balance-sheet 2.IT returns of borrowers /partners /directors /Guarantors.
   - Availability of relevant statutory documents like industrial license, registration with pollution control board, Sales Tax Authorities etc...,
   - Analysis of important financial ratios.
   - Details of Associate / Sister Concerns.
   - Copy of necessary resolutions in case of company.
   - SSI registration / NOC from pollution control board, electrical connections, Sales Tax Registrations , Shop and Establishment certification etc...,
   - Confidential Credit Report of the borrowers / Guarantors from other banks / Institutions.
- CIBIL report of the borrowers and borrowers and guarantors to ensure that the prospective borrower has not defaulted in the past.
- Valuation report in case of securities.
- To verify whether the sanction of loan / facility is within the delegated power of the sanctioning authority.
- Whether processing parameters are critically analyzed for eg. Utilisation of installed capacity, financial projections, inventory, debtors, and creditors etc.,
- Whether the means required by the promoters are backed by the financial papers of the borrower.

2. Documentation: All documents of loan, as per the requirements of sanction letter and as per the banks approved loan policy must be executed (such as DP Note, Loan Agreement, Letter of Guarantee, Hypothecation Agreement etc..) The bank officials including the Auditors have to verify that,
- Loan documents are completely filled with appropriate details and duly signed by borrower and bank officials.
- Loan documents are properly executed and approved by the legal department.
- Fresh loan documents are obtained on change in limit, change in the contribution of the borrower.
- Original agreement, share certificate, title deeds, title clearance, certificate valuation report are held on record.
- Change on securities offered have been registered with ROC.
- Lien marking in case of loan against fixed deposit.
- In case of Negative Lien is marked in case of a property then NOC of housing society should be on record.
- In case of consortium advance original documents are kept with the lead bank. The member bank must have copy of these documents.

3. Granting loans and Advances to Relatives of Directors: Without prior approval of the board, no loans and advances should be granted to relatives of the Banks Chairman / Managing Director or Directors.

Unless sanctioned by the board of directors / Management Committee, bank should not grant loans and advances aggregating 25 lakh and above to:
- Directors of other banks.
- Any firm in which any of the directors of other banks is interested as a partner or guarantor.
- Any company in which any of the directors of other banks holds substantial interest or is interested as a director or guarantor.

4. Loans and Advances to officers of the bank: No officer or any committee comprising, inter-alia an officer as member, shall while exercising powers of sanction of any credit facility, sanction any credit facility to his / her relative such a facility shall ordinarily be sanctioned only by the next higher authority. Credit facilities sanctioned to senior officers of the financing bank should be reported to the board.

5. Loans and Advances and awards of contracts to relatives of senior officers of the bank: Proposals for credit facilities to the relatives of the senior officers of the bank sanctioned by the appropriate
authority should be reported to the board. Further, when a credit facility is sanctioned by an authority, other than the board to

1. Any firm in which any of the relatives of any senior officer of the financing bank holds substantial interest, or is interested as a partner or guarantor.

2. Any company in which any of the relatives of any senior officer of the financing bank holds substantial interest or is interested as a director or guarantor.

Such Transactions should be reported to the Board.

5. Restrictions on Grant of Financial Assistance to Industries Producing / Consuming Ozone Depleting Substances (ODS): Government of India has advised that as per the Montreal Protocol to which India is the party, Ozone Depleting Substances (ODS) are required to be phased out as per the schedule prescribed therein. Projects for phasing out ODS in India are eligible for grants from the Multilateral Fund.

Restrictions on Advances against Sensitive commodities under Selective Credit Control (SCC) such as food grains (cereals and pulses), selected major oil seeds grown (groundnut, mustard, cottonseed, vanaspati, imported oil), raw cotton and kapas, sugar, cotton textile including cotton yarn, manmade fibre and yarn.

6. Restrictions on offering any incentive on any banking products: Banks should not offer any banking products, including online remittance schemes with prizes / lottery / free trips (India / Abroad) or any other incentives having an element of chance, except inexpensive gifts costing not more than Rs 250/- as such products involve non-transparency in the pricing mechanism and therefore go against the spirit of the guidelines. Such products, if offered by banks would be considered as violation of the guidelines and the banks concerned would be liable for penal action.

7. Constant Training and Updation of the knowledge base of the staff specialized in advance processing and monitoring need to be organized.

8. Close monitoring of the SMA (special mention account) list which represents potential NPA’s

9. Proactive Internal Inspection System: The bank need to examine following aspects for evaluation of external control.1.Existence of clearly laid down delegation of authority.2. Existence of clearly laid down eligibility criteria of loans.3. Existence of systems of communicating the terms of sanction to the borrower.4. Adequate control on charging of interest in CBS environment.5. Existence of system of execution of documents before disbursement.

Curative Measures

1. SARFAESI ACT most effective tool to recover Bad Loans: - Securitization and Reconstruction of Financial Act (Sarfaesi Act) is the most potent tool in the hands of banks for recovering bad loans. The Act empowers banks and financial institutions to recover their NPA’s without the intervention of courts.


2. Debt Recovery Tribunals and Asset Reconstruction Companies: - The RBI said there is a need to improve the effectiveness of the recovery system. It flagged the urgent needs to accelerate the working of DEBT Recovery tribunals and Asset Reconstruction Companies. Recovery should be focused on efficiency and fairness-preserving the value of underlying assets and jobs where possible, even while redeploying unviable assets to new users and compensating employees fairly.

3. To counsel the borrower, understanding the nature of default ---whether willful or not and initiate processes for either compromise settlement or one time settlement if found to be best alternative under the circumstances.
4. As far as possible to make an arrangement for restructuring the debt of viable units.

**Important Annexures Useful for our study**

**Annexure A:**

Recovery through various channels:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount Involved</th>
<th>Amount Recovered</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lok Adalats</td>
<td>6600</td>
<td>400</td>
<td>6.1</td>
</tr>
<tr>
<td>DRT’s</td>
<td>31000</td>
<td>4400</td>
<td>14.0</td>
</tr>
<tr>
<td>Sarfaesi Act</td>
<td>68100</td>
<td>18500</td>
<td>27.1</td>
</tr>
</tbody>
</table>

**Source:** Report on Trend and Progress Banking in India 2012-2013.

**Annexure B:**

Credit Growth and Gross NPA’s:

GNPA: Gross National Performing Assets.

NPB’s: New Private Banks.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Credit Growth</th>
<th>GNPA’s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PSB’s</td>
<td>NPB’s</td>
</tr>
<tr>
<td>2004</td>
<td>15.4</td>
<td>26.9</td>
</tr>
<tr>
<td>2005</td>
<td>34.9</td>
<td>33.0</td>
</tr>
<tr>
<td>2006</td>
<td>29.5</td>
<td>50.2</td>
</tr>
<tr>
<td>2007</td>
<td>30.2</td>
<td>39.9</td>
</tr>
<tr>
<td>2008</td>
<td>24.8</td>
<td>26.4</td>
</tr>
<tr>
<td>2009</td>
<td>25.7</td>
<td>9.9</td>
</tr>
<tr>
<td>2010</td>
<td>19.6</td>
<td>7.1</td>
</tr>
<tr>
<td>2011</td>
<td>22.3</td>
<td>28.1</td>
</tr>
<tr>
<td>2012</td>
<td>17.4</td>
<td>20.1</td>
</tr>
</tbody>
</table>

**CONCLUSION**

The old proverb Prevention is better than cure completely fits here. The banks should try their level best and see to it that the advances does not gets converted to NPA’s. When an advance becomes NPA it is basically a legal process to recover and in the process the project in all likelihood faces inevitable death. In cases where the borrower in not a willful defaulter, it is the banks duty to guide the borrower and support them to make it viable again through restructuring or whatever processes they can apply.

Overall the banks are expected to be propeller of growth in the overall progress of the economy and not become a mere collection agency for bad loans.

**REFERENCES**


MOBILE BANKING IN INDIA: ISSUES AND CHALLENGES

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ABSTRACT
Unlike traditional form of banking, mobile banking has emerged as more convenient and user friendly form of banking. Technology plays an important role in banking sector. Mobile phone is the common technology that becomes part of every individual in this information era. As India is the second largest telecom market in the world and have high potential for expanding banking services using mobile. Mobile banking focuses on customer requirement of anytime, anywhere banking concept into reality. Yet there are number of issues and threats in mobile banking system and the major problem is the non-adoption by the customers. For the research both primary and secondary data were used. The data was collected from 150 respondents from Delhi city in the month of November and December 2013. Around 61.33% respondents opinioned that this system is less costly and time saving and 58.67% respondents would like to try this service. In this paper, we will share what is mobile banking (m-banking), RBI guidelines for mobile banking in India, advantages of adopting this new technology both for the banking sector as well as the consumer and issues which needs to be addressed relating to this new form of banking. The paper also looks at various factors which explain why consumers are not using mobile banking and other technologies in banking. It would also try to suggest why people are not currently using mobile banking and try to suggest how to overcome this problem and increase the acceptance levels.

Keywords: Mobile Banking; Mobile Commerce; Mobile Payments; Mobile Banking Services

INTRODUCTION
The number of mobile phone users worldwide reached the seven billion mark in 2013 (the mobile economy 2013). By the end of 2013 there will be more mobile devices on earth than people.

One of the recent innovation in the field of communication is mobile banking, where a customer interacts with a bank via mobile phone. In India there are 867.80 million mobile phone subscribers of those 21.61 million people use internet on these devices. (TRAI 2013). Mobile devices may include mobile phones, PDAs, wireless tablets and any other device that connect to mobile telecommunication network and make it possible for payments to be made. Mobile payments can become a complement to cash, cheques, credit cards and debit cards. It can also be used for payment of bills (especially utilities and insurance premiums) with access to account-based payment instruments such as electronic funds transfer, Internet banking payments, direct debit and electronic bill presentment. The main advantage of Mobile Banking is that the people in remote area can also access the banking services at ease.

Mobile banking services in India are still in their infancy, leaving a great deal of room for development. The banks in India use this latest technology to reduce their operational costs and increase customer base (Peterson, 2009). After the launch of mobile banking in India, mobile banking transactions have seen some growth. But mobile banking still has a long way to go as majority of customers prefer banking in the traditional ways (Ashta, 2010; Wang, Wang, Lin & Tang, 2003). An important question here is why customers are not adopting mobile banking. Answer to this question
could help banks to come up with a right solution to improve their mobile banking services and Mobile banking usage rate.

With the expansion of technology, all aspects of our life has changed, banking sector is no exception. Using mobile technology, Banks have changed from paper-based banking solutions provider to the latest of the technologies like online-banking, mobile-banking, etc. At present banks offers a wide range of services to their customers such as doing fund transfers, purchasing stocks, access to account information etc.

OBJECTIVES OF THE STUDY
1. To identify prospects of mobile banking in India.
2. To detect problems of mobile banking.
3. To make suggestions on the basis of these findings.
4. To study the advantages and disadvantages of mobile banking.

REVIEW OF LITERATURE
Barnes and Corbett [4]; Scornavacca and Barnes (2004) concluded that mobile banking is a result of recent innovations in telecommunication that launched new methods for banking services. Rugimbana (1995) found that there is vast potential for mobile banking because of its anywhere and anytime accessibility. Clark (2008) suggests that as a Channel the mobile phone gives consumers more low-cost self-service options to access funds, banking information and make payments. It also delivers convenience, immediacy and choice to consumers.

Consumers are attracted to these technologies because of convenience, increasing ease of use, and in some instances cost savings (Anguelov et al., 2004). Vyas (2009) studied that Banks will target non-online banking users who likely to own a mobile device but may lack regular access to desktop Internet. He found that there are a large number of different mobile phone devices available in the market and it is a big challenge for banks to offer mobile banking solutions on every such device. Some of these devices support J2ME and others support WAP browser or only SMS; pre-setting a serious challenge. Another major issue is the revenue sharing agreements between mobile service providers, banks, content providers, aggregators and other service providers like utilities, travel agencies, hotel industry, retailers etc. Bamoriya and Singh (2011) found that the mobile banking face challenges like mobile handset compatibility, standardizing, software downloading, privacy & security.

From Indian perspective Sharma and Singh (2009) found that Indian mobile banking users are specially concerned about security issues like financial frauds, account misuse and user friendliness. Comninos et al. (2008) suggested that consumers will transact electronically if there is convenience and security in mobile banking.

METHODOLOGY
The study was conducted to identify the problems and prospects of mobile banking and to make suggestions on the basis of findings of the study. The methodological approach in this study is exploratory and descriptive in nature. This study was based on field level data. All bank customers of Delhi city were considered as population of research interest. The total sample size was fixed as 150 customers. Necessary data were collected from different ages of people and analysed in terms of the objectives set for the study. The data for this study were collected by the survey method. Survey is a research technique in which information is gathered from a sample of people by use of a questionnaire or interview. Both primary and secondary sources were used for the study. Secondary data were used for providing the theoretical background to the research problem. Secondary sources include journal, books, internet etc. Primary data were collected by the researcher himself through personal interviews with the respondents.
Table 1. Profile of Respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>90</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;20</td>
<td>5</td>
<td>3.33</td>
</tr>
<tr>
<td>20-29</td>
<td>70</td>
<td>46.67</td>
</tr>
<tr>
<td>30-39</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>40-49</td>
<td>26</td>
<td>17.33</td>
</tr>
<tr>
<td>&gt;50</td>
<td>10</td>
<td>6.67</td>
</tr>
<tr>
<td>Income (Monthly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;Rs 5000</td>
<td>35</td>
<td>23.33</td>
</tr>
<tr>
<td>5000-10000 Rs</td>
<td>65</td>
<td>43.33</td>
</tr>
<tr>
<td>&gt;15000 Rs</td>
<td>50</td>
<td>33.34</td>
</tr>
</tbody>
</table>

Mobile Banking

Mobile banking started in 1998 in Finland where a mobile phone is used for coke cola and for car parking fee. A new service (mobile data service) is thus enabled With the combination of two most recent technological advancements – internet and mobile phone, and the first such wireless internet commercial transaction is performed by the banking industry (Barnes and Corbitt, 2003). In Finland payments and account management products over mobile GSM phones as SMS service have been available over one decade, exactly since 1992.

Mobile banking allows you to bank anytime anywhere through your mobile phone. You can access your banking information and make transactions on your Savings Account, Demat Accounts, Loan Accounts and Credit Cards at absolutely no cost. With the new M-Shop facility on Mobile, you will now be able to recharge your mobile phone and book movie tickets.

In their simplest form, customers receive information on their account balances via SMS. The new WAP- and Java-enabled mobile phones using GPRS support fund transfers between accounts, stock trading, and confirmation of direct payments via the phone’s micro browser.

With the continuous innovation in the field of mobile phones, now Smartphone consumers want to do much more mobile banking than most of today’s smartphone apps permit. According to an international survey by FICO, over one billion consumers worldwide have smartphones in their pockets, so it stands to reason that many of them would want to conduct their banking using those devices. The survey also found that men were more interested in smartphone banking services than women by an average of three to four percentage points across all age groups.

Rapid increase in the use of mobile phones has created new opportunities for banks to use this mode of communication for banking transactions. Mobile banking helps in financial inclusion as it’s difficult to set up branches in rural and remote areas.

Developments in Mobile Technology

Motorola was the first company that introduced mobile in 1973 which weights in kgs comparing with cheap and low weight mobiles of 2014.

1st Generation (1G): The first analog cellular system widely deployed in North America was the Advanced Mobile Phone System (AMPS).

2nd Generation (2G): Second generation mobile communication replaced the analog signal with digital signal.

3rd Generation (3G): The mobile phone became essential communication system for millions of users worldwide.
4th Generation (4G): The fourth generation technology introduced in the year 2009 with the technology advancement like WiMAX & Long Term Evolution (LTE) technologies.

**Indian Telecom Sector**

India is the second largest telecom market in the world. At the end of financial year April 2013, the Subscriber base was 898.02 million. In India 85 banks were permitted to provide mobile banking services as per RBI guidelines (RBI 28, FEB, 2014). According to Reserve bank of India (RBI) data, a total of 7.7 million mobile transactions took place in October 2013, the total amount transacted also registered a significant 24.86% growth on a monthly basis to Rs 1,954 crore, up from Rs 1,565 crore reported in September 2013. In November 2013, The Telecom Regulatory Authority of India (TRAI) had set a ceiling tariff of Rs 1.50 for each outgoing USSD-based mobile banking session and had asked telecom service providers to collect the charges from their subscribers for providing this service.

**Table 2. Telecom Subscribers in India**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Wireless</th>
<th>Wire line</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Subscribers</strong> (Millions)</td>
<td>867.80</td>
<td>30.21</td>
<td>898.02</td>
</tr>
<tr>
<td>Total Net Monthly Addition (Millions)</td>
<td>6.15</td>
<td>-0.15</td>
<td>6</td>
</tr>
<tr>
<td>Monthly Growth (%)</td>
<td>0.71</td>
<td>-0.49</td>
<td>0.67</td>
</tr>
<tr>
<td><strong>Urban Subscribers</strong> (Millions)</td>
<td>525.30</td>
<td>23.5</td>
<td>548.80</td>
</tr>
<tr>
<td>Urban Subscribers Net Monthly Addition (Millions)</td>
<td>4.02</td>
<td>-0.08</td>
<td>3.94</td>
</tr>
<tr>
<td>Monthly Growth (%)</td>
<td>0.77</td>
<td>-0.32</td>
<td>0.72</td>
</tr>
<tr>
<td><strong>Rural Subscribers</strong> (Millions)</td>
<td>342.50</td>
<td>6.71</td>
<td>349.22</td>
</tr>
<tr>
<td>Rural Subscribers Net Monthly Addition (Millions)</td>
<td>2.13</td>
<td>-0.07</td>
<td>2.06</td>
</tr>
<tr>
<td>Monthly Growth (%)</td>
<td>0.63</td>
<td>-1.07</td>
<td>0.59</td>
</tr>
</tbody>
</table>

**Data source:** TRAI annual Report 2012-2013

![Graph of Internet Subscribers in India](image)

**Figure 1. Internet Subscribers In India (In Millions)**

**RBI and Mobile banking**

The reserve bank of India from time to time issued several guidelines on mobile banking. As per the master circular updated on June 30 2013, some of the guidelines for banks and other stakeholders are:

1. Banks which are licensed, supervised and having physical presence in India, are permitted to offer mobile banking services.
2. The services shall be restricted only to customers of banks and/or holders of debit/credit cards.
3. Use of mobile banking services for cross border inward and outward transfers is strictly prohibited.
4. The guidelines issued by Reserve Bank on “Know Your Customer (KYC)”, “Anti Money Laundering (AML)” and “Combating the Financing of Terrorism (CFT)” from time to time would be applicable to mobile based banking services also.

5. Banks shall put in place a system of document based registration with mandatory physical presence of their customers, before commencing mobile banking service.

6. Technology used for mobile banking must be secure and should ensure confidentiality, integrity, authenticity and non-reputability.

7. The customer / consumer protection issues assume a special significance in view of the fact that the delivery of banking services through mobile phones is relatively new.

8. Banks wishing to provide mobile banking services shall seek prior one time approval from Reserve Bank of India by furnishing full details of the proposal.

**Mobile Banking Services**

Mobile Banking Service over Application/ Wireless Application Protocol (WAP)

1. Fund transfers (within and outside the bank)
2. Immediate Payment Services (IMPS)
3. Enquiry services (Balance enquiry/ Mini statement)
4. Demat Account Services
5. Requests (Cheque book request/Generate OTP
7. Top up / Recharge (Mobile /DTH /MobiCash wallet Top up.
8. M Commerce (Merchant payments, SBI life insurance premium)

Mobile Banking Service over SMS:

1. Enquiry Services (Balance Enquiry/Mini Statement)
2. Prepaid Mobile / MobiCash wallet Top up
3. DTH Recharge
4. IMPS Fund transfer – (Mobile number & MMID and Account Number & IFS Code)
5. Change MPIN.
6. IMPS Merchant payments

**Advantages of Mobile Banking**

Mobile banking offers various advantages to banks as well as customers

**Benefits for the banks**

1. Reduces transaction cost: Mobile banking enables banks to reduce cost of courier, communication, paper works, etc. It reduces costs in setting up a branch and the resources to process transactions.
2. Helps in improving services: as there is a direct contact between customers and banks, banks can improve their services on the basis of customers feedback.
3. Increases customer loyalty: using M-banking customers need not to go in banks branches for fund transfer or for information, which creates a good relationship between banks and customers which helps in increasing loyalty towards the banks.
4. Broader customer base: with mobile banking banks can reach a broader customer base beyond their geographical base and area of operations.

Benefits for the customers

1. 24x7 hour banking: through mobile banking, customers has online access to their bank accounts. Challenges related to mobile Banking. Customers has no longer to wait in banks lines of wait for opening branches

2. Anytime anywhere banking: unlike traditional banking, consumers can perform banking transactions at anyplace.

3. Safe and secure transaction: mobile banking reduces the risk of fraud. An SMS is send by bank whenever customer withdraws money from his/her bank account. It has secured pin code which is known by the user, and also has a check digit without it no one can deposit money.

ANALYSIS

Based on the information received from the respondents, we know the main issues and problems faced by customers who use mobile banking services. From this study, we also tried to find out what can be done in this field so that more and more people will attract to mobile banking.

Among the 150 existing bank customers. 53.33% were conventional phone users and 46.67% were smart phone users. 82.67% were aware about the mobile banking facilities being provided by the bank and only 24 % admit that they use mobile banking services. Most users (61.33%) agree that Mobile Banking is better than traditional banking and saves time .It may be said that current Mobile Banking users are overall satisfied with the service which shows an opportunity to increase the customer base in future. In Table 3, there are some issues that are addressed with the help of this study.

Table 3. Bank Customer Perspective about Mobile Banking

<table>
<thead>
<tr>
<th></th>
<th>Disagree</th>
<th>Slightly Disagree</th>
<th>Neutral</th>
<th>Slightly Agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile handset capability to use</td>
<td>75</td>
<td>15</td>
<td>15</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>mobile banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile banking is hard to use</td>
<td>60</td>
<td>20</td>
<td>28</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Comfortable without Mobile banking</td>
<td>20</td>
<td>21</td>
<td>24</td>
<td>15</td>
<td>70</td>
</tr>
<tr>
<td>Mobile banking not available</td>
<td>81</td>
<td>27</td>
<td>14</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Security issues</td>
<td>27</td>
<td>18</td>
<td>45</td>
<td>37</td>
<td>23</td>
</tr>
<tr>
<td>Efficiency improved through mobile</td>
<td>8</td>
<td>18</td>
<td>41</td>
<td>35</td>
<td>48</td>
</tr>
<tr>
<td>banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definitely try the service</td>
<td>13</td>
<td>11</td>
<td>38</td>
<td>33</td>
<td>55</td>
</tr>
</tbody>
</table>

Number of respondents 150

From the above analysis and during the interview its observed that technical problems is increasing with the increasing number of mobile banking customers problems include password related, transactions related, etc. More problems will arise when more customers adopt mobile banking services. One way to solve all these problems is to obtain proper feedback of customers. Security issue is the main concern of large number of respondents, it’s strongly argued that banks should first of all solve this issue so that customers who still afraid to use mobile banking will prefer in near future.

Challenges Related To Mobile Marketing

There are some issues and challenges that need to be addressed, which includes technical, regulatory and legal issues. Some non-users still consider it a complicated task due to lack of proper guidance. It’s up to the banks how effectively and efficiently they change the notion of people towards mobile
banking. Rapidly changing technology in Mobile technology like 2G, 3G, and 4G has become major challenges for banks.

The major concern among customers was privacy and security. Banks are advised to educate customers on this issue to raise their awareness. Especially for the customers who feels that there are chances in case of mobile handset theft. It is strongly believed that familiarizing customers with how to use the service and ensuring the security of Mobile banking will definitely increase the rate of using Mobile banking services. Though users in rural India are increasing at a very high speed but mobile banking has not made inroads in rural India.

CONCLUSION

From the above results it’s clear that there is vast opportunities in mobile banking area. At present only 23.80% of consumers are using mobile banking. Rest of 76.20% are still unaware of Mobile banking and uncomfortable with mobile banking facilities.

With the introduction of smart phones, there is a huge increment is seen in banks customized based applications. The major challenge here is to develop applications for different mobile operating systems. India is a country where different languages are used in different parts. Most of the population of India is still living in rural areas and everyone doesn’t understand same language. So its utmost important to make software that is user friendly and available in different languages.

REFERENCES


ABSTRACT

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. According to Flippo, a prominent personality in the field of Human resources, “performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in the matters pertaining to his present job and his potential for a better job.” People differ in their abilities and their aptitudes. There is always some difference between the quality and quantity of the same work on the same job being done by two different people. Therefore, performance management and performance appraisal is necessary to understand each employee’s abilities, competencies and relative merit and worth for the organization. Performance appraisal rates the employees in terms of their performance. The latest mantra being followed by organizations across the world being – “get paid according to what you contribute” – the focus of the organizations is turning to performance management and specifically to individual performance. This paper throws light how performance appraisal helps in enhancement of human potential.

Keywords: Performance Appraisal; Human Potential

INTRODUCTION

People differ in their abilities and their aptitudes. There is always some difference between the quality and quantity of the same work on the same job being done by two different people. Therefore, performance management and performance appraisal is necessary to understand each employee’s abilities, competencies and relative merit and worth for the organization. Performance appraisal rates the employees in terms of their performance. The history of performance appraisal can be dated back to the 20th century and then to the second world war when the merit rating was used for the first time. Performance appraisals are an indispensable part of performance measurement. The latest mantra being followed by organizations across the world being – “get paid according to what you contribute” – the focus of the organizations is turning to performance management and specifically to individual performance.

OBJECTIVES OF PERFORMANCE APPRAISAL

The main objectives of performance appraisal are as follows:

1. To review the performance of the employees over a given period of time.
2. To judge the gap between the actual and the desired performance.
3. To help the management in exercising organizational control.
4. Helps to strengthen the relationship and communication between superior – subordinates and management – employees.

5. To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.

6. To provide feedback to the employees regarding their past performance.

7. Provide information to assist in the other personal decisions in the organization.

8. Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.

9. To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development.

10. To reduce the grievances of the employees.

Performance appraisals are a way to give feedback to staff regarding their performance. The appraisal can be used to encourage good work as well as point out opportunities for improvement. Appraisals can also be used to set measurable targets and objectives to continually spur performance improvement.

- Increasing Role Clarity: Performance appraisal is a tool for communicating the skills, knowledge and attitudes required for the different job roles. The appraisal criteria acts as a guide to the attitudes and behaviours that XYZ COMPANY would like their staff in their various capacities to have.

- Training and Development: Performance appraisals measure an individual’s performance and can identify opportunities for improvement or learning through training.

- Compensation and Reward: As XYZ COMPANY bonuses and annual increments are linked to performance, a system for measuring performance in an equitable way is necessary. The performance appraisal encourages the use of objective, quantifiable criteria to measure performance which will be known to all staff. This system improves fair judgment and the perception of equity among staff.

- Career Planning: Performance appraisals will allow XYZ COMPANY to assess the skill set of their existing staff to ascertain the career path for each individual.

- Enhance Corporate Values: XYZ COMPANY’s corporate value is the pursuit of innovative quality in the areas of Customers, Employees, Society, Products, Technology, Management and Fairness. These values are translated to performance measures that are used in the appraisal. This enhances awareness of corporate values and promotes behaviors that are in line with XYZ COMPANY’s values.

It is a powerful tool to calibrate, refine and reward the performance of the employee. It helps to analyze his achievements and evaluate his contribution towards the achievements of the overall organizational goals. By focusing the attention on performance, performance appraisal goes to the heart of personnel management and reflects the management’s interest in the progress of the employees. Performance appraisal is necessary to measure the performance of the employees and the organization to check the progress towards the desired goals and aims.

The latest mantra being followed by organizations across the world being – “get paid according to what you contribute” – the focus of the organizations is turning to performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. If the process of performance appraisals is formal and properly structured, it helps the employees to clearly understand their roles and responsibilities and give direction to the individual’s performance. It helps to align the
individual performances with the organizational goals and also review their performance. Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees.

Nurture Human Potential

Do staff in your institute perform at optimum levels? Are their results all that you expect? What can you do to increase your staff’s motivation? Quite apart from the benefit and value of an altruistic approach of treating human dignity in all its forms, we always ponder how well motivated our staffs are! We will all agree that if we can maximize the performance of the human asset, then it will produce tremendous impact on the efficiency, as well-motivated employees are more productive and creative. Dr. Edwards Deming said, "The aim of leadership should be to improve the performance of man and machine, to improve quality, to increase output and, simultaneously, to bring pride of workmanship to people." Leaders can improve motivation within their organizations and build a more productive work environment by following a five-step process called the P.R.I.D.E, which integrates five cornerstones to improve employee motivation.

P.R.I.D.E. needs to be implemented through a clear strategic direction to transform employees’ behavior towards management, thus, making them more productive. Let's analyze the main components of P.R.I.D.E.

P - Providing Quality Work Environment

This strategy is based on the idea that the best way to improve performance is to create a better quality work experience for the staff. A motivating working environment requires going over and beyond the call of duty and providing for the needs of the staff. Institute should realize that staff are far more productive when their personal and work lives remain unaffected by everyday issues or concerns. Through external EAP (Employee Assistance Programs), organizations should aim to improve the emotional and psychological well-being of staff through the provision of advice, information and support, empowering employees to navigate the challenges of daily life. Through various modes like telephonic counseling, online support, one-to-one counseling, these can be effectively organized.

R - Recognizing & Rewarding Effort

Mark Twain once said, "I can live for two months on a good compliment." Personal recognition is a powerful tool in building morale and motivation. Rewarding and recognizing people for their performance will encourage them to attain goals, and will shape and maintain performance. There are a variety of ways to recognize people, ranging from formal compensation systems to informal non-monetary rewards. Two highly recommended methods are 'specific verbal praise' and 'planned unexpected recognition'. Most people would be pleased to get a pat on the back and hear the verbal "good job" from their bosses. Bob Nelson, in "1001 Ways to Reward Employees" underscores the research that supports the use of recognition in the workplace and provides managers with a mountain of proven reward strategies and concrete examples on how to use them. Planned unexpected recognition happens when you deliberately recognize someone when they do not expect it. You plan it and surprise them with it! For instance, buying a huge chocolate cake with icing on top and gifting it to the team for their effort in improving company sales and profitability can increase their happiness multifold. When you recognize and reward effort, you are using recognition and rewards to reinforce all your attempts to build high levels of employee motivation. The objective is to encourage people to constantly perform at their best. Just remember: Small words can have huge impact! Even saying "Thank You" is a powerful and meaningful form of recognition and appreciation.

I - Informing & Involving

Informing people about institute performance and vision will keep them abreast about the happenings around them. This can be very well-organized through town hall, open forums and account level meetings where the staff know what they are up to. Once people know their contribution and the goal they have to achieve, they can see themselves in the big picture. Performance will be improved if
employees know where they stand in the company and what result is produced by their sustained effort. Having workers involved at all levels of the business is a key element improving morale and motivation. The best way to involve workers is the use of teams and teamwork.

D - Developing Skills

"Learning is like rowing upstream; not to advance is to drop back," as per a Chinese Proverb. Learning never stops and the benefit will continue throughout the employment tenure. Potential training and education motivates people and makes them more productive and innovative.

Developing skills through training and education makes sense as:

- Well-trained staff are more capable and willing to assume more control over their jobs. They need less supervision, which frees management for other tasks.
- Staff are more capable to answer the questions of students which build better student loyalty.
- Staff will be elated if management provides them opportunity to continue to grow and develop job and career enhancing skills through training and development.
- Encouraging staff to go for higher studies after some specified time in the institute, encouraging them to go for certifications, will make them amicable towards management.

All this leads to better management-staff relationships. That means developing a new focus on employees which helps them to build skills that enhance their current abilities, learn techniques that improve their performance, and master strategies for adapting to the new work environment.

E - Evaluating Bottom-Line

Continuous evaluation includes, but is not limited to, the measurement of performance attitudes, morale, job-role match, commitment and motivation of the staff. It includes the identification of problem areas needing improvement and the design and implementation of an improvement plan. Action planning and implementation should always be directed toward improving the staff satisfaction as well as driving the numbers. This is a process of continual adjustment and fine tuning. The head of the institute should always be looking for ideas and plans to enhance the process. To bring the program together, manager must evaluate performance improvements, linking them to key operating indicators, and meeting the bottom-line of the institute. The goal is to improve the operating results.

Process of Performance Appraisal

Set the Milestones

Create clear milestones and result areas for each role or team members. Inform them about these milestones and result areas well in advance.

Quantify the Milestones

Always try to keep the above mentioned result areas as quantitative as possible, and give the responsibility to the team member to keep track of his/her own record.

Review after each Milestone

After every set milestone, conduct review and inform the team members about their achievements, areas of improvements and, if possible, compliment it with suggestions on how to improve it. Everyone prefers getting periodic feedback, and it helps them to do better in time to come around also, so that year-end results don't turn out to be such a shock for them. According to various surveys conducted, it's a proven fact that it's human tendency to rate oneself highest in the performance scale. Periodic reviews in such scenario helps in setting the expectations right, and prepare the appraise and appraiser for end results. And so usually, end results don't turn out to be a shock for the person, and a disaster for the organization.
Is Your Organization Ready for 360-Degree Appraisal?

Traditional performance appraisal involves bosses assessing their staff. Yet the people who actually work with us – peers, subordinates, suppliers and customers – can often provide far more accurate and useful insights into our strengths, weaknesses and scope for development. Organizations tap into these vital sources of information through 360-degree feedback, a process originally developed by NASA to evaluate their space programmes. Introducing 360-degree feedback can loosen up a rigid corporate culture and cast light on the vital process factors – teamwork, communications, decision-making and morale – that underlie long-term business success. Thus 360 degree feedback symbolizes transition from top-down, single-stakeholder, results-only measurement to something much more multi-dimensional and process-oriented.

Appraisal is a developmental process and also a tool for salary increment or at times punishment (if the appraisal is not good). It is a mechanism using which organizations strive to achieve complete development of an individual. Therefore, the organization should make sure that the appraisal process is transparent and bias free to make sure that no injustice is done. 360-degree appraisals are founded on the idea that any employee’s performance is seen by many others—the manager, peers, directs reports, customers, etc.

Evaluation is done combining the feedbacks received from many people who see different parts of a staff’s performance. Also known as multi-perspective and peer-to-peer feedback, managers, supervisors and employees have found it to be effective in improving their performance.

In today’s global world, no objective or a result is delivered individually. Any endeavor towards the achievement of a goal primarily affects and involves team work. The biggest advantage of 360-degree appraisal is that it creates accountability at all levels. If you know that you will be evaluated by peers and subordinates, it ensures a working culture that respects and encourages team-work. If done properly, the 360-degree appraisal programme can be a very positive experience for an employee.

Utility of 360-Degree Performance Appraisal

The main uses of 360-degree feedback can be summarized as follows:

- Self-development and individual counseling
- Part of ‘organized’ training and development
- Team-building
- Performance management
- Strategic or organization development
- Validation of training and other initiatives
- Remuneration

Impact of 360 Degree Performance Appraisal on Organization

If 360-degree feedback is planned and implemented in a thoughtful manner the impact on the organization will be very beneficial especially in the following areas:

Quality and quantity of data: Large amount of detailed information, not hitherto available On a person’s performance, are generated by 360-degree feedback. The nature and variety of Respondents and the face validity of the activities measured make it much easier for participants to understand what is said and use it as the basis for change and development.

Communications: The application of 360-degree feedback is an exercise in open management. We now have communication upwards and across the organization whereas before it may have only been downwards.
Motivation: Organizations introducing 360-degree feedback often find that it has a morale-boosting effect. The feedback contains a mixture of strengths and areas for development. Obviously the former can be motivating per se, but for those people who try to change their behaviour and succeed there is an even greater improvement in morale. Finally, 360-degree feedback changes attitude to performance, that what gets measured gets done.

Roles: The role of everyone involved in a 360-degree feedback project is changed sometimes subtly, sometimes dramatically. Participants find themselves asking for feedback information from colleagues. Respondents find themselves in a position of influence over participant. The boss’s role can change from being the hander down of judgments on performance based in relatively limited information to being a facilitator, coach, or counselor. The role implications for human resources function are strategic as well as individual. The human resources function is in a much better position to measure the success of its strategic initiatives and to use this information for better planning and implementation in the future. 360-degree feedback also has profound implications for the skills of the individual human resources practitioner who has to work with the participant as a partner, drawing out his ideas, helping him make and implement development plans.

The customer: 360-degree feedback gives internal as well as external customers the opportunity to make their views known on such matters as reliability of service, attention to their needs, communication, problem-solving, and working in partnership. The minimum time required for first five stages is two months, and that is after the project has been planned and communicated. The whole process from initial idea to the observation of a permanent improvement in performance, can take up to a year, and if any one stage is neglected then the results can be disappointing.

Advantages

It’s transparent and bias free. Employees get to know the perception about them from others’ point of view; this helps them know more about themselves. Employees get a ready list of improvement areas from their customers to work on. Employees get to know their good points; this helps boost their self-esteem. The exercise helps improve overall quality of the staff because each is helping the other to improve.

Disadvantage

Some people may fear retaliation if they give negative feedback. This is mostly in cases where the organization does not have an open culture.

Why has 360-Degree Feedback Become So Popular Recently?

The following four forces have encouraged the rapid growth of 360-degree feedback in the recent years:

- Changes in the roles of the employee and what the organization expects of the employee such as Encouragement given to collaboration and team working, continuous improvements, reduction in employee numbers and levels of management, flexibility etc. An emphasis on measurement within organizations to assess views, suggestions, attitudes, motivations, morale, personalities, aptitude, skills, potential and career ambitions of employees
- The influence of new management concepts.
- Management attitudes and receptiveness.
- Think about everything that performance appraisals can achieve and contribute to when they are properly managed, for example:
  - Performance measurement - transparent, short, medium and long term
  - Clarifying, defining, redefining priorities and objectives
• Motivation through agreeing helpful aims and targets
• Motivation though achievement and feedback
• Training needs and learning desires - assessment and agreement
• Identification of personal strengths and direction - including unused hidden strengths
• Career and succession planning - personal and organizational
• Team roles clarification and team building
• Organizational training needs assessment and analysis
• Appraise and manager mutual awareness, understanding and relationship
• Resolving confusions and misunderstandings
• Reinforcing and cascading organizational philosophies, values, aims, strategies, priorities, etc
• Delegation, additional responsibilities, employee growth and development
• Counseling and feedback
• Manager development - all good managers should be able to conduct appraisals well - it's a fundamental process ,the list goes on..

CONCLUSION
Thus 360-degree feedback can be a powerful, effective and permanent component of human resources management, seen as indispensable by those who use it. Companies like ‘The Automobile Association’, ‘ARCO’, ‘Total Oil Marine PLC’, ‘PRC/Litton Industries’ and ‘London Borough of Croydon’ have greatly benefited from implementation of 360- degree feedback project. However the following guidelines should be followed to make the best use of 360 -degree feedback. People have less and less face-to-face time together these days. Performance appraisals offer a way to protect and manage these valuable face-to-face opportunities. My advice is to hold on to and nurture these situations, and if you are under pressure to replace performance appraisals with some sort of (apparently) more efficient and cost effective methods, be very sure that you can safely cover all the aspects of performance and attitudinal development that a well-run performance appraisals system is naturally designed to achieve. To conclude, Performance Appraisal can be treated as an integrated approach for management to maximize performance of employees and stay focused.

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INTEGRATING SLUMS: A 21ST CENTURY CHALLENGE

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ABSTRACT

The concept of Social Justice has been one the guiding principle of every civilized society known to mankind since the evolution of mankind. Attainment of a socially inclusive society has been has been the stated and cherished goal of all movements religious or otherwise and states alike. Since time known to man, the concept of human values and rights has come to be identified with the principle of justice- individual and social. The idea of a socially and economically just and fair society preludes the vision of a progressive and a prosperous state.

The age of the Industrial revolution saw advancements in the field of science and technology leading to unprecedented sustained growth in the Incomes and standard of living of the common man. The period also witnessed the birth of mega cities on account of massive migration of the rural poor into urban areas creating ghettos with poor infrastructure known as slums. Today, these slums form an integral part of any city in the world more so in a developing country like India.

It is but imperative that a stable, prosperous and progressive future demands effective and timely policies to integrate the slum populous in man’s quest for a harmonious living. The present paper seeks to probe into the dynamics of slum disparity and the measures taken by State machinery to eradicate the same.

Keywords: Disparity; Ghettos; Slums; Social Justice

INTRODUCTION

The concept of Social justice has been one the guiding principle of every civilized society known to mankind since the evolution of mankind. Attainment of a socially inclusive society has been has been the stated and cherished goal of all movements religious or otherwise and states alike. Since time known to man, the concept of human values and rights has come to be identified with the principle of justice- individual and social. The idea of a socially and economically just and fair society preludes the vision of a progressive and a prosperous state.

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It is but imperative that a stable, prosperous and progressive future demands effective and timely policies to integrate the slum populous in man’s quest for a harmonious living. The present paper seeks to probe into the dynamics of slum disparity and the measures taken by State machinery to eradicate the same. The study is grouped in three broad categories viz the Global slum trends, slums- as mirror of urban disparity and the slum integration programs undertaken by governments in post-independent India.
OBJECTIVES

1. To study the status of slums in present urban setup.
2. To evaluate the measures taken by various government machineries in enhancing the status of slum dwellers in post-independent India.

The Global Slum Trends

The term Slum has been defined by UN-Habitat as “a heavily populated urban area characterized by substandard housing and squalor”. World over, the word slum is associated with sub-human living conditions such as poor sanitation, sub standard and poor quality housing, cramped dwellings, a den for vices such as crimes and drug abuse, urban poverty and illiteracy.

According to Census (India) 2011 “A Slum, for the purpose of Census, has been defined as residential areas where dwellings are unfit for human habitation by reasons of dilapidation, overcrowding, faulty arrangements and design of such buildings, narrowness or faulty arrangement of street, lack of ventilation, light, or sanitation facilities or any combination of these factors which are detrimental to the safety and health.”

Though slums are an essential feature of every city in the world, the situation in developing countries is all the more alarming given the prevalence of widespread inequalities in income and wealth existing in such countries. In terms of sheer numbers, Asia accounts for more than half of the slum population in the world. The percentage of urban population living in slums in sub-Saharan Africa is a staggering 71%. India alone accounts for around 17% of the estimated slum population of one billion. Given the trend of increasing urbanization, coupled with the sky high real estate prices in cities globally including India, the proportion of slum population is poised for an unprecedented growth.

According to UN-HABITAT, the number of slum dwellers is estimated to increase by 500 million between 2011 and 2020. Forbes estimates that by 2030, 5 billion of the world’s 8.1 billion shall reside in the cities. About 2 billion of these will reside in slums lacking basic amenities of clean drinking water and sanitation, surrounded by desperation and crime. The rapid demographic changes in world population pattern present a major challenge to planners and policy makers. Recognizing the enormity of the task on hand, the heads of 189 states at the United Nations Millennium Summit in September, 2000 held in New York, unanimously upheld the necessity to undertake urgent and appropriate steps to achieve significant improvement in the lives of at least 100 million slum dwellers by 2020.

Among the eight Millennium goals adopted at the summit included the goals of development and poverty eradication and human rights democracy and good governance. Given the current demographic trends, it is needless to say the above stated goals would remain unattainable unless serious and pragmatic steps are undertaken to improve the status of slums the world over. A UN-HABITAT sponsored report titled “The Challenge of Slums- Global report on Human settlements” 2003 observes that while there is a lot of talk on the need for integrating slums and eradication of urban poverty, there is very little action on the ground in support of the stated goals. The report observes that Asia has the largest number of Hence, following up on the Millennium Declaration, 25 states in an international conference titled “Making slums history: A global challenge for 2020” held on26-28 November, 2012 in Rabat, Morocco in partnership with UN-HABITAT endorsed a global goal of halving slum population by 2030.

Slums- A Mirror of Urban Disparity

Slums since its inception post the Industrial revolution, has been the ugly face of Urbanisation. As post the Industrial revolution era saw the fruits and riches in emergence of new phenomenon of Urbanization it also had an upside in the form slums. Urban poverty, since its inception has found its roots to slums. In fact, the world’s first documented slum in 1825 ‘The Five points’ traced to the New York City, was a settlements of unskilled labourers, freed slaves and homeless immigrants. Like any other settlement of similar kind in human history, it was characterized by poor infrastructure and high
rate of crime and violence. The ground situation in the 21st century is no less different. A UN Human settlements Program reports (2003) observes that nearly 30% of neighborhoods in urban areas in the world are designated as high crime zone. Slum dwellers also lack in exposure to banking services. As per Census India 2011, 46.8% of Slum dwellers availed of banking services as against the urban average of 67.8%. People living in these settlements experience the most deplorable living and environmental conditions, which are characterized by inadequate water supply, squalid conditions of environmental sanitation, breakdown or non-existence of waste disposal arrangements, overcrowded and dilapidated habitation, hazardous location, insecurity of tenure, and vulnerability to serious health risks. Slum residents are also excluded from participating in the economic social, political and cultural spheres of the city—all of which create and nurture capabilities. Consequently, slum dwellers—many who are poor in the first place—are made poorer by the various forms of exclusion that they face. (Ben C.A. UN-HABITAT)

**Slum Integration Programs in India**

Post-Independence India witnessed a dramatic rise in slums. The partition of the country saw the influx of refugee’s settling down invariably in cities. The industrial development post-Independence attracted workers to the city. The struggle for proper housing has been closely associated with the struggle for democratic rights in the cities. Post-Independence, the slum dwellers have become more aware and organized forcing the political class to take serious notice of their clout and power within the democratic set up.

There have been various government initiatives at the central and the state levels. In 1956, the Slums Areas (Improvement and Clearance) Act was passed. For preventing the growth of slums, the Plan recommended strengthening local authorities and mobilizing “the support of enlightened public opinion” in enforcing the implementation of building codes and municipal by-laws (Gol, op cit). However, emphasis on ’minimum dislocation’ rehabilitation policy with meant that the government of the day never pitched in with provision of required infrastructure due to wanted of ‘sufficient funds’. This led to proliferation of slums all over the country. The Third Five year plan (1961-1966) saw the establishment of urban planning bodies such as Mumbai Metropolitan Regional Development Authority (MMRDA) and Delhi Development Authority (DDA). These Urban planning bodies while designing the Master Plans for the city emphasized on planned and orderly development of cities with strict functional spatial segregation, which was incongruent with the existing morphology of the Indian cities where mixed land use was the norm.

In 1970, the Housing and Urban Development Corporation (HUDCO) was set up as a financing agency for urban housing and infrastructure development. One of the main goals of the HUDCO was the “promotion of housing for the persons belonging to low income groups and economically weaker sections” (Routray, 1993). However, the framework for financing of cheap loans for housing development under HUDCO was such that only small and growing cities benefitted from it. In the same year in Maharashtra, the Slums Improvement Program (SIP) was launched to provide water supply, street lights, sanitation (toilets and drainage), etc. to the slum populace in the state. However, against the estimated annual requirement of 150 crores for Mumbai, a measly 151 crores was provided for entire plan period. A BMC report by Deputy Municipal Commissioner (Slums) K.G. Pai notes that in Mumbai alone, almost 30 lakh slum dwellers remained untouched by the SIP. The central government in 1972-73 launched the Environmental Improvement of Urban Slums scheme to provide basic amenities including safe drinking water, sewerage etc. to cities with population of eight lakhs or more. The Integrated Urban Development Plan (IUDP) was launched during the fifth five year plan (1974-1978) to strengthen the municipalities financially so as to enable them to take up development works independently. However, the IUDP proved to short lived and was withdrawn by the end of the fifth five year plan by the then Janta Party led Central government, as it failed to grow its reach beyond 31 cities and towns (NIUA, 1990: 1-2). To check the spiraling Urban real estate prices and to prevent concentration of Urban land, speculation and profiteering, the Urban Land (Ceiling and Regulation) Act, was passed in 1976. Though it was touted as flagship legislation in control of unfair
land holdings in megacities in India, in practice the act led to the owners selling off their land to private builders and the corruption in government municipalities Building Departments starved cities such as Mumbai of managed green areas.

In 1985, the Government of Maharashtra in collaboration of BMC and financial and technical backing of World Bank launched the Slum Upgradation Program (SUP). The SUP was lauded by experts for amongst its other pro- slum measures; it envisaged development of slums via land title transfer and housing finance via formation of slum co-operatives. However, under the pressure of the all powerful builder lobby and the comrades in arms government departments ensured that the revolutionary step was relegated to dust bin of history with just 22,000 households covered till 1993. As a cover for the failed SUP, the government launched the grossly flawed Slum Redevelopment Scheme (SRS) in 1990. Amongst the major lacunas of the said program was a lack of financial incentive for the builders and no provision of transit accommodation to slum owners till the time of redevelopment. The incoming Shiv Sena- BJP government in 1993 played perhaps the biggest fraud in Urban Slum development with the launch of Slum Rehabilitation Scheme (SRS) which was incidentally one of its main poll promises. It simply handed over the slum land in mega cities such as Mumbai to private builders in terms of Transfer Development Rights (TDR) in lieu of offering the slum dwellers houses free of cost. The ground effect was that instead of horizontal slums, now we had vertical slums as the quality of construction of slum dwellers building has been far from satisfactory.

In 2001, the Central government launched the VAMBAY project which envisaged provision of adequate housing for the slum dwellers below poverty line. The funds were to be contributed by the Central and the State government in 50: 50 ratios. In 2005, the UPA led government merged the existing VAMBAY and the discontinued NSDP slum development programs in a new scheme called the Integrated Housing and Slum Development Programme (IHSDP) Jawaharlal Nehru National Urban Renewal Mission(JNNURM) funded on 80: 20 between Central and State governments. The scheme seeks to enhance public and private investments in housing and infrastructural development in urban areas. However, a report by the Ministry of Housing and Urban Poverty Alleviation (HUPA) in 2011, found that most states had failed to utilize huge funds meant for urban poor under JNNURM, the worst performing being the state of Punjab.

The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) was launched in December, 2008 with a view to enabling the access of urban poor to the long term institutional finance.

The UPA II government has come with a number of ambitious slum improvement schemes such as Rajiv Gandhi Awas Yojana (RAY) offering interest subsidy for urban poor in slums. The Rajiv Rin Yojana(RRY) is a further extension of the ISHUP and is touted as a game changer by the UPA II government seeking re-election for the third consecutive term in 2014 general elections.

CONCLUSION

The story of slum integration in India has been a tragedy that has fully alienated the poorest of the urban poor. Successive governments have treated slums as mere vote banks and played fraud with one or the other slum redevelopment schemes. More often than not force and intimidation in the form of displacement, demolition of houses and lack of rehabilitation has been the hallmark of governments. Tragically, authorities have viewed slums as a law and order and legal issue rather than a social one. The planning process and the experience with development projects so far indicate that citizens have been totally excluded from the discussion about the location and nature of development projects, their size, their socio-environment impact, the distribution of their costs and benefits, and course, the magnitude of displacement and the procedures of rehabilitation. Such denial of people’s right to participation in the decision-making process betrays the spirit of the Indian Constitution’.(Fernandes and Paranjpye, pg.11 – Rehabilitation Policy & Law in India).The government has always addressed the issue of housing by promoting real-estate interest(s) and major construction plans rather than the development of social and environmental conditions. The state itself has also come to threaten its own citizens, often as a direct consequence of its commitment to the project of development, which has
regularly placed enormous burdens on those people least able to defend themselves’. (Khilnani, 1997:11 – The Idea of India). The current programs launched by the UPA II government promises to be pragmatic. But given the uncertainty of present political climate of the country, how much effective it would prove to be at the ground level is a million dollar question. The corporate sector’s contribution to slum development and integration has been far from satisfactory. With the concept of Corporate Social Responsibility gaining currency and being institutionalised, it remains to be seen how can the corporate world contributes its might in this endeavor of nation building.

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BLENDING EXIT MANAGEMENT WITH TALENT MANAGEMENT STRATEGY

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ABSTRACT
Talent management practices and succession planning can be molded bearing in mind exit interviews. Exit management must be fundamental part of talent management program. Exit interviews perform as a catalyst for change management in any organization.

Keywords: Exit Management; Talent Management; Talent Retention; Retention Interviews; Dysfunctional Turnover

JEL Classification: O15

INTRODUCTION
Employees are greatest source of value formation about potential areas in any organization. Organizations must realize the worth of a methodology of exit management policy. It can make known to the undiscovered troubles and harms. It will give a prospect to deal with any matter which is noted for unwanted turnover. Dysfunctional turnover can root to the key setbacks to the organizations. Exit interview is only useful to the whole organization if the answers can be compared with other exiting employees to find trends (Giacalone, Knouse, & Montaglaiani, 1997).1

OBJECTIVES OF THE STUDY
1. To study the talent retention plan by exit management.
2. To examine the exit interviews for organizational improvement.

Building Talent Retention Plan through Exit Management
The insights of exit management may become a precious tool for effective talent retention by determining the reasons of turnover and the company’s policies and further advancements in the organizations’ practices can be made accordingly. The negative influencers’ of employee departures are supportive drivers for human resource professionals to determine what is imperative to the employees. When an interviewer is skilled in presenting themselves as authentic, professional, and effective in communication, the likelihood that a departing employee will reveal insights and information about an organization increases (Gordon, 2011).2

Feldman & Klaas (1999)3 concluded that employees have a tendency to reveal their truthful causes and motives for departure when data is treated confidentially and feedback by human resource managers in aggregate form, when it does not result in a negative reference from their direct supervisors, and when they believe that in the past the employer has taken action on problems identified in exit interviews. The weapon that the companies use to understand their turnover has been the exit interview (Mercer, 1988).4 The departing employees as well as the present employees feel a sense of pride that their ideas, emotions and opinions are heard by management of exit interviews.
Building Talent Management Policies by Retention Interviews

The retention interviews have more relevance than exit interview for the reason that the desires and the unfulfilled expectations of employees can be skillfully judged in the retention interviews. The “retention interviews” must be distinctively planned with wide-ranging quantitative data to construct the talent management tactics more effectively. HR professionals should focus their consideration on the factors that are helping hands to retain the employees. As criticism is always an encouraging factor for organizational development. There is a great chance to reveal the information from departing employee between the dates of employee resignation to employee outgoing date.

Exit Management, Replacement Planning and Succession Planning

Organizations must ensure that the human capital capacity is effective to deliver results now and in the future. Employers should make an effort to determine the name of any new employer in the place of the outgoing employee. The exit interviewers can take references from departing employees for filling the vacancies created by them. Departing employees may be asked to be part of Alumini to become member of employee referral programs.

Negotiating an Employee Turnover

The exit interviews provide a last platform to negotiate on employee’s demands and their unfulfilled expectations and if handled with care, the exit interview can retain the outgoing employee by asking the factors that the company can do to retain them. Inform the outgoing employee that he is valuable asset to the organization and persuade him to retain in the organization. If the organizations control attrition, the hiring cost will be controlled.

Employee Exit Interviews for Organizational Improvement

Exit interviews serve a torch to view the training needs, targets setting, career planning of employees, compensation system, working conditions, quality of supervision received, and workload distribution but there must be neutral person to conduct the interview. The questionnaire created must be properly structured so that statistical analysis can become possible. Identification of fundamental areas responsible for attrition and the suggestions by exiting employees is the pathway leads to organizational improvement. If the employee is departing because of some legal or sensitive issues like harassment, discrimination etc., then HR must take an aid from lawyer before conducting exit interview.

Handling the stress and anger of the departing employee is also the troublesome job in exit interviews. It is very essential to disseminate the insights gain from exit interviews to the parties like department managers, Hr managers, superiors etc. Confidentiality must be maintained but information can be molded or filtered according to situation. Exit interviews can also help to understand the Boomerang effect means they make the understanding that the outgoing employee can berehire or not. This judgment of rehire the employee can only be possible from the behavior and comments from the departing employees in exit interview and the talent transition.

Appreciative Inquiry to Exit Management

Cooperrider, D.L. et. al. (2001) Appreciative Inquiry deliberately seeks to discover people’s exceptionality – their unique gifts, strengths, and qualities. It actively searches and recognizes people for their specialties – their essential contributions and achievements. And it is based on principles of equality of voice – everyone is asked to speak about their vision of the true, the good, and the possible. Appreciative Inquiry builds momentum and success because it believes in people. It really is an invitation to a positive revolution. Its goal is to discover in all human beings the exceptional and the essential. Its goal is to create organizations that are in full voice!”

Appreciative Inquiry was formerly developed for change management. If appreciative inquiry is used in exit interviews that can be used to make changes in future. A concentration on strong points of employee and organizational factors definitely move towards success in future.
Exit Interviews for Talent Transitioning

A grand transition plan in exit Interviews are also prepared for the purpose of maintaining relationships with the outgoing employees. The new organization of employees, the tentative plans of employee can be easily known in the exit interviews. It is to ensure that the employee has good image about the company for the reason that mouth of advertisements play a great role for enhancing the goodwill of any organization. An exit interview is the last stage to be good in the eyes of employees. The relationship building factors with the employees can be gathered so that they would come if organization wants their help in future. Appreciation to the departing employees for their work and contribution is the key factor responsible for talent transitioning. Employers can also maintain database to create Alumini ultimately, helps in building employee engagement.

CONCLUSION

As attrition is rising, exit management plays an indispensable role. The exit management must reflect the strong and weak points of the organization. The smartness is to HR mangers to find out the results from the feedback taken from all the parties and derive consequences of terminating the departing employee.

REFERENCES

A STUDY ON ROLE OF KARNATAKA GOVERNMENT AND ITS PROGRAMMES FOR RURAL DEVELOPMENT

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Email: srinikeelara@gmail.com

ABSTRACT

Poverty diminution and economic escalation can be sustained only if there is Rural Development. Rural development can stimulate rural economies, create jobs and help maintain critical ecosystem services and strengthen and strengthen climate resilience of the rural poor. In this background present study made an attempt to study the role of Karnataka State Government in the development of rural areas. And also present study made an attempt to know the various programmes launched in the state of Karnataka for Rural Development. To achieve the aforesaid objectives data is gathered from the Economic Survey Report of Government of Karnataka. From the present study it is found that various programmes or schemes launched by the Government of Karnataka for the development of rural areas are commendable, but still lot of scope is there for effective implementation to achieve rural development.

Keywords: Rural Development; Karnataka; Economic Growth; MGNERA

INTRODUCTION

Rural development generally refers to the process of improving the quality of life and economic wellbeing of people living in relatively isolated and sparsely populated areas. Rural development has traditionally centered on the exploitation of land-intensive natural resources such as agriculture and forestry. However, changes in global production networks and increased urbanization have changed the character of rural areas. Increasingly tourism, niche manufacturers, and recreation have replaced resource extraction and agriculture as dominant economic drivers. The need for rural communities to approach development from a wider perspective has created more focus on a broad range of development goals rather than merely creating incentive for agricultural or resource based businesses. Education, entrepreneurship, physical infrastructure, and social infrastructure all play an important role in developing rural regions. Rural development is also characterized by its emphasis on locally produced economic development strategies. In contrast to urban regions, which have many similarities, rural areas are highly distinctive from one another. For this reason there is a large variety of rural development approaches used globally.

There are no universally accepted approaches to rural development. It is a choice influenced by time, space and culture. The term rural development connotes overall development of rural areas to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept, and encompasses the development of agriculture and allied activities, village and cottage industries and crafts, socio-economic infrastructure, community services and facilities and, above all, human resources in rural areas. As a phenomenon, rural development is the end-result of interactions between various physical, technological, economic, social, cultural and institutional factors. As a strategy, it is designed to improve the economic and social well-being of a specific group of people – the rural poor.
As a discipline, it is multi-disciplinary in nature, representing an intersection of agriculture, social, behavioural, engineering and management sciences. (Katar Singh 1999).

Rural development implies both the economic betterment of people as well as greater social transformation. The basic objective of all rural development endeavors / programmes has been the welfare of the millions. In order to achieve this, planned attempts have been made to eliminate poverty, ignorance and inequality of opportunities. A wide spectrum of programmes has been undertaken so far, to alleviate rural poverty and ensure improved quality of life for the rural population especially those below the poverty line. In the initial phase of planned rural development, the concentration was on sectors of agriculture industry, communication, education and health. The Ministry of Rural Development places importance now on health, education, drinking water, housing and road so that the quality of life in rural areas improves and the fruit of economic reform are shared by all sections of the society.

STATEMENT OF THE PROBLEM

For India’s economy to be strong, the rural economy needs to grow. Rural areas are still weighed down by problems of hunger, illiteracy, unemployment and lack of basic infrastructure like schools, colleges, hospitals, sanitation, etc. This has led to youth moving out of villages to work in cities. Our villages need to grow as per with cities and standard of life has to improve, therefore inclusive growth to happen. If rural India is poor, India is poor

Basically, we need to give them self-employment so that they want to stay in villages instead of migrating in cities. There is a need to empower the villagers, and not just supporting them by food subsidies, loan waivers which end up crippling them. India will grow only when rural India marches hand in hand with cities in the twenty first century. In this background study is choose to know and to study the role of Government of Karnataka to empower the villagers to achieve the rural development.

OBJECTIVES OF THE STUDY

1. To understand the concept of Rural Development
2. To study the Progress achieved under MGNREGA in Karnataka for Rural development
3. To study the performance of Swarna Jayanti Gram Swarojgar Yojana for alleviating poverty.
4. To study various others schemes and programmes launched by Government of Karnataka for Rural development
5. To offer suggestions based on findings of the study.

SCOPE OF THE STUDY

The present study is confined to Rural Development of Karnataka region and programmes launched by the Government of Karnataka. In the present study only selected programmes are made analyses to achieve the aforesaid objectives.

DATA COLLECTION

To achieve the aforesaid objectives data is gathered from various secondary sources like Economic Survey of Karnataka 2013, research papers, articles etc.,

Rural Development Programs

The department of rural development of the Government of Karnataka has been implementing the following programs to achieve the Rural Development in the state of Karnataka
Wage Employment Programmes

Mahatma Gandhi National Rural Employment Guarantee Scheme:

The National Rural Employment Guarantee Act came into operation in five districts viz., Bidar, Gulbarga, Raichur, Davangere & Chitradurga of Karnataka State w.e.f. 02-02-2006 for implementation under Phase-I. Subsequently, the scheme has been extended to 6 more districts namely Belgaum, Bellary, Chikmagalur, Hassan, Shimoga and Kodagu under II phase with effect from 1st April 2007. The Scheme was further extended to cover the remaining districts of the State from 1st April 2008. The primary object of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. If work is not provided within 15 days of the demand for work by the applicant, then unemployment allowance has to be paid. Under the scheme, related objectives such as generation of productive assets, environmental protection, empowerment of rural women, reduction of rural-urban migration etc are also sought to be achieved.

Table 1. Progress achieved under MGNREGA from 2006-07 to 2012-13 (Upto Nov-2012)

<table>
<thead>
<tr>
<th>Year</th>
<th>Available funds (lakh)</th>
<th>Expenditure (Rs. lakh)</th>
<th>Person days (lakh)</th>
<th>Employment provided (households - No.s)</th>
<th>Undertaken (No.s)</th>
<th>Completed (No.s)</th>
<th>Under progress (No.s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07 (5 districts)</td>
<td>34133</td>
<td>25189</td>
<td>222</td>
<td>545185</td>
<td>18642</td>
<td>11004</td>
<td>7638</td>
</tr>
<tr>
<td>2007-08 (11 districts)</td>
<td>41925</td>
<td>23651</td>
<td>198</td>
<td>549994</td>
<td>26180</td>
<td>18040</td>
<td>8140</td>
</tr>
<tr>
<td>2008-09 (29 districts)</td>
<td>54745</td>
<td>35787</td>
<td>288</td>
<td>896212</td>
<td>96598</td>
<td>8446</td>
<td>88152</td>
</tr>
<tr>
<td>2009-10 (30 districts)</td>
<td>302629</td>
<td>256920</td>
<td>1793</td>
<td>3310995</td>
<td>519471</td>
<td>27919</td>
<td>491552</td>
</tr>
<tr>
<td>2010-11 (30 districts)</td>
<td>234912</td>
<td>208131</td>
<td>1100</td>
<td>2366290</td>
<td>391657</td>
<td>195430</td>
<td>195657</td>
</tr>
<tr>
<td>2011-12 (30 districts)</td>
<td>194087</td>
<td>161763</td>
<td>701</td>
<td>1652116</td>
<td>326002</td>
<td>144029</td>
<td>181973</td>
</tr>
<tr>
<td>2012-13 (Up to Nov.2012)</td>
<td>120739</td>
<td>87060</td>
<td>125</td>
<td>59492</td>
<td>230069</td>
<td>25991</td>
<td>204078</td>
</tr>
</tbody>
</table>


The scheme is being implemented as Centrally sponsored Scheme on cost sharing basis between Centre and State as wage component is fully borne by the Government of India and material component is borne by Central and State Governments in the ratio of 75:25. The fund available for scheme during 2012-13 is Rs 1207.38 crore of which, Rs.870.60 crore has been spent upto November 2012 and 125.42 lakh person days of employment has been generated benefitting 0.59 lakh households.

Swarna Jayanthi Grama Swarojgar Yojana(SGSY):

SGSY aims at alleviating poverty among the rural poor. The programme has been launched by restructuring self-employment programmes such as IRDP, DWCRA, TRYSEM SITRA, Ganga Kalyana Yojana and Million Wells Scheme. The programme has been launched from 1st April 1999. SGSY is a holistic programme covering all aspects of self-employment like organization of the poor into self-help groups, training, credit linkage, technology, infrastructure and marketing facilities. SGSY is being funded by the Centre and State in the ratio of 75:25. The main emphasis is on cluster approach.
The Cumulative total number of beneficiaries under this program is 37.96 lakh of which 46% were from SC/ST categories Upto the end of Sept 2012. Seven special project proposals have been approved of which three projects have been completed. Remaining four special projects are under implementation. For effective implementation of the scheme, many areas of preferences have been identified & stress is being laid on those areas. Some of the important identified areas are:

1. Construction of three village Haats per District
2. Establishment of Apparel Training and Designing Centres in 24 districts in coordination with AEPC.
3. Establishment of RUDSETI / RSETIs in 28 districts to provide Skill Development Training.
4. Establishment of Urban Haats in collaboration with Bangalore Metro Rail Corporation Ltd.
5. District Haats have been constructed.

The details of beneficiaries under SGSY and advance disbursement through the SGSY programme are given in below Tables.

**Table 2.** Swarna Jayanti Gram Swarojgar Yojana: Sanctions & Disbursements of Loan & Subsidy from 2008-09 to 2012-13 (Upto September 2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>Sanctions No.</th>
<th>Sanctions Amount</th>
<th>Disbursements No.</th>
<th>Disbursements Amount</th>
<th>Subsidy No.</th>
<th>Subsidy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>2008-2009</td>
<td>709</td>
<td>2.69</td>
<td>570</td>
<td>2.16</td>
<td>570</td>
<td>0.86</td>
</tr>
<tr>
<td></td>
<td>2009-2010</td>
<td>1607</td>
<td>4.58</td>
<td>1435</td>
<td>4.58</td>
<td>1435</td>
<td>1.73</td>
</tr>
<tr>
<td></td>
<td>2010-2011</td>
<td>2616</td>
<td>7.93</td>
<td>2335</td>
<td>7.08</td>
<td>2335</td>
<td>2.51</td>
</tr>
<tr>
<td></td>
<td>2011-2012</td>
<td>2491</td>
<td>8.51</td>
<td>2007</td>
<td>6.91</td>
<td>2007</td>
<td>2.35</td>
</tr>
<tr>
<td></td>
<td>2012-2013 (Upto 31-09-2012)</td>
<td>197</td>
<td>0.80</td>
<td>162</td>
<td>0.66</td>
<td>162</td>
<td>0.33</td>
</tr>
<tr>
<td>Groups</td>
<td>2008-2009</td>
<td>6325</td>
<td>203.79</td>
<td>5774</td>
<td>186.08</td>
<td>5774</td>
<td>71.47</td>
</tr>
<tr>
<td></td>
<td>2009-2010</td>
<td>6131</td>
<td>213.53</td>
<td>5497</td>
<td>191.45</td>
<td>5497</td>
<td>76.25</td>
</tr>
<tr>
<td></td>
<td>2010-2011</td>
<td>7068</td>
<td>254.41</td>
<td>6222</td>
<td>223.96</td>
<td>6222</td>
<td>79.55</td>
</tr>
<tr>
<td></td>
<td>2011-2012</td>
<td>6737</td>
<td>229.04</td>
<td>6018</td>
<td>204.60</td>
<td>6018</td>
<td>72.62</td>
</tr>
<tr>
<td></td>
<td>2012-2013 (Upto 31-09-2012)</td>
<td>1224</td>
<td>43.77</td>
<td>922</td>
<td>32.97</td>
<td>922</td>
<td>11.30</td>
</tr>
<tr>
<td>Total</td>
<td>2008-2009</td>
<td>7034</td>
<td>206.48</td>
<td>6344</td>
<td>188.24</td>
<td>6344</td>
<td>72.33</td>
</tr>
<tr>
<td></td>
<td>2009-2010</td>
<td>7738</td>
<td>218.11</td>
<td>6932</td>
<td>196.03</td>
<td>6932</td>
<td>77.98</td>
</tr>
<tr>
<td></td>
<td>2010-2011</td>
<td>9684</td>
<td>262.34</td>
<td>8557</td>
<td>231.04</td>
<td>8557</td>
<td>82.06</td>
</tr>
<tr>
<td></td>
<td>2011-2012</td>
<td>9228</td>
<td>237.55</td>
<td>8025</td>
<td>211.51</td>
<td>8025</td>
<td>74.97</td>
</tr>
<tr>
<td></td>
<td>2012-2013 (Upto 31-09-2012)</td>
<td>1421</td>
<td>44.57</td>
<td>1084</td>
<td>33.63</td>
<td>1084</td>
<td>11.63</td>
</tr>
</tbody>
</table>

**Source:** Economic Survey Report of Government of Karnataka

**Table 3.** The Beneficiaries (SGSY) under Self Employment Schemes for the Period 2008-09 to 2012-13 (Upto September 2012)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Ach.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>76834</td>
<td>88794</td>
</tr>
<tr>
<td>2009-10</td>
<td>63216</td>
<td>91366</td>
</tr>
<tr>
<td>2010-11</td>
<td>90420</td>
<td>104527</td>
</tr>
<tr>
<td>2011-12</td>
<td>82610</td>
<td>82509</td>
</tr>
<tr>
<td>2012-13 (Sept. 2012)</td>
<td>76760</td>
<td>12435</td>
</tr>
</tbody>
</table>

**Source:** Economic Survey Report of Government of Karnataka
Table 4. The Advances under Swarna Jayanti Gram Swarojgar Yojana (SGSY) Disbursement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Swarojgaries (in thousands)</td>
<td>88.79</td>
<td>91.37</td>
<td>104.53</td>
<td>82.51</td>
<td>12.44</td>
</tr>
<tr>
<td>Of which SCs/STs (in thousands)</td>
<td>42.34</td>
<td>40.87</td>
<td>47.26</td>
<td>38.53</td>
<td>5.35</td>
</tr>
<tr>
<td>Loan Component (Rs. Crore)</td>
<td>188.24</td>
<td>196.03</td>
<td>231.04</td>
<td>211.51</td>
<td>33.63</td>
</tr>
<tr>
<td>Grant in Aid (Rs. Crore)</td>
<td>72.33</td>
<td>77.98</td>
<td>82.06</td>
<td>74.97</td>
<td>11.63</td>
</tr>
</tbody>
</table>


Suvarna Gramodaya Yojane:

Suvarna Gramodaya yojane was launched on 25.02.2007. This is a new initiative of the Government of Karnataka for developing vibrant village communities by adopting an intensive and integrated approach to rural development. Launched at the commencement of the Golden Jubilee Celebrations of the formation of the State of Karnataka, the new initiative focuses on the development of 1,000 villages every year by the concerted efforts of the Government, Non Governmental Organizations, private sector partners and the village communities.

The main objectives of the programme are -

1. To upgrade the physical environment of the selected villages for improving the quality of life
2. To fully develop the income generating potential of land based activities
3. To provide full and adequate infrastructure for human resources development including education, health services, childcare facilities etc.
4. To generate significant levels of non agricultural employment, especially for educated unemployed youth
5. To support community awareness and development through self-help groups, cultural associations etc.

Selection of Villages

The population covered in each taluk is determined on the basis of rural population of that taluk in relation to total rural population of the entire State. Funds are allotted at the rate of Rs.2500 to 3000 per capita. In general, the villages having population above 2500 but below 8000 are selected within the limit of the population fixed in the taluk keeping in view the rural constituency population. In the hilly and western ghaut areas, the population limit is relaxed.

Development of Rural Roads

The total length of rural roads, as on 31.3.2012, in Karnataka is 1,47,212 km of which 47,744 km is asphalted, 25,771 km has macadam surface, and 73,697 km consists of mud roads. Development of rural roads and their maintenance has been the responsibility of the Zilla Panchayats since 1987. Technical supervision of the roads at the state level, which was with the Public Works Department till the end of 1999, has been transferred to the Rural Development and Panchayat Raj Department from 01.01.2000. Improvement of roads and their maintenance is being taken up under Pradhan Manthri Gram Sadak Yojana, Mukhya Manthri Grameena Rasthe Abhivruddhi Yojane (CMGSY) & RIDF schemes.
Pradhan Mantri Gram Sadak yojana (PMGSY):

PMGSY was launched in the State during December 2000 with the objective of providing rural connectivity by way of all-weather roads to eligible habitations having a population of 500 and above by the end of 2007. Under this programme, Rs 3554.91 crore has been spent and 15782.31 Km of road length has been asphalted upto October 2012. In order to implement the scheme more effectively, Karnataka Rural Road Development Agency has been formed during January 2005. The agency is involved in preparation of detailed project reports in each stage, implementation of the works (as approved by Government of India) as per the required standards and, release of grants provided by Government of India. As on date, the State has 2235 unconnected habitations.

Chief Minister Gram Sadak Yojana:

Under Mukhya Mantri Gramina Raste Abhivruddi Yojane (Head of Account-3054) a sum of Rs.14,827.50 lakhs have been provided in the annual budget for 2011-12 (Table 5.10). The funds so provided have been allocated to Zilla Panchayats as per Dr.D.M.Nanjundappa committee report for maintenance of roads.

Mahila Kisan sashaktikarana pariyojane:

The Central Government has initiated the implementation of the Mahila Kisan Sashaktikarana Pariyojane (MKSP) scheme with the objective of training the poorest women of rural in agriculture and strengthening them financially. The Central & State Governments provide funds in the ratio of 75:25 with the Centre releasing its share in 3 installments in 25: 50: 25 ratios while the State releases its 25% share according to Central releases.

CONCLUSION

From the present study it is observed that various programmes are launched by the state and central Government for the development of rural areas like Mahatma Gandhi National Rural Employment Guarantee Scheme, Swarna Jayanthi Grama Swarojgar Yojana, Suvarna Gramodaya Yojane etc., all these programmes launched by the government are commendable and worthwhile for the economic development. At last from my point of view, I would like to conclude by stating that “people’s participation” has become the vital in rural development programmes. The participation of the people is necessary to provide the rural people with better prospects for economic development.

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ABSTRACT

In order to keep pace with the international best practices, the Indian Parliament enacted Information Technology Act, 2000 paving the way for introduction of IT services as a statutorily recognised business language. Under this machine-driven environment, the Act seeks to ensure cyber security and compliance with tax laws for cyber transactions. This was followed by the adoption of statutorily recognised electronic documents and digital signature replacing the erstwhile physical signature of an individual or a business entity. The country went one step further by launching the Ministry of Corporate Affairs for the 21st century (MCA-21) project implementing e-governance, and finally switching over to extensible Business Reporting Language (XBRL). In this backdrop, the present researchers have attempted to examine the genesis of e-governance in our country and the benefits derived therefrom. The present study also attempts to examine XBRL as a reporting language for corporate entities and to analyse the use of XBRL and its implications on the chartered secretaries and chartered accountants in our country.

Keywords: Cyber Security; Digital Signature; Reporting Language; Centralized Database; Instance Document

INTRODUCTION

An institution which rejects change is an example of decay; the only institution which does not change is the cemetery. Change and dynamism is also inevitable for a business entity. An artificial juridical personality cannot have its own physical language. As such, they opt for a technical language in the shape of financial information in figurative form. This rests upon quantitative measurement of exchange of resources and recording it as a transaction. This continued from period Before Christ (BC) till the 20th century, when the whole world was revolutionized by the emergence of Computer and Information Technology (CIT). Originally, the ambit of CIT and computer generated information was confined to US Army for their defense communication purposes. However, subsequently it was made open for public use. With the advent of CIT, nations across the globe initiated the integration of all the processes with Information Technology (IT). This raised issues relating to legal reforms, business process reengineering, change management and infrastructure creation. Accordingly, as a pioneering effort, the United Nations General Assembly by a resolution dated 30th January, 1997 adopted the Model Law on Electronic Commerce which is referred to as the UNCITRAL Model Law on E-Commerce.
In order to keep pace with the international best practices, the Indian Parliament also enacted the Information Technology Act, 2000 paving the way for introduction of IT services as a statutorily recognised business language. Under this machine-driven environment, the Act seeks to ensure cyber security and compliance with tax laws for cyber transactions. This was followed by the adoption of statutorily recognised electronic documents and digital signature replacing the erstwhile physical signature of an individual or a business entity. The country went one step further by launching the Ministry of Corporate Affairs for the 21st century (MCA-21) project implementing e-governance based on experiences drawn from Australia, Canada, New Zealand, the United Kingdom and Singapore, and finally switching over to eXtensible Business Reporting Language (XBRL). The MCA-21 project seeks to fulfill the requirements of the various stakeholders including the corporate professionals, public, financial institutions and banks, government and the MCA employees. In this backdrop, the present researchers have attempted to examine the various facets of XBRL in financial reporting.

**OBJECTIVES**

The present study has been undertaken with the following objectives:

1. To examine the genesis of e-governance in our country and the benefits derived therefrom by the public as well as the private sector entities;
2. To examine XBRL as a reporting language for corporate entities;
3. To analyse the use of XBRL and its implications on the chartered secretaries and chartered accountants.

**RESEARCH METHODOLOGY**

The present study is theoretical in nature and is based on extensive research for which secondary source of information has been gathered. The sources include books, journals and online publications. In consonance with Objective No. 1, we shall now lay down the genesis of e-governance in our country and the benefits derived therefrom.

**E-Governance**

During the British period, the generation, processing and dissemination of all corporate information was undertaken in physical form. Physical format of information dissemination was not beyond suspicion and alteration. This practice continued with instances of suppression of minority interest and mismanagement of resources kept under the disposal of corporate entities. In order to prevent mismanagement of financial resources by the corporate management, it has been felt necessary to replace the paperwork. This was further facilitated by the emergence of computer and information technology. It is believed that information disclosure, sharing of information in a quicker manner under a secured cover, would prevent mismanagement of affairs and resources of the entities. Hence, a need was felt to prevent alteration of financial information at various levels. E-governance was made possible through different technological development in engineering discipline and was gradually implanted in the business discipline. It is a case of assimilation of engineering technology into business information area and a new blending of cyber language and financial information. This ensures better corporate governance through the medium of electronic transmission of information to the concerned user groups.

Electronic Governance (or e-governance) essentially refers to ‘the utilization of Information Technology (IT), Information and Communication Technologies (ICTs), and other web-based telecommunication technologies to improve and/or enhance the efficiency and effectiveness of service delivery in the public sector.’(Jeong, 2007) In other words, it implies the employment of internet and the world-wide-web for delivering government information and services to the citizens.( United Nations, 2006; AOEMA, 2005) It is the system of using technologies to facilitate the operation of government and the dispersing government information and services. The ultimate goal of e-
governance is to be able to offer an increased portfolio of public services to citizens in an efficient and cost effective manner. E-governance seeks to make government functioning Simple, Moral, Accountable, Responsive and Transparent (SMART). Some of the benefits percolating from e-governance in the public sector have been enumerated as under:

- E-governance allows for government transparency making government information easily accessible. Government transparency is important because it allows the public to be informed about what the government is working on as well as the policies they are trying to implement. It ensures better government accountability and improves the effectiveness of the government in terms of service delivery and simplifying the way government functions and governs.

- Simple tasks may be easier for public sector agencies and citizens to perform through electronic government access. Many changes, such as marital status or address changes can be a long process and take a lot of paper work for citizens. E-governance allows these tasks to be performed efficiently with more convenience to individuals.

- E-governance is an easy way for the public to be more involved in political campaigns. It increases voter awareness, leading to an increase in citizen participation in elections.

Globally, countries like the UK, US, Canada, Australia, Singapore, Hong Kong have taken proactive measures to bring the benefits of IT to the masses. They have framed policies and procedures to achieve e-governance. In the UK, it was sought to make 100 percent of the government services carried out electronically by 2005. In Australia, all appropriate federal government services are delivered electronically since 2001. In Canada, all key government services have become fully online since 2004. In China, 80 percent of the administrative services of the municipal government agencies are being delivered via the Internet since 2005.

In India, the e-Governance initiatives are broadly managed under the umbrella of the National e-Governance plan (NeGP). MCA 21 is envisioned to provide anytime and anywhere services to businesses. It is a pioneering program in the field of e-governance in the country. It is a Service Oriented Approach in the design and delivery of government services to establish a healthy business ecosystem and make the country globally competitive. It has ushered in global best practices that are based on experiences drawn from Australia, Canada, New Zealand, the United Kingdom and Singapore. The MCA 21 project was implemented as part of the MCA's vision: "To be a leader and partner in initiatives for Corporate Reforms, Good Governance and Enlightened Regulation, with a view to promote and facilitate effective corporate functioning and investor protection."

E-governance is a highly complex process requiring provision of hardware, software, networking and reengineering of the procedures for better delivery of services. It includes broad range of services for almost all segments of the society. The most common areas of e-governance application are e-commerce, business regulation, taxation and revenue, law enforcement, education, health and transport. The business community benefits because e-governance can become a catalyst and a channel for e-business, as it has been observed in developed countries like the US, UK, Canada, Australia and Singapore. Hereunder, we highlight the benefits of e-governance to various business entities:

- E-governance has a corporate centric approach. It enables online incorporation of companies, easy filing of forms, returns and documents, verification of charges, etc. It makes the different processes paperless and hassle-free for the business entities. Further, a web-based system enables payment of taxes online and reduces corruption.

- E-governance empowers users through access and use of information. It necessitates the online facilitation of documents and corporate information which reduces the possibility of subsequent alteration of figures and information. This promotes investor protection as the investors are not exposed to disingenuous information.
E-governance paves way for a convenient and cost-effective system for businesses. It helps in building up of a centralized database repository of corporate information and the various interested parties benefits by getting easy access to the most current information without having to spend time, energy and money.

Inspection of public documents of companies by the various external statutory authorities like tax officials, auditors, etc. is made possible through e-governance. This, in turn, aids in better and timely tax disbursement, better administration and compliance of statutory pronouncements. Further, it reduces redundancy and duplication in government work.

E-governance facilitates total transparency thereby promoting enhanced service level, delivery mechanism and customer-relationship management.

Decision making is expedited, and the interface between government and business as well as government and citizens is enhanced. The citizens are benefitted as transparency, efficiency and integrity is promoted.

E-governance also promotes timely redressal and settlement of grievances of investors, fostering better investor protection.

E-governance is, thus, of vital importance to the national economy as it facilitates better governance of both the government as well as the business sector, thereby aiding various interested parties and investors in their decision-making process and the statutory authorities in their regulating and administrating process. Hence, an attempt has been made in this article to bring into focus the mechanism of achieving good governance of corporate entities, its financial resources and its business objectives through the application of information technology driven language called XBRL.

**XBRL as a Financial Reporting Language**

The beginning of XBRL can be traced to the initial efforts of Charles Hoffman, a Certified Public Accountant, from Tacoma, Washington. The American Institute of Certified Public Accountants (AICPA) was also instrumental in the formulation of XBRL International Inc (XII), which is a consortium of regulators, financial standards bodies and technology providers.

XBRL is an open, royalty-free software specification developed through a process of collaboration between accountants and technologists from all over the world. It is a digital language that was developed to provide a common, electronic format for business and financial reporting. It offers major benefits to all those who have to create, transmit, use or analyse such information. In XBRL, mark-up tags are used to make business information computer-readable. It is intended to standardise financial reporting in order to promote transparency and to improve the quality and comparability of business information. It is based on eXtensible Mark-up Language (XML) by which both the contents and relationship can be easily established between the users and providers of financial information. Instead of treating financial information as a block of text or numeric items, XBRL attaches a unique electronically readable tag for each individual financial term. It is not just content but also the context that is being transmitted through XBRL.

An XBRL document comprises of the taxonomy and the instance document. An XBRL instance document contains primarily the business facts being reported, and taxonomies refer to an electronic dictionary of the reporting concepts and consist of all the data definitions, the basic XBRL properties and the interrelationships amongst the concepts. In other words, taxonomy contains description and classification of business and financial terms, while the instance document is made up of the actual facts and figures.

Regulators of stock exchanges and securities, banking regulators, business registrars, revenue reporting and tax-filing agencies and national statistical agencies all over the world employ XBRL for their information dissemination purposes. Therefore, taxonomies have to be in sync with the global taxonomy as recognized by XBRL International. The responsibilities of forming XBRL national
jurisdiction and implementation of the standards for financial reporting in India have been entrusted to the Institute of Chartered Accountants of India (ICAI). It has formed the XBRL India for managing the affairs of Indian Jurisdiction of XBRL International. Adopting international best practices, the goals of XBRL as set up by the MCA are as follows:

1. Businesses are enabled to register a company and file statutory documents quickly and easily. We have studied so far that the promoters shall have to move with all the documents to the Registrar of Companies (RoC) to file their Memorandum of Association, Articles of Association, a copy of prospectus and pay necessary fees before registering the company. Under the MCA 21 initiative, filing of physical documents have been dispensed with. Financial institutions also find registration and verification of charges easy.

2. Public can get easy access to relevant records and get their grievances redressed effectively. It establishes bondage between a company and its stake-holders to settle their dispute outside the court in the shortest possible time.

3. It facilitates out of the court settlement of disputes and also provides a mechanism for quick dispute settlement.

4. Professionals are able to offer efficient services to their client companies anytime and from anywhere.

5. The MCA shall also ensure pro-active and effective compliance of relevant laws and corporate governance. The implementation of XBRL will shorten the cycle time for MCA service delivery and bring transparency.

6. The employees of MCA are enabled to deliver the best of breed services.

XBRL has been adopted by the MCA for filing financial and costing information with the Central Government by mandating certain class of companies to file their balance sheets and profit and loss accounts from the year 2010-11 onwards by using XBRL taxonomy. The Financial Statements required to be filed in XBRL format would be based upon the Taxonomy on XBRL developed for the existing Schedule VI, as per the existing (non converged) Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. The revised schedule is applicable for companies to comply, in a phased manner, starting from April 1, 2011. In the first phase, (i) All companies listed in India and their subsidiaries; (ii) All companies having a paid up capital of Rs 5 crore and above or a turnover of Rs 100 crore or above, excluding power and banking companies, insurance companies, Non-Banking Financial Companies and overseas subsidiaries of these companies will be required to prepare their Income Statement and Balance Sheet as per the revised schedule. The same provision has been duly carried forward and included under the Companies Act, 2013.

Because XBRL is extensible and flexible, it can be adapted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data. It also meets the requirements of regulators, lenders and others consumers of financial information. XBRL benefits comparability by helping to identify data which is genuinely alike and distinguishing information which is not comparable. XBRL increases the usability of financial statement information. This improves business relations and lead to a range of benefits. With full adoption of XBRL, companies can automate data collection. Once data is gathered in XBRL, different types of reports using varying subsets of the data can be produced with minimum effort. Not only can data handling be automated, removing time-consuming and error-prone processes, but the data can also be checked by the software for accuracy.

The major issue for organizations is deciding how to integrate XBRL within their own environment. The use of XBRL may result from a strategic decision to adopt it within the organization, or it may also result from a requirement of an information intermediary or regulator. Organizations can adopt several methods for XBRL implementation:
Conversion: At the most basic level of adoption, organizations may see XBRL purely as a compliance exercise and a cost burden. An organization takes information from various sources within the organization and then copies or keys this information into an XBRL tool. There is no process change in this approach, merely a conversion of the results of the existing processes to a different format, including the existing inefficiencies.

Outsourced: A second alternative is to use a third-party company to generate the XBRL by interfacing with the financial reporting tool. The organization may use the power of XBRL to layer internal metrics and definitions within an extension to the taxonomy required by the external parties. The mapping of internal metrics to the taxonomy should involve both management and the outsourced provider. As a result, the risk of communicating invalid or incorrect information is minimized.

Integrated: There are two more options to ensure that the information aligns with the internal taxonomy. The XBRL Global Ledger Framework, which represents the financial and non-financial facts that flow to reporting and come from transactions, may be used as the transport medium to move performance and compliance information from the subsidiary to the head office. An alternative option, which may be applied in some cases, is to change the internal processes and accounting information systems within the organization.

Regardless of which implementation strategy an organization selects, controls across three major areas are necessary to manage risk:

1. Selecting, maintaining, and testing taxonomies and extension taxonomies;
2. Accurately mapping and tagging data elements to XBRL reports; and
3. Enforcing change management procedures for XBRL processes.

XBRL supports a wide variety of data that organizations use to build management reports, including financial reports, balanced scorecards, and sustainability reports. Organizations can leverage XBRL for value by embedding XBRL within internal processes to enhance the effectiveness, efficiency and reliability of management reporting. The steps for filing financial statements in XBRL format as provided under the MCA portal are:

1. Creation of XBRL instance document
2. Download XBRL validation tool
3. Load the instance document
4. Validate the instance document
5. Pre-scrutiny of the instance document
6. Convert to PDF format and verify the contents of the instance document to ensure that the textual information entered in the instance document is clearly viewable
7. Attach instance document to the Form 23AC-XBRL and Form 23ACA-XBRL
8. Submitting the Form 23AC-XBRL and Form 23ACAXBRL on the MCA portal

Financial information and accounting data are formatted in accounting language in respect of Generally Accepted Accounting Principles (GAAP) which ensures access to more accurate and reliable financial information. XBRL uses technical terms like revenue, cost, amortization of deferred revenue expenditure, impairment of intangible assets and recognition of revenue under accrual system which is comprehensible by the accounting professionals. A financial reporting concept within XBRL is called an element; each element being assigned XBRL basic attributes and relationships. It does not limit the extent of financial information that is to be disclosed in a financial statement nor does it change the content of GAAP. Instead, XBRL permits the automatic exchange and reliable extraction
of financial information across all software formats and technologies. The XBRL may be applied in
the following areas:

- XBRL helps in cost control, reduction and cost management. Preparation of cost sheet, payment scheduling, inventory classification, cost apportionment, cost allocation, cost audit and cost compliance report is facilitated by it. Once the format is designed and preserved, it can be updated anytime according to the necessity of the management;
- Receivables management, debt collection, factoring service can be facilitated by the application of XBRL;
- Accounting for foreign exchange transaction, foreign exchange translations, foreign exchange exposure risk, transaction loss, etc. can be formatted in drill down format through the use of XBRL;
- Using hyperlinks in XBRL formatted documents, a user can derive financial information, key financial tables and standardized financial information, including footnotes and relevant financial ratios;
- Automatic import of Master Data of company via Corporate Identity Number (CIN) and Director via Director Identification Number (DIN), one time creation of Product Master and Product detail is facilitated by XBRL;
- XBRL has in-built validations to prevent errors. Besides, it provides for the generation or automatic validation of cost instance document for submission to MCA;
- Information pertaining to extent of priority sector lending, number of no-frills account opened, classification of non-performing assets, capital adequacy ratios spread in respect of interest rate differential, assessment of credit risk may also be established through XBRL in respect of a banking institution;
- XBRL tag can be beneficially applied by insurers in respect of insurance and risk management. Existence of over-insurance, under-insurance, partial coverage of risk in respect of employees and operations of an entity can be ascertained with XBRL.

Implications of the Use of XBRL

The responsibility of acting as a financial consultant and advisor rests upon the members of the Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI). In this paragraph, we deliberate upon the adoption of e-governance mode of disseminating financial information in general and also through XBRL in particular, upon the professional members of the ICSI and the ICAI.

On The Company Secretaries

We have come to realize that the position of Company Secretaries (CS) is no more confined to traditional secretarial work alone, but its ambit has been widened as the office of CS is now regarded as a Compliance Officer on all legal matters which a corporate entity is mandated to comply with. E-governance, thus, becomes a handy tool kit at the disposal of the CS. He has now been relieved of discharging day-to-day routine works through paper form; rather, he has to now transform and assemble information in electronic form. As a result, it will be to the advantage of a CS to have an exposure to XBRL.

Although the line staff is required to furnish financial information in XBRL form, the matter does not end here, because the CS, while preparing office memorandum and agenda items to be discussed in the Board meeting, shall have to prepare the same in electronic mode and circulate it among all the members of the Board. The secretarial functions, documents and financial information have to be designed in an electronic form using XBRL.
The CS will be directly responsible for filing return and copy of the Annual Reports to the Registrar of Companies (RoC) and other MCA authorities through XBRL format only. The CS shall also be responsible for filing tax returns with different categories of domestic revenue authorities such as Income Tax authorities, Value Added Tax (VAT) authorities, Service Tax authorities, Central Excise authorities, Customs authorities, etc. The CS as a Compliance official of the company is required to assign digital signature on all the electronic documents taken out of the Board Room. All the information contained in the electronic form with the CS cannot be taken out and shared with the stakeholders without the prior approval of the Board. The CS acting as a mouthpiece of the concerned shall be entrusted with the task of maintaining confidentiality, secrecy and security of digital information used for internal purposes. It will be further convenient for the CS when he/she will be involved in the process of inter-company negotiation on account of undertaking global transactions for purchase and sale of raw materials, intermediate goods or final products; for inter-company capital investment, movement of investment and investible resources from parent company to the subsidiary company or between two parent companies in two locations abroad; for transfer-pricing; for acquisition and transfer of financial assets, investment assets beyond the boundary of the nation; preparing invoice in two different currencies where business transactions are taking place across the boundary of the nations.

The CS is placed in a position of king-pin in the organizational structure of a company. By virtue of this position, he is required to guide and offer counseling to other members of the Board in order to enable them to arrive at informed and meaningful decisions. In all the aforesaid instances, e-governance through XBRL is not only an essential but also a sufficient condition to take advantage of an open, liberal and internationalized business environment. The success of the business entity and its sustenance would depend to a large extent upon a competent CS equipped with IT-driven knowledge and exposure mingled with financial and other non-financial information of the business entity.

On The Chartered Accountants
XBRL has also changed the way a Chartered Accountant (CA) discharges his duties. A CA can now undertake tax planning and accurate assessment of tax liability for his clients. The past audit report and audit information of a client can be tagged in XBRL format which enables him to get quick reference about the relevant information of the client’s business and the changes that have taken place between the two time periods. With an exposure to XBRL, CA professionals can expand the horizons of their services to international clients as well. When a CA renders his expert advice for an international client, intra-company stock transfers, transfer pricing, etc. can be facilitated through XBRL by assigning a unique tag to the concerned items. Moreover, an IT savvy CA can map statements into XBRL using software designed for the purpose which enables export of data in a cost-effective and user-friendly manner.

The CAs can position themselves to the development of XBRL and can render value-added services to their clients. They can guide their clients to enter a new digital world, solve business issues and capitalize on opportunities. Most of the accounting professional bodies around the world are trying to utilize XBRL for preparation and presentation of financial statements and other business information. The National XBRL jurisdictions look after the implementation of IFRS with the help of XBRL, thus enhancing efficiency and comparability of financial information and the adoption of IFRS around the world. When the country is preparing to adopt and embrace IFRS as a national accounting standard, our exposure to XBRL would facilitate better compliance with IFRS with greater and deeper information networking system at par with global professional bodies as well as business enterprises.

CONCLUSION
The use of XBRL manifests the functional areas and application of IT in the field of e-governance through digital and electronic environment. XBRL is a global standard for providing financial information to be used by wide scale of users requiring this information for their financing and investment decisions. The need for XBRL arises owing to internationalization of capital movement.
and opening of investment opportunities in financial assets across the globe. When MNCs cross the boundaries of the host nation to promote investing, marketing, distribution and transfer of either raw materials or semi finished products as an intermediary input or final product in a distribution channel to make the supply chain reaching the doorstep of final consumers in different locations across the globe, then the dissemination of financial information through e-governance mode is not only essential but a sufficient condition to perpetuate the cause of global business integration. When the business is integrated, be it in respect of manufacturing, investment rendering of services the language of the business also needs to be internationalized through commonly acceptable and understandable parameters across the multilingual users. The multi-linguality can, thus, be converged into one machine language. The country, as a result, will not only attain convergence of Indian GAAP with international GAAP or IFRS, but it will also encourage convergence of information system like XBRL as a global language of business entities worldwide.

At the same time, it must be realized that XBRL is not a solution to all information transfer problems. It is designed explicitly to support business reporting and, as a result, has inherent limitations. Some of the enhanced functionality associated with XBRL is also relatively recent and its use should be matured and executed with a planned approach.

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ABSTRACT

The concept of sustainable ethical practices in contemporary organizations has become the extensively studied area of research for the emerging scholars, academicians and corporate professionals. The existing literature in business ethics reveals that corporate leaders have tried to use one set of ethics for their professional responsibilities, another for their personal activities and still another for their family responsibilities. This phenomenon of situational ethics has put many leaders into trouble. Business ethics is not a separate moral standard, but the study of how the business environment poses its own unique challenges for the moral person who acts as an agent of the business. The approach of classical organizations towards business ethics was that ethical issues in business is only a term used to define administrative rules and regulations that everyone must adhere or a standard that must be followed. However today, top level management and small business owners have now realized that it is more than that. Business ethics has made important strides over the past decades, but it has also suffered significant failures as witnessed by the long line of business scandals in the past half century. This paper discusses different forms that business ethics has taken in relation to the goal of businesses acting ethically. The present paper concludes that ethical practices are vital in determining the thriving progression as well as sustained growth and success of an organization.

Keywords: Sustainable Ethics; Organizational Success; Contemporary Organizations

INTRODUCTION

Managing ethics in the work place is all about how the values, ethics and moral principles are essential for sound growth and success of an organization. Ethics is defined as that characteristic which constitutes good and bad human conduct and that which decides what is good and evil, right and wrong, and thus what we ought and ought not to do. The ethical sense of right and wrong is derived by a set of social values through which our actions can be tested. In a social group, the ethical standards are set keeping the social values as the base. Values are the central desires of individuals in any social group. They are the choices that an individual makes to enhance the quality of his or her existence.

The word ‘ethics’ comes from the Greek word ethos, meaning ‘character’ or ‘custom’ and the derivative phrase ta ethika, was used by the philosophers Plato and Aristotle to describe their own
studies of Greek values and ideals (Solomon, 2005). Ethics is first of all a concern for individual character, including what we call ‘being a good person’. It is also a concern for the overall character of an entire society. Ethics is participation in and an understanding of an ethos- the effort to understand the social rules which govern and limit our behaviour especially those fundamental rules, such as prohibitions and requirements to respect the rights of others, which we call morality. According to Solomon (2005), ethics is that part of philosophy which is concerned with living well, being a good person, doing the right thing, getting along with other people and wanting the right things in life. Ethics is essential to living in society with its various traditions, practices and institutions. Those traditions, practices and institutions determine many of the rules and expectations that define the ethical outlook of the people living within them. In ethics, a person engages in a consideration that what is right and what is wrong (Wicks and Palmer, 2008).

Ethics is important not only in corporate world but in all aspects of life. It is the vital part and the foundation on which the society is build. A business/society that lacks ethical principles is bound to fail sooner or later. According to International Ethical Business Registry, there has been a dramatic increase in the ethical expectation of businesses and professionals over the past 10 years. Ethics refers to a code of conduct that guides an individual in dealing with others. Accordingly, business ethics is a form of the art of applied ethics that examines ethical principles and moral or ethical problems that can arise in business environment. It deals with issues regarding the moral and ethical rights, duties and corporate governance between a company and its shareholders, employees, customers, media, government, suppliers and dealers.

Ethics is related to all disciplines of management like accounting human resource management, marketing and sales, information technology, production, intellectual property knowledge and skill, international business and economic system. The ethical issues in business have become more complicated because of the global and diversified nature of many large corporation and because of the complexity of economic, social, global, natural, political, legal and government regulations and environment, hence the company must decide whether to adhere to constant ethical principles or to adjust to domestic standards and culture. It is obligatory for the managers to remember that leading by example is the first step in fostering a culture of sustainable ethical practices in the organizations. As rightly said by Robert Noyce, "If ethics are poor at the top, that behavior is copied down through the organization", however the other methods can be creating a common interest by favorable corporate culture, setting high standards, norms, framing attitudes for acceptable behavior, making written code of ethics impicable at all levels from top to bottom, deciding the policies for recruiting, selecting, training, induction, promotion, monetary / non-monetary motivation, remuneration and retention of employees.

Developing Ethics of Sustainability

The concept of sustainability has emerged as the most widely used phenomenon in organizational growth and success. The best known definition of sustainability is the one stated in Our Common Future, more commonly known as the Brundtland Report: “meeting the needs of the present without compromising the ability of future generations to meet their needs.” Present people have an obligation to future generations to provide them an intact and functioning planet in at least as good state as they received it. The application of the sustainability framework therefore requires a better understanding of the ethical concepts which support it. The sustainability of successful growth and development of an organization requires an integrated approach where all the stakeholders need to be taken into considerations that have a direct or indirect impact on the organizational functioning. In organizational framework, one person's concept of what is ethical may be completely different from another person's concept, and so it's important to establish a collective set of ethics that represent the entire organization rather than just adopting a piecemeal approach. This can be installed through training, through creating business policies and even through careful selection at the HR stage, although it's important that there are also enforcement mechanisms within the business concerned, and that ethics remain a forefront consideration in day-to-day trade to ensure a unified, morally sound approach to doing business.
Table 1. Dynamics of Business Ethics Model

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<td>Unacceptable</td>
<td>Negative Dissonance</td>
<td>Congruence</td>
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Source: Goran Svensson and Grey Wood (2003). Emeralds’ Databank

Putting Ethics into Business

Many leading businesses no longer debate the legitimacy of the role and importance of ethics; rather, they are forging ahead, finding new ways to put ethics into practice. A few recent examples highlight the acceleration of firms taking initiative in developing sustainable ethical practices in business e.g., Nestlé’s Water Management Report (2006) on sustainable water management and signaling a company commitment to this issue; CEO’s of 10 industrial companies (including Caterpillar, Inc., Deere & Company, and DuPont) publicly advocating for major reductions in greenhouse emissions; GE’s Ecomagination, investing in technology and innovation toward environmentally sustainable business ideas; and Business Roundtable’s training program for over 20,000 construction workers in the Gulf Coast states. Successful and sustained businesses, at their cores, share a universal trait—they are focused on providing value to and sharing values with the societies in which they operate. In many cases, the members of these societies are directly involved with the companies as customers, employees, suppliers, and shareholders. Fundamentally, business is about creating value for stakeholders. Companies also embed ethics into business in a very basic way by adding value to people’s lives. Examples of this include developing products that make life more enjoyable like Apple’s iPod or offering progressive employment practices like PepsiCo’s flexible work programs. The interests of companies and their stakeholders are, and should be, inextricably linked. Ethical principles provide the foundations for various modern concepts for work, business and organizations, which broaden individual and corporate priorities far beyond traditional business aims of profit and shareholder enrichment. Ethical factors are also a significant influence on institutions and public sector organizations, for whom the traditional priorities of service quality and cost management must now increasingly take account of these same ethical considerations affecting the commercial and corporate world.

Relationship between ethical practices and organizational success

Although ethical management practices may not be linked to specific indicators of financial profitability, there is no inevitable conflict between ethical practices and making a profit. Ethical business or investment is concerned with how profit is made and how much profit is made, whereas traditional profit centered free-market based business is essentially only concerned with how much profit is made. The ethical approach to business and investment seeks to maximize profit and return on investment while minimizing and avoiding where possible negative social effects. Ethical practice must occupy a significant role in development of an organization. Building brands is all about enhancing relationships with the customer and building loyalty based on reputation and trust.
The modern concept of ethical organizations encompasses many related issues including:

- Corporate social responsibility (CSR) - or simply social responsibility
- The 'triple bottom line'
- Ethical management and leadership
- 'Fair-trade'
- Globalization (addressing its negative effects)
- Sustainability
- Social enterprise
- Mutuals, cooperatives, employee ownership
- Micro-finance, and
- Well-being at work and life balance, including the Psychological Contract.

**REVIEW OF LITERATURE**

Ethics is inevitable in organizations. Research has shown that ethics does pay. Since unethical practices cost the industries billions of dollars a year and damage the images of corporations, the emphasis on ethical behaviour in organizations has increased over the recent years (Trevino, 1986). To extend this stream of inquiry, researches in the area of ethical behaviour and its determinants in organizations have been carried out in the recent decades (e.g., Trevino and Youndblood, 1990; Witkin and Goodenough, 1977; Blasi, 1980). These researches are based on different models of organizational ethical decision-making and behaviour (Dubinsky and Loken 1989; Hunt and Vitell, 1986; Jones, 1991; Trevino, 1986; Zey-Ferrell and Ferrell, 1982; Beu and Buckley, 2001). Yet, these frameworks have not been able to guide the managers adequately owing to the complexity of issues. The issue-contingent model of Jones (1991) synthesized ideas and constructs from eight previous models as well as a new construct called moral intensity. Wimbush (1999) argued that supervisors can play a major role in influencing the ethical behaviour of the employees who are in their first and second stages of cognitive moral development. For these individuals, their observations about the ethical climate of the work group and personal ethics of the supervisor are critical because they are still developing a sense of what is right and what is wrong. Similarly, when situations are ambiguous, these employees may
A morally educated leader is one, who is equipped with ethical awareness, ethical reasoning skill and is postured to shoulder the duties and rewards of stewardship, including consideration of multiple stakeholder’s concerns, before making decisions and using power responsibility (Jackson, 2006). Badaracco (1992) noted that leaders have four spheres of ethical responsibility; as a person, as a company leader, as an economic agent, and as acting beyond the firm’s boundaries. Ethics programs are, as is expected, effective in improving the ethical culture of organizations (Trevino and Brown, 2004; Kaptein and Avelino, 2005; Kaptein, 2008 and Kaptein, 2009). Ethical code development issues include consistency with stakeholder values and expectations (Stevens et al., 2005; Weaver and Trevino, 1999) and corporate values and objectives (Kaptein and Wempe, 1998; Webley and Werner, 2008). Furthermore, leaders who are perceived as ethically positive influence productive employee work behavior (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009) and negatively influence counterproductive work behavior (Brown & Trevino, 2006b; Mayer et al., 2009).

Recently, there has been a surge of empirical research seeking to understand the influence of leaders on building ethical work practices and employee behaviors (Brown & Treviño, 2006). Initial theory and research (Bass & Steidlmeier, 1999; Brown, Trevino, & Harrison, 2005; Ciulla, 2004; Treviño, Brown, & Hartman, 2003; Trevino, Hartman, & Brown, 2000) sought to define ethical leadership from both normative and social scientific (descriptive) approaches to business ethics. The normative perspective is rooted in philosophy and is concerned with prescribing how individuals "ought" or "should" behave in the workplace. For example, normative scholarship on ethical leadership (Bass & Steidlmeier, 1999; Ciulla, 2004) examines ethical decision making from particular philosophical frameworks, evaluates the ethicality of particular leaders, and considers the degree to which certain styles of leadership or influence tactics are ethical.

OBJECTIVES OF THE STUDY

1. To study the existing scenario of sustainable ethical practices in the contemporary organizations.
2. To identify the need of practicing sustained ethical behaviours in the present business dynamics.
3. To provide valuable recommendations to enhance the scope of sustainable ethical practices with regard to growth and success of organizations.

RESEARCH METHODOLOGY

The present study is an endeavor to add fresh insights to the existing knowledge of sustainable ethical practices in the contemporary organizations. This has been done by the extensive review of literature in the concerned research area. Therefore, the study is conceptual in nature. The secondary data collected from journals, books, published and unpublished research material, prominent internet search engines, magazines etc. has been subjected to secondary review in order to identify the key elements of sustainable ethical practices and sustained growth and success of an organization.

DISCUSSION AND CONCLUSION

The present day organizations have shifted from functional to amorphous structures and the employees have to behave in an ethical way which creates a dilemma in the minds of the employees. They seem to be so rigid that they resist any new change in their work and organization. So the 21st century organizations have group members, department wise work out ways to incorporate change and facilitate training, reorganized teams, open channels of communication, scientific appraisal system, production oriented and creative teams, information devised on need to know basis and realistic...
targets. Hence, there is a need for building consensus among different stakeholders (Government, labour, management) in order to move forward with a positive and pragmatic attitude and face the ethical dilemma. Changing market needs lead to a change in the concept of work. Today, the concept has changed from life time employment to employability life time, from individual to team, from employee as a servant to employer as a partner, from directing to empowerment, from loyalty to competence and from permanent to contract. The feelings and commitment for jobs have changed. The lack of cohesion is seen in the individual. The negative impact entails for a fear of being incompetent and leads to individual stress. This can be overcome with human values and ethics.

Organizations in 21st century have world class ambitions and have to equip their workforce with new management approaches and conduct their business profitably. Thus, the requirement is not only to generate a competitive edge but also cope with uncertainties as the challenge is to grow with profitable revenue and stay alive amidst competition. Only the innovative organizations are going to be in a position to exploit the opportunity. Thus for the 21st century, the change process has to be linked to strategic business objectives of the company. Ethical practices are the essential criteria for attaining sustained growth and success in the 21st century. As the cut throat competition is leading to survival of the fittest one in the market, it requires restructuring of the organization. Organizations have become more conscious of quality, customer expectation, size, empowering employees, seeking strategic alliances with transnational and domestic companies retraining managers and workers and treating employees as the most important entities in an organization. On the other hand, delayering is the process of removing specific organizational structural levels from the existing hierarchy of an organization. It results in flattening of the organization’s vertical boundaries. The managers should make clear that it is an effort to weed out inefficiencies and work flow redundancies so that resources can be channelized effectively and organization will thus, add advantage of promoting team work, focus task orientation, cost reduction, effectiveness, improved communication, speed in decision making, simplicity, increase in autonomy, empowerment and increased responsiveness to environment, market and competition.

According to Weaver, Trevino and Colhram (1999), formal corporate ethics programmes are very useful in creating a positive ethical climate in the organization and typically include some or all of the following elements:

- Formal codes of ethics which articulate a firm’s expectations regarding ethics
- Ethics committees charged with developing ethics policies, evaluating company or employee actions, and/or investigating and adjudicating policy violations
- Ethics communication systems providing a means for employees to report the abuses or obtain guidance
- Ethics officers or ombudspersons charged with coordinating policies, providing ethics education, or investigating allegations
- Ethics training programmes aimed at helping the employees to recognize and respond to the ethical issues
- Disciplinary processes to address unethical behaviour.
- Ethical leaders must be appointed to positions of authority to start influencing people
- Education programmes to raise the level of awareness and the importance of ethical practices in a society must be established
- Ways to punish unethical practices must be instituted and must be seen to work. The war against unethical practices must adopt a systemic approach rather than a legalistic one.

From the present study, it is relevant to mention that ethical practices are the determinants of overall sustainability of an organization. No organization can achieve growth and success without having
primary concerns towards employees, employers, customers, shareholders, society and so on. Ethical practices become a podium for an organization to achieve its desired goals.

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ABSTRACT

Women’s absence in top management positions in general and in the higher education sector in particular is a major concern for academia. The article discusses the issue of gender disparities within the higher education sector. Specifically the research is aimed at studying empirically the relationship between increased presence of women in academic leadership positions and perceived positive impact on progress of women in the professorial ranks and to analyze the organizational, social and relational barriers that prevent women from taking up positions of power in higher academics. Descriptive research design was used for the study where in data was gathered using structured questionnaire and the data was analyzed using statistical methods. Findings indicate strong evidence that various organizational, social and relational barriers hinder the journey of woman academicians towards the positions of power in higher education. In the end, suggestions for potentially promising levers for change to speed the progress of women faculty in our academic institutions are provided.

Keywords: Absent Leaders; Women Leadership; Higher Education

INTRODUCTION

Concerns about gender disparities within education sector have been long standing in many parts of the world (Davies 1990, Dorsey et al 1989, Gray 1989, Shakeshaft 1887, Saint 1992). Although women currently comprise half of the workforce, they are still greatly under-represented at the top levels of organizations. The resulting “tokenism” continues to perpetuate an unequal playing field in terms of advancement opportunities for women: women continue to be subject to labeling, excessive scrutiny, and stereotyping as they attempt to rise up the organizational hierarchy (Kanter, 1977).

Research surrounding women’s less presence at the top in higher education has been ongoing for several decades. Early research shows that there is a “chilly” academic climate experienced by women faculty, administrators, and graduate students. A range of behaviors, from overt to subtle—including assignment to more and/or more time intensive but less powerful committees, support rather than leadership roles, resource inequities, stereotyping, and unclear professional etiquette creating male discomfort which exacerbates social isolation—combine to discount, discourage, and disadvantage women at all levels in academe (Sandler 1986).
Later empirical tests demonstrate gender bias favoring men in the evaluation of candidates for faculty positions. Steinpreis, Anders, and Ritzke (1999) showed that identical curriculum vitae produced higher evaluations and greater preference to hire if the candidate was portrayed as male rather than female; both male and female evaluators exhibited this bias. Although recent research reveals increasing prevalence of women throughout the various academic ranks, yet the progress is mainly due mainly to greater numbers of women applicants rather than diminishing gender bias. Continuing barriers for women seem especially pronounced in departments of science and engineering (Etzkowitz, Kumelgor, and Uzzi 2000; Nelson and Rogers 2004), where only 19% of full professors are women in four-year colleges and universities overall, with even lower representation in research institutions (NSF Science and Engineering Indicators 2008).

There still seems to be a tacit assumption that women manage differently than men; that they make inferior leaders. The majority of men still think that women must be exceptionally talented to advance to an administrative position. One man out of three still thinks that women will never be totally accepted in leadership roles (Crosthwaite, 1986: 178-180). Such psychological barriers, on the part of women as well as men, have frequently blocked the movement of women into top administrative positions in American community colleges.

Given the strength of the belief that leadership is a masculine domain, one would expect to find a volume of literature clearly delineating the "masculine traits" associated with effective leadership. This, however, is not the case. A recent study involving 300 male and female administrators at American community and junior colleges revealed no statistically significant differences in the overall leadership effectiveness of the participants (Jones, 1986: 118-119). Yet the myth regarding gender-related differences in ability still persists. This subtle form of sex discrimination, still common to many institutions, including higher education, can be just as damaging to a career as the more blatant forms. Educational institutions tend to be tradition bound, focusing on the past as the reference point when planning the future (Arnes and O'Banion, 1983). Since women have rarely held senior level administrative positions in higher education, it may be more difficult for them to acquire those positions in the years ahead unless they take carefully planned actions to advance their careers. Therefore, women must seek ways to improve their own opportunities for advancement. The suggestions that follow should prove helpful to women seeking higher level positions in college administration:

It is by now well established that a majority of the senior positions in the universities are held by men, while women are concentrated at the lower rungs. Data on the proportion of women in senior academic leadership positions in higher education institutions shows an abysmal presence of women in startegic leadership positions. Therefore, a pertinent question: why do women academics stagnate and remain relatively disadvantaged when it comes to promotions and leadership positions?

Research on gender and leadership in universities suggests that objectivity and neutrality of organizations is a myth. The functioning and the place of women in educational institutions have been re-examined from a gender perspective, which led to the understanding that the organizations are social constructions. Further, the system being gender-neutral is not enough, it has to be pro-women, i.e., make conscious efforts to integrate women into the system; neither access nor equal participation in leadership and management is possible.

Another myth is that women who can access higher education are from privileged homes and, therefore, they do not have any problems in the academe. However, the gendered processes and structures in higher education are critical to the creation and reproduction of gender differences. The reality of academic life for women, irrespective of their class, is different from the ideal of academic institutions, and the universities do not promote merit and equality (Chanana, 2008: 8–9)

A multitude of factors impact women’s advancement through either the professorial or administrative ranks. Many barriers are embedded in the gendered organization, including the so-called “second shift” (Martin 1994, 409), where women juggle home and professional responsibilities, compounded by “the
Female academicians have to face a multitude of barriers right from the recruitment process and through all steps of their career path. Empirical tests demonstrate gender bias favoring men in the evaluation of candidates for faculty positions—identical curriculum vitae produced higher evaluations and greater preference to hire if the candidate was portrayed as male rather than female; both male and female evaluators exhibited this bias (Steinpreis, Anders, and Ritzke 1999). Women are not included in the all-male formal or informal networks in departments and universities, thereby excluding them from national and international networks. No doubt, women have started establishing girls’ networks; yet such women are still a minority. They need the same socialization into the profession that men get from male networks and sponsors.

The gendered institutional environment creates an unequal playing field through organizational work policies, interpersonal networks, and embedded attitudes favoring the advancement of men. A range of behaviors, from overt to subtle—including assignment to more and/or more time intensive but less powerful committees, support rather than leadership roles, resource inequities, stereotyping, and unclear professional etiquette combine to discount, discourage, and disadvantage women at all levels in academe (Sandler 1986).

Women, with a different life experience including career interruptions for child birth and rearing, domestic responsibilities, and socialization to be supportive rather than dominant, are systematically disadvantaged in this male-normed institutional environment (Acker 1992; Bailyn 2003; Hochschild 1994; Kanter 1977; Martin 1994). Stereotypes of male and female roles unconsciously pervade attitudes of both men and women, leading to a persistent pattern of overrating of men and underrating of women when work-related behavior is compared to entrenched expectations (Valian 1998).

Higher proportion of women in strategic positions can facilitate institutional change. More and more women in higher positions in educational institutions can improve recruitment, retention, and advancement of women within the professorial ranks by providing greater understanding of pragmatic work policy obstacles, enhanced networking possibilities, and demonstration of a shifting organizational culture.

It is logical to presume that greater numbers of women in the administrative hierarchy can jump start an organization’s change process by facilitating advancement of women through the ranks. Their personal experience with pragmatic work policy obstacles and inherent understanding of subterranean barriers faced by women provide insight which, combined with levers of authority in their positions, can be instrumental to improve recruitment, retention, and promotion of female faculty. Ultimately necessary but immensely time consuming efforts to shift institutional culture away from that of the gendered organization need not fully play out (for decades!) before meaningful change can begin. In fact, having more women in formal leadership positions actually models the desired culture change in a conspicuous and powerful way, while opening valuable networking opportunities for both women and men to experience a new outlook. Rather than relying on familiar tactics adding more women at the front end of the academic process and encouraging them through the career maze, we believe a demonstrated commitment and proactive approach that increases women in academic leadership positions will speed progress of women toward fuller participation in the professorial ranks.

RATIONALE OF THE STUDY

There are very few women in leadership positions in the administration and management of universities. The gendered organization and functioning of the universities, on the one hand, and the constraints of socialization, dual careers and their impact on the goalposts of women faculty, on the other hinders women to move up in the system. There is a glass ceiling and women faculty has to understand the gendered nature of higher educational institutions, their governance and the male-centred academic leadership.
While representation of women at higher professorial ranks is disappointing, women are even scarcer on the administrative career ladder. Relatively few women advance to top academic leadership positions such as dean, provost, president or chancellor. Therefore, women’s invisibility at top levels in the system is the focus of this research study. The study aims to analyze the proportion of women at higher positions in the institutions of higher learning. Further the study attempts to probe into the social and organizational barriers that prevent them from taking up positions of administrative and managerial leadership.

Attaining a critical mass of women in the leadership structure is especially important to position an institution for change. Therefore the study empirically tests whether a greater prevalence of women in academic leadership positions facilitates progress for women in the professorial ranks. The National Educational Policy, 1986, recognizes the fact that women needed special supports and programmes in order to bridge the gap between the participation and representation of women and men in the higher educational system. Therefore women are potentially promising levers for change to speed the progress of women faculty in our academic institutions and therefore there is need to increase their presence in leadership positions in these institutions.

OBJECTIVES OF THE STUDY
1. To analyze the organizational, social and relational barriers that prevents women from taking up positions of administrative and managerial leadership.
2. To study empirically the relationship between increased presence of women in academic leadership positions and perceived greater possibility of progress for women in the professorial ranks.
3. To suggest potentially promising levers for change to speed the progress of women faculty in our academic institutions.

HYPOTHESES OF THE STUDY
H1: Organizational barriers prevent women from taking up positions of administrative & managerial leadership
H2: Social barriers prevent women from taking up positions of administrative & managerial leadership.
H3: Relational barriers prevent women from taking up positions of administrative and managerial leadership
H4: More women leaders in higher education can contribute positively in the upliftment of other women employees.

RESEARCH METHODOLOGY
A descriptive research design was used for the study. Responses were collected from 200 respondents (both male and female) across different universities and colleges across the state of Jammu and Kashmir regarding the issue through a structured questionnaire. Other stakeholders like students, policy makers, organizations working for women issues were also approached for their opinion. The respondent base was chosen using stratified random sampling method and efforts were taken to make the sample representative of the population in terms of all the dimensions like gender, age, experience, designation and many more.

A structured questionnaire using 5- point Likert scale was used as research instrument. The reliability of the instrument was tested using Cronbach Alpha Test and the Alpha score came out to be .73. The data collected was tabulated and then analysed using various statistical methods like mean, standard deviation, ANNOVA, using SPSS.
FINDINGS OF THE STUDY

Table 1. Relative Impact of Different Barriers

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Mean</th>
<th>S. D.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass Ceiling</td>
<td>3.34</td>
<td>1.02</td>
<td>3</td>
</tr>
<tr>
<td>Harassment</td>
<td>3.11</td>
<td>1.04</td>
<td>7</td>
</tr>
<tr>
<td>Lack of Mentors</td>
<td>3.26</td>
<td>0.89</td>
<td>5</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patriarchal System</td>
<td>3.67</td>
<td>0.86</td>
<td>1</td>
</tr>
<tr>
<td>Discrimination</td>
<td>3.31</td>
<td>1.12</td>
<td>4</td>
</tr>
<tr>
<td>Stereotypical Roles</td>
<td>3.14</td>
<td>1.21</td>
<td>6</td>
</tr>
<tr>
<td><strong>Relational Barriers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Supportive Partner</td>
<td>3.05</td>
<td>1.13</td>
<td>8</td>
</tr>
<tr>
<td>Children</td>
<td>3.54</td>
<td>0.97</td>
<td>2</td>
</tr>
<tr>
<td>Career Moves of Partner</td>
<td>2.97</td>
<td>0.86</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 1 shows the relative impact of perceived barriers that hinder the growth of women to higher positions in institutions of higher learning. With a mean of 3.67 and a standard deviation of 0.86 it is seen that patriarchal system is seen as the greatest obstacle in the growth of women. Having and attending to children is found to be the second biggest obstacle in the journey of women to higher positions with a mean of 3.54 and S.D of 0.97. Third largest barrier to the growth of women to positions of power in higher education is seen to be the glass ceiling in the institutions of higher learning. This barrier gets an overall mean of 3.34 on 5-point Likert scale and a standard deviation of 1.02.

Career moves by partners (mean = 2.97, S.D. = 0.86) and non-supportive partners (mean = 3.05, S.D. = 1.13) are seen to be least affecting the career path of women suggesting that relational barriers are somewhat diminishing.

Table 2. Relative Impact of Different Barriers across Gender

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Gender</th>
<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>organizational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass Ceiling</td>
<td>Male</td>
<td>3.14</td>
<td>0.75</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.86</td>
<td>0.78</td>
</tr>
<tr>
<td>Harassment</td>
<td>Male</td>
<td>2.97</td>
<td>0.92</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.35</td>
<td>0.97</td>
</tr>
<tr>
<td>Lack of Mentors</td>
<td>Male</td>
<td>3.11</td>
<td>0.86</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.89</td>
<td>0.74</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patriarchal System</td>
<td>Male</td>
<td>3.21</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.95</td>
<td>0.63</td>
</tr>
<tr>
<td>Discrimination</td>
<td>Male</td>
<td>2.93</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.83</td>
<td>0.87</td>
</tr>
<tr>
<td>Stereotypical Roles</td>
<td>Male</td>
<td>2.89</td>
<td>0.91</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.56</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>Relational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Supportive Partner</td>
<td>Male</td>
<td>2.56</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.44</td>
<td>0.78</td>
</tr>
<tr>
<td>Children</td>
<td>Male</td>
<td>3.26</td>
<td>0.94</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.97</td>
<td>0.83</td>
</tr>
<tr>
<td>Career Moves of Partner</td>
<td>Male</td>
<td>2.56</td>
<td>0.75</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.24</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Table 2 shows the relative impact of perceived barriers that hinder the growth of women to higher positions in institutions of higher learning across gender. It is seen that overall men tend to downplay the different social, organizational and relational barriers that hamper the growth of women. This
suggests that men are still not cognizant of the fact that they have a role to play in changing these
gendered organizations.

Further it is seen that when the responses of both men and women are taken together there is large
difference of opinion among both genders (as shown by high values of standard deviation in table 1).
However within the genders the opinion seems to be more coherent (as shown by smaller values of
standard deviation in table 2). Thus there is huge perceptive difference towards the issue among men
and women.

SUGGESTIONS OF THE STUDY

The findings suggest that we still have to go a far way to remove or at least reduce the organizational,
social and relational barriers that women face in institutions of higher learning. These are institutions
that shape the psyche of youth and therefore our future generations and if we want any real change in
the way women are represented at various decision making bodies we will have to start with our
institutions of higher learning.

Women need to fight the patriarchal system and make their way through different obstacles to the
decision making bodies of the higher educational institutions. Further they need to advocate for
practicing non discrimination in selection processes by ensuring equal rights in the appropriate steps to
higher positions of management, use of meritocracy and gender representation. There is a need for
educational management boards to balance the selection and ranking of administrative-cum-
managerial staff.

Adequate access to organizational resources should be provided to women in these institutions to
enable them to grow. Further sufficient opportunities to develop their skills should be provided. Better
organizational efforts are needed to ensure that women receive ongoing coaching and mentoring.

Women should be encouraged to attend professional development courses, which are extremely useful
for their struggle

Further the findings suggest that there is still a huge gap in the way men and women perceive the
careers of women and the barriers that hinder the growth of women to higher positions. The new agenda
for change can only be ‘re-written by women in their own hand’ (Cockburn 1991: 63) and it is only
they who can ensure that the fight for equal rights moves from being a mere addendum to oratory, by
the powers that be, to reality. Also women, together with other concerned parties, need to guard
against a more sinister discrimination which seeks to discriminate one woman against another. Women
need to be aware that they can and should register their objection to discriminatory
comments/questions during interviews, regardless of the fact that they may prejudice their chances
because a registered objection adds weight to the women’s campaign to be taken seriously. Further
women need to identify leaders in their organizations who support their development and work for
them. In order to remove the stereotype that women are not fit for certain jobs more and more women
should take up challenging assignments and make efforts to complete them with zeal and zest.

CONCLUSION

The present paper was an endeavor to study gender sensitivity regarding women’s absence in top
management positions in general and in the higher education sector. The research paper was aimed at
making in-depth analysis of gender disparities within the higher education sector. Specifically the
research was aimed at studying empirically the relationship between increased presence of women in
academic leadership positions and perceived positive impact on progress of women in the professorial
ranks and to analyze the organizational, social and relational barriers that prevent women from taking
up positions of power in higher academics. The previous research shows that majority of the senior
positions in the universities are held by men, while women are concentrated at the lower rungs. Data
on the proportion of women in senior academic leadership positions in higher education institutions
shows an abysmal presence of women in strategic leadership positions.
The study revealed that the patriarchal system is seen as the greatest obstacle in the growth of women. Having and attending to children is found to be the second biggest obstacle in the journey of women to higher positions. Third largest barrier to the growth of women to positions of power in higher education is seen to be the glass ceiling in the institutions of higher learning. Further, it was found that overall men tend to downplay the different social, organizational and relational barriers that hamper the growth of women which means that men are still not cognizant of the fact that they have a role to play in changing these gendered organizations. Therefore, it is concluded from the study that various organizational, social and relational barriers hinder the journey of woman academicians towards the positions of power in higher education sector.

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ABSTRACT

The Indian banking system has failed to reach to poorer section of rural India despite its large network of rural bank branches. All India Debt and Investment Survey showed that the share of non-institutional agencies (informal lenders) in outstanding cash dues of the rural households was 38%. The main limiting factor in reaching formal finance to this group was the high transaction costs and lack of appropriate credit and saving products. A study conducted by NABARD revealed that financial services required by poor households are: safe-keeping of small surpluses in the form of thrift; access to consumption loans to meet emergency needs and financial services and products. The present study assesses the benefits of microfinance through self-help groups. While the benefits in terms of higher income, consumption, and savings matter for the poor, the focus here is broader, as an attempt is made to assess some key dimensions of women’s empowerment-defined broadly as expansion of freedom of choice and action to shape their own lives. The study is based on a review of literature on SHGs, the experiences of several leading NGOs involved in the formation of SHGs and interviews with chief executives and staff of other NGOs/projects promoting SHGs.

Keywords: Microfinance; SHG Promotion; SHG-bank Linkage Programme

INTRODUCTION

Meaning of Micro Finance and Micro Financing

Micro-finance and micro-financing are the small loans, meant for rural poor in developing countries who normally do not qualify for traditional banking credit. In fact, micro finance is the means through which they can establish a business and lift themselves out of poverty. Microfinance refers to the provision of financial services to low-income clients, including consumers and the self-employed.

More broadly, it refers to a movement where poorer has permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers. Those who promote microfinance normally believe that such access will help poor people out of poverty. Although neither of the terms microcredit or microfinance were used in the academic literature before the 1980s or 1990s, the concept of providing financial services to low income people is much older. While the emergence of informal financial institutions in Nigeria dates back to the 15th century, they were first established in Europe during the 18th century as a response to the enormous increase in poverty since the end of the extended European wars (1618–1648). In 1720 the first loan fund targeting poor people was founded in Ireland by the author Jonathan Swift. Professor Yunus founded his Grameen Bank in 1976 i.e. first MICROFINANCE institute.

OBJECTIVE OF THE RESEARCH PAPER

1. To know the average cost of SHG promotion with emphasis on socio-economic empowerment.
2. To analyse the results of assessment studies of the effects and impact of SHG promotion.
3. To study the kind of sustainability or phase out strategy employed by NGOs.

LITERATURE REVIEW

There are various formats of micro-finance delivery followed in different countries of the world. SHG-bank Linkage Programme is the major programme involving financial intermediation by SHGs in India. This model evolved in 1992 from the pioneering efforts of NABARD and two NGOs, MYRADA and PRADHAN. The outreach of SHG-bank linkage may seem impressive, but in the context of the magnitude of poverty in India and the flow of funds for poverty alleviation, it represents a very small intervention. Only about one-third of the SHG members are able to access loans out of external funds in the initial years. The leading SHG-promoting NGOs constitute a mixed group that includes both pure SHG promoters as well as NGOs operating as MFIs. They have developed a variety of institutional arrangements, including cooperatives, to provide access to financial services to the poor, particularly women.

Micro Financing In India & Its Impact on Rural Market Development:

Since independence, various governments in India have experimented with a large number of grant and subsidy based poverty improvement programmes. These programmes became unsustainable. This not only led to misuse of both credit and subsidy but banks never looked at it as a profitable and commercial activity as well. Success stories in neighboring countries, like Grameen Bank in Bangladesh, Bank Rakiat in Indonesia, Commercial & Industrial Bank in Philippines etc, gave further boost to the concept in India in the 1980s. India thus adopted the similar model of extending credit to the poorest sector and took a number of steps to promote micro-financing in the country.

On the issue of sustainability of SHGs as explained by long-term performance, the econometrics results revealed that only female SHGs were sustainable. The factors that determine sustainability were loan recovery, per capita savings of SHG members, linkage with SHG federations, and formation and financing of SHGs by banks. The all-female SHGs were sustainable because they were more focused and united, adhere to basic objectives of groups, utilize borrowed funds for different productive activities, and are highly concerned about the well-being of their children and family members. Further, female SHG members took membership in the group as a means to educate themselves and confront social, political, and economic problems. On the other hand, members of all-male SHGs have ego problems, work for their own interest, and do not follow the basic objectives and goals of group formation. As a result, they are most irregular in loan repayments and perform badly in economic and managerial activities.

What is, however, noteworthy is that the loans were used largely for health and education of children and for production-related expenses—especially by the disadvantaged. The rates of return on such investments were high. Little, however, can be said about their sustainability. Savings mobilization through SHGs was highly effective too—especially in a context of vulnerability of rural households to a range of idiosyncratic and covariant risks, and ineffectiveness of informal social networks in protecting them against such risks. More significantly, using different methods and data sources, various dimensions of empowerment were confirmed. Some of the mechanisms involved in it were identified and assessed. Not only do SHGs benefit from the presence of networks, the former also contribute to trust, reciprocity and associational capital (e.g. through strengthening of local institutions). Domestic violence was reduced. However, greater responsibilities for women also involved longer hours of work.

CONCLUSIONS

This paper has examined the performance and sustainability of three different types of SHGs: all-male, all-female, and mixed SHGs. The performance analysis revealed female SHGs to be doing better than other types of SHGs. A number of reasons could underlie this outcome. Female SHGs performed better in terms of loan recovery than other types of SHGs. The per capita savings of female SHGs in
2012 was also much higher than other types of SHGs. The female SHGs also stood out as doing extremely well in financial management practices such as maintaining book accounts and passbooks and updating them regularly.

Planners and financial institutions should focus on policy decisions to improve the performance of all-female SHGs so that they can progress to the next level of economic and entrepreneurial activity and improve the living standards of their members. Further, planners need to provide training programs to all-male and mixed SHGs using best practices demonstrated by all-female SHGs. The policy implication is that the credit linking of all-male or mixed SHGs should not be encouraged without first addressing the weaknesses in such groups with respect to group objectives, coordination among group members, social responsibility, financial management, and means of resource use.

In conclusion, to confine impact assessment of microfinance to conventional economic criteria of rates of return, and financial sustainability of MFIs would not be just narrow but misleading as well. The benefits through women’s empowerment are substantial and reinforce the case for microfinance through SHGs on both equity and efficiency considerations.

1. SHG banking is profitable in all cases, despite a relatively low interest rate. Return on average assets (ROAs) ranges from 1.4 per cent to 7.5 per cent, and operational self-sufficiency ratios (OSS) from 110 per cent to 165 per cent.
2. SHG banking is more profitable than bank, branch or cooperative society, based on average cost.
3. Higher interest rates- from 12 per cent to 15 per cent- will result in higher profits. But there is no guarantee that targeting accuracy would not diminish.
4. The analysis, however, of empowerment of women is weak and sketchy, as the details of measurement and cross-validation are not available.

Although the transaction cost of lending to SHGs is more than the normal lending for the first loan, it falls markedly with the second loan (by nearly 48.5 per cent). When lending is done through NGOs, transaction costs are lower by 90 per cent, as compared with normal lending by branches. Besides, even without a portfolio of high value advances, rural bank branches can turnaround if a substantial share of their lending is through SHGs. Finally, the reduction in transaction costs to the borrowers is also large. Thus both borrowers and lenders benefit.

SUGGESTIONS

Inappropriate donor subsidies and poor regulation and supervision of deposit-taking MFIs should be looked upon. Few MFIs that meet the needs for savings, remittances or insurance and Institutional inefficiencies and Limited management capacity in MFIs should be addressed. There is a need for more spreading and adoption of rural, agricultural microfinance methodologies. While the targeting of microfinance through SHGs was unsatisfactory in terms of an income criterion, it was better in terms of other indicators of deprivation such as caste, landlessness and illiteracy.

REFERENCES


APRIL
2014
# Table of Contents

## Articles

A STUDY ON CUSTOMER SATISFACTION ON FIAT CAR AT CONCORDE MOTORS IN CHENNAI  
Padiri Usha, Dr. Kalyan Nallabala  
1-10

SOCIAL ACCOUNTING – AN ANALYSIS  
Suzan D’souza  
11-15

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A STUDY ON CUSTOMER SATISFACTION ON FIAT CAR AT CONCORDE MOTORS IN CHENNAI

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ABSTRACT

The automobile sector is a key performer in the global and Indian economy. The automotive industry in India is one of the largest in the world and one of the fast growing globally. The study covers customer’s expectation through Concorde motors and perceived value by the customers through Concorde motors and the level of satisfactions of the customers. Concorde Motors (India) Limited, a 100% subsidiary of the company engaged in sales and service of Tata and FIAT passenger cars recorded a turnover of Rs.580.90 crores and profit after Tax of Rs.3.71 crores. Concorde Motors (India) Limited has declared a dividend of Rs.2.50 per share for the FY 2010-11 and Rs.7 per share for the FY 2010-11 on the 7% cumulative redeemable preference shares. The research study is carried out to know the Customer Satisfaction on FIAT cars. The Indian automotive market is one of the most competitive markets with low costs, which make it an attractive assembly base for foreign automotive manufacturers.

Keywords: Automotive Industry; Customer; Concorde Motors; India; Satisfaction

INTRODUCTION

Indian automobile and auto components industry, barring downtrends in few years, was on a growth trajectory, aided by robust economic activity and infrastructure development; growing middle-class population with disposable income; and growing consumer demand. That makes India an extremely attractive market for car giants. Raising disposable incomes and changing lifestyles are being attributed to the growth of the car industry. But experts believe the main driver of the Indian car market is the availability of car finance on easy installments and reasonable interest rates.

Indian Automotive Industry an Overview

Indian automotive industry has undergone constant evolution ever since its establishment. The automobile industry in India can be said to have born in 1942 when Hindustan Motors was set up, to produce motor vehicles for the Indian population. The first car that was produced in India was The Land master, produced by Hindustan Motors, whose upgraded version was later branded as ‘Ambassador’. Soon, Premier Automobiles was established in 1944, in collaboration with Chrysler Corporation, USA, with licenses to build Plymouth car and Dodge truck. India’s first car was rolled out of the Premier factory in 1947. In collaboration with Fiat SPA, Italy, Premier Automobiles first started assembling the Fiat 500 in India. In 1954, came the Fiat 1100, one of the most popular models during this period. India commenced development of its automotive industry as early as 1950s through...
the planned development of a strong automotive component sector in association with some of the leading European auto parts manufacturers.

**Concorde Motors India Ltd**

Established in 1997, Concorde Motors India Ltd has completed more than a decade of operations as a pioneer dealership. It has succeeded in setting a network standard that has been a benchmark amongst all automobile dealerships. Concorde Motors employs 1300 employees and had a turnover of 794 crores last fiscal year. Geographically located in 6 prime locations - Hyderabad, Bangalore, Chennai, Cochin, Delhi & Mumbai, we at Concorde believe in giving you the best in terms of Service Quality & Customer experience. With 14 showrooms & 12 workshops, we provide our valued customers a wide choice of cars ranging from a small car to a Lifestyle vehicle in the TATA-FIAT portfolio. We have commenced the "Tata Motors Assured" used car business in the last fiscal year.

**Evolution of Indian Auto Industry**

On the dawn of the 20th century, imported cars were available in India, right since their inception in the UK and the US. General motors and Ford established assembly plants for cars in Mumbai, Kolkata and Chennai in the 1930s. This was followed by Hindustan motors and premier automobiles. As advocated by Sir M. Visveswaraya as early as the 1930s, development of a full-fledged automotive industry is the key to our economic development, post-independence, full-fledged manufacture from assembly was a logical sequence. The government of India took the initiative in the early 1950s for the establishment of the indigenous automotive manufacturing industry. Over the years, the industry has grown significantly – to become as one of the well-established industries all over the world. Along with the growth in size, the industry has made technological advancements also. The industry utilizes various modern technologies integrated into a system, to improve the quality of the vehicles. These include wide use of modern chips and electronics to make the vehicles more efficient and competent.

**Customer Satisfaction**

Customer satisfaction refers to the progress where in all employees of the firm required to interact directly with the customers and the end users. They can have the access to every person and function within the organization, be involving in designing and fine tuning key products and processes, and turn every interaction with the customer into a platform of interactive communication so as to add value and increase customer satisfaction.

**Dimensions of Customer Satisfaction**

Regarding the customer satisfaction five dimensions are discussed below figure

![Dimensions of Customer Satisfaction](image)

**Figure 1.**

**Reliability:** The ability to perform service dependability, accurately and consistently. The customer expects the service to be accomplished on time, in the same manner and without error i.e., doing things right, every time, over a period of time.
Responsiveness: The willingness to help and provide prompt service to the customers, flexibility in dealing with situation and the ability to deal with service failure with professionalism.

Assurance: Technical competence, confidence, courtesy and people’s ability to evoke trust. It is a combination of politeness, respect for the customers, effective communication and a positive attitude that reflect the customer’s best interest at heart.

Empathy: Caring, individualized attention to customers, Approachability, sense of security and the effort to understand customers needs constitute empathy.

Tangibles: The appearance of physical facilities, product and personnel.

NEED FOR THE STUDY
Customers are values maximizes within the bounce of search cost and limited knowledge mobility and income. They form and expectation of value and act on it. Satisfaction is a person’s feeling of pleasure of disappointed resulting from comparing a products perceived performance in relation to his or her expectations. As definition makes clear satisfaction is a function of perceived performance and expectation. If the performance false short of expectations customer is dissatisfied. If the performance motives expectation, customer is satisfied. If the performance exceeds expectations, customer is delighted. Many organizations are aiming for high satisfaction because customers who are just satisfied find it easy to switch when a better offer comes along. Hence there arises need to study customer satisfaction and to conduct a market survey on the same.

OBJECTIVES OF THE STUDY
1. To study the factors that lead to customer satisfaction.
2. To study the satisfaction level of customer towards the FIAT car.
3. To study the customers opinion on the quality and services of Product.
4. To give appropriate suggestion to increase the satisfaction level of customer.

METHODOLOGY
The data collected for the preparation of the dissertation is gathered from two sources which include primary and secondary. Majority of primary data is gathered by making a sample survey of 150 Respondents. The summary was carried out in Chennai City during the month of May to July, 2012. A part of the data is also gathered through the secondary sore which includes company website, magazines and other published articles and books.

Sample Details
Sample Size: sample size is taken up to 150 respondents.
Sample Design: sampling method
Sample Technique: chi square method

Tools for Data Collection
A questionnaire is a set of formulized questions constructed and administer to the sample customers of the organizations to elicit firsthand information.

LIMITATIONS OF THE STUDY
1. Respondent’s inability to give correct answers due to lack of information, forgetfulness of unwillingness to give correct answers.
2. The project based on interview methodology by structured question and the personal skills of the under taking the project also affect the result.
3. Financial constraint has limited the survey.

**DATA TABULATION AND ANALYSIS**

Table 1. Opinion of the Respondents Regarding the Services Provided

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>10.9333</td>
<td>9.5667</td>
<td>14.2133</td>
<td>6.2867</td>
<td>41</td>
</tr>
<tr>
<td>Excellent</td>
<td>12.8</td>
<td>11.2</td>
<td>16.64</td>
<td>7.36</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>35</td>
<td>52</td>
<td>23</td>
<td>150</td>
</tr>
</tbody>
</table>

Null hypothesis \( (H_0) \): There is no significant difference between the opinions of the respondents regarding the services provided.

Alternative hypothesis \( (H_1) \): There is significant difference between the opinions of the respondents regarding the services provided.

Condition: If the calculated value is less than the table value than accept \( H_0 \) otherwise accepts \( H_2 \).

Graph 1

Table 2. Expected Value

<table>
<thead>
<tr>
<th>Observed value (( O_i ))</th>
<th>Expected value (( E_i ))</th>
<th>( (O_i - E_i)^2 )</th>
<th>( (O_i - E_i)^2 / E_i )</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>16.2667</td>
<td>13.9375</td>
<td>0.8568</td>
</tr>
<tr>
<td>13</td>
<td>14.2333</td>
<td>1.521</td>
<td>0.1069</td>
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<tr>
<td>27</td>
<td>21.1467</td>
<td>34.2611</td>
<td>1.6202</td>
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<tr>
<td>1</td>
<td>9.3533</td>
<td>69.7776</td>
<td>7.4602</td>
</tr>
<tr>
<td>11</td>
<td>10.9333</td>
<td>0.0044</td>
<td>0.0004</td>
</tr>
<tr>
<td>9</td>
<td>9.5667</td>
<td>0.3211</td>
<td>0.0336</td>
</tr>
<tr>
<td>12</td>
<td>14.2133</td>
<td>4.8987</td>
<td>0.3447</td>
</tr>
<tr>
<td>9</td>
<td>6.2867</td>
<td>7.362</td>
<td>1.171</td>
</tr>
<tr>
<td>9</td>
<td>12.8</td>
<td>14.44</td>
<td>1.1281</td>
</tr>
<tr>
<td>13</td>
<td>11.2</td>
<td>3.24</td>
<td>0.2893</td>
</tr>
<tr>
<td>13</td>
<td>16.64</td>
<td>13.2496</td>
<td>0.7963</td>
</tr>
<tr>
<td>13</td>
<td>7.36</td>
<td>31.8096</td>
<td>4.3220</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>18.1295</td>
<td></td>
</tr>
</tbody>
</table>

Expected value: \( (r-1)(c-1) \)

Chi square formula: \( (O_i - E_i)^2 / E_i \).

Chi square calculated: 18.1295

Chi square table: 19.64

Solution: Since the calculated value is less than the table value we accept \( H_0 \) i.e., There is no significant difference between the opinions of the respondents regarding the services provided.
Table 3. Opinion of the Respondent Regarding the Test Drive

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>6</td>
<td>13</td>
<td>12</td>
<td>4</td>
<td>35</td>
</tr>
<tr>
<td>Satisfied</td>
<td>17</td>
<td>3</td>
<td>22</td>
<td>30</td>
<td>72</td>
</tr>
<tr>
<td>Excellent</td>
<td>22</td>
<td>19</td>
<td>2</td>
<td>---</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>35</td>
<td>36</td>
<td>34</td>
<td>150</td>
</tr>
</tbody>
</table>

Null hypothesis (H₀): There is no significant difference between the opinions of the respondents regarding the test drive given at schedule time.

Alternative hypothesis (H₁): There is significant difference between the opinions of the respondents regarding the test drive given at schedule time.

Condition: If the calculated value is less than the table value than accept H₀, otherwise accepts H₁.

Graph 2

Table 4. Expected Value

<table>
<thead>
<tr>
<th>Observed value (Oi)</th>
<th>Expected value (Ei)</th>
<th>(Oi-Ei)²</th>
<th>(Oi-Ei)²/Ei</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>5.6</td>
<td>0.16</td>
<td>0.0286</td>
</tr>
<tr>
<td>13</td>
<td>7.2</td>
<td>33.64</td>
<td>4.6722</td>
</tr>
<tr>
<td>12</td>
<td>9.6</td>
<td>5.76</td>
<td>0.6</td>
</tr>
<tr>
<td>4</td>
<td>8.4</td>
<td>19.36</td>
<td>2.3048</td>
</tr>
<tr>
<td>17</td>
<td>12.4</td>
<td>21.16</td>
<td>1.7065</td>
</tr>
<tr>
<td>3</td>
<td>5.52</td>
<td>6.3504</td>
<td>1.1504</td>
</tr>
<tr>
<td>22</td>
<td>24.8</td>
<td>7.84</td>
<td>0.3161</td>
</tr>
<tr>
<td>30</td>
<td>21.7</td>
<td>68.89</td>
<td>3.1747</td>
</tr>
<tr>
<td>22</td>
<td>32.24</td>
<td>104.8576</td>
<td>3.2524</td>
</tr>
<tr>
<td>19</td>
<td>14.26</td>
<td>22.4676</td>
<td>1.5756</td>
</tr>
<tr>
<td>2</td>
<td>8.12</td>
<td>37.4544</td>
<td>4.6126</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>23.3939</td>
<td></td>
</tr>
</tbody>
</table>

Expected value: \((r-1)(c-1)\)

Chi square formula: \((Oi-Ei)^2/Ei\).

Chi square calculated: 23.3939

Chi square table: 19.64

Solution: Since the calculated value is greater than the table value we accept H₁ i.e., There is significant difference between the opinions of the respondents regarding the test drive given at schedule time.
Table 5. Opinion of the Respondents Regarding the Vehicle Delivered In the promised day or not

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>8</td>
<td>21</td>
<td>1</td>
<td>24</td>
<td>54</td>
</tr>
<tr>
<td>Satisfied</td>
<td>1</td>
<td>14</td>
<td>---</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Excellent</td>
<td>21</td>
<td>9</td>
<td>31</td>
<td>---</td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>44</td>
<td>32</td>
<td>44</td>
<td>150</td>
</tr>
</tbody>
</table>

Null hypothesis ($H_0$): There is no significant difference between the opinions of the respondents regarding the vehicle delivered on the promised day or not.

Alternative hypothesis ($H_1$): There is significant difference between the opinions of the respondents regarding the vehicle delivered on the promised day or not.

Condition: If the calculated value is less than the table value than accept $H_0$, otherwise accepts $H_1$.

Graph 3

Table 6. Expected Value

<table>
<thead>
<tr>
<th>Observed value ($O_i$)</th>
<th>Expected value ($E_i$)</th>
<th>$(O_i-E_i)^2$</th>
<th>$(O_i-E_i)^2/E_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>5.8933</td>
<td>4.4382</td>
<td>0.7531</td>
</tr>
<tr>
<td>21</td>
<td>12.5333</td>
<td>71.685</td>
<td>5.7196</td>
</tr>
<tr>
<td>1</td>
<td>10.9667</td>
<td>99.3351</td>
<td>9.0579</td>
</tr>
<tr>
<td>24</td>
<td>16.2933</td>
<td>59.3932</td>
<td>3.6453</td>
</tr>
<tr>
<td>1</td>
<td>7.2067</td>
<td>38.5231</td>
<td>5.3455</td>
</tr>
<tr>
<td>14</td>
<td>22.9333</td>
<td>79.8038</td>
<td>3.4798</td>
</tr>
<tr>
<td>31</td>
<td>20.0667</td>
<td>119.537</td>
<td>5.957</td>
</tr>
<tr>
<td>20</td>
<td>29.8133</td>
<td>96.3009</td>
<td>3.2301</td>
</tr>
<tr>
<td>21</td>
<td>13.1867</td>
<td>61.0477</td>
<td>4.6295</td>
</tr>
<tr>
<td>9</td>
<td>11.1067</td>
<td>4.4382</td>
<td>0.3996</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>42.2174</td>
<td></td>
</tr>
</tbody>
</table>

Expected value: $(r-1)(c-1)$

Chi square formula: $(O_i-E_i)^2/E_i$.

Chi square calculated: 42.2174

Chi square table: 19.64

Solution: Since the calculated value is greater than the table value we accept $H_1$ i.e., There is significant difference between the opinions of the respondents regarding the vehicle delivered on the promised day or not.
Table 7. Opinion of the Respondents Regarding the Explanation of the Salesperson

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>19</td>
<td>28</td>
<td>24</td>
<td>20</td>
<td>91</td>
</tr>
<tr>
<td>Satisfied</td>
<td>17</td>
<td>4</td>
<td>19</td>
<td>2</td>
<td>42</td>
</tr>
<tr>
<td>Excellent</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>35</td>
<td>52</td>
<td>23</td>
<td>150</td>
</tr>
</tbody>
</table>

Null hypothesis (H<sub>0</sub>): There is no significant difference between the opinions of the respondents regarding the explanation of the salesperson.

Alternative hypothesis (H<sub>1</sub>): There is significant difference between the opinions of the respondents regarding the explanation of the salesperson.

Condition: If chi-square observed is greater than chi-square calculated, then accept H<sub>0</sub>, otherwise H<sub>1</sub>.

Graph 4

Table 8. Expected Value

<table>
<thead>
<tr>
<th>Observed frequency (oi)</th>
<th>Expected frequency (Ei)</th>
<th>(Oi-Ei)²/Ei</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>5.8933</td>
<td>9.6516</td>
</tr>
<tr>
<td>17</td>
<td>11.2</td>
<td>33.64</td>
</tr>
<tr>
<td>4</td>
<td>9.8</td>
<td>33.64</td>
</tr>
<tr>
<td>19</td>
<td>14.56</td>
<td>19.7136</td>
</tr>
<tr>
<td>2</td>
<td>6.44</td>
<td>19.7136</td>
</tr>
<tr>
<td>19</td>
<td>24.266</td>
<td>27.7381</td>
</tr>
<tr>
<td>28</td>
<td>21.233</td>
<td>45.7882</td>
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<tr>
<td>24</td>
<td>31.546</td>
<td>56.9527</td>
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<tr>
<td>20</td>
<td>13.953</td>
<td>36.5626</td>
</tr>
<tr>
<td>8</td>
<td>11.106</td>
<td>9.6516</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>21.0833</strong></td>
<td></td>
</tr>
</tbody>
</table>

Chi-square formula= (Oi-Ei)²/Ei

Chi-square calculated=21.0833

Chi-square observed=12.59 @ 5% level of significance.

Analysis: Since chi-square observed is less than chi-square calculated, we accept H<sub>0</sub>.

Problem Identification: These are significant difference between the opinions given by the respondents regarding the explanation of sales person.

Solution: The organization should train well the newly employed sales person.
Table 9. Opinion of the Respondent Regarding the Convenience of the Customer

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Area 1</th>
<th>Area 2</th>
<th>Area 3</th>
<th>Area 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>31</td>
<td>26</td>
<td>---</td>
<td>4</td>
<td>61</td>
</tr>
<tr>
<td>Satisfied</td>
<td>4</td>
<td>6</td>
<td>23</td>
<td>12</td>
<td>45</td>
</tr>
<tr>
<td>Excellent</td>
<td>5</td>
<td>3</td>
<td>29</td>
<td>7</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>35</td>
<td>52</td>
<td>23</td>
<td>150</td>
</tr>
</tbody>
</table>

Null hypothesis (H₀): There is no significant difference between the opinions given by the respondents regarding the convenience of the dealership.

Alternative hypothesis (H₁): There is significant difference between the opinions given by the respondents regarding the convenience of the dealership.

Condition: If chi-square observed is greater than chi-square calculated, then accept H₀, otherwise H₁.

Graph 5

Table 10. Expected value

<table>
<thead>
<tr>
<th>Observed frequency (oi)</th>
<th>Expected frequency (Ei)</th>
<th>(Oi-Ei)²</th>
<th>(Oi-Ei)²/Ei</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>16.266</td>
<td>217.07</td>
<td>13.344</td>
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<tr>
<td>26</td>
<td>14.233</td>
<td>138.45</td>
<td>9.7276</td>
</tr>
<tr>
<td>---</td>
<td>21.146</td>
<td>447.18</td>
<td>21.146</td>
</tr>
<tr>
<td>4</td>
<td>9.3533</td>
<td>28.657</td>
<td>3.0639</td>
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<td>4</td>
<td>12</td>
<td>64</td>
<td>5.3333</td>
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<tr>
<td>6</td>
<td>10.5</td>
<td>20.25</td>
<td>1.9286</td>
</tr>
<tr>
<td>23</td>
<td>15.6</td>
<td>54.76</td>
<td>3.5103</td>
</tr>
<tr>
<td>12</td>
<td>6.9</td>
<td>26.01</td>
<td>3.7696</td>
</tr>
<tr>
<td>5</td>
<td>11.733</td>
<td>45.337</td>
<td>3.864</td>
</tr>
<tr>
<td>3</td>
<td>10.266</td>
<td>52.804</td>
<td>5.1433</td>
</tr>
<tr>
<td>29</td>
<td>15.253</td>
<td>188.97</td>
<td>12.388</td>
</tr>
<tr>
<td>7</td>
<td>6.7467</td>
<td>0.0642</td>
<td>0.0095</td>
</tr>
</tbody>
</table>

TOTAL 83.230

Chi-square formula=(Oi-Ei)²/Ei

Chi-square calculated=83.2301

Chi-square observed=12.59 @ 5% level of significance.

Analysis: Since chi-square observed is less than chi-square calculated, we accept H₀.

Problem Identification: These are significant difference between the opinions given by the respondents regarding the convenience of the dealership.

Solution: The organization should be able to make convenience of the dealership.
FINDINGS

- 59% of the customers are satisfied with after sales services.
- 76% of the respondents are satisfied with the test drive.
- The major problem is that the customers are not getting the vehicle on the promised date.
- Majority of the respondents (i.e., 61%) not satisfied with sales approach of the executive in tamers of notable clarifying that doubts and queries.
- Most of the customers have expressed dissatisfaction with the location of dealership.

SUGGESTIONS

- The training can be given to the sales executives in order to describe the product for better understanding to the customer. So that he can satisfy with product description.
- During the survey customers have expressed dissatisfaction with regard to the delivery to the vehicle. Since vehicles is delivered to the customers after 25 days from time of booking as against 12 days in the delivery of the competitions (Ritz, Nisan innova etc.,) hence it is recommended to the organization to decrease the time period (or) to give spot delivery by maintaining minimum inventory of the vehicle.
- It is suggested to the organization to keep the test drive vehicle clean & neat condition. Therefore customers have expressed displeasure during the survey.
- Most of the customers have expressed dissatisfaction regarding the location of dealership during the survey. Hence it is recommended to the organization to add few more branches to make the dealership easily accessible for existing customers to service their vehicle. It also helps the organization to penetrate their brands deep into the market thereby increasing sales and revenue.

CONCLUSION

It is observed through the survey majority of the customers are satisfied with the after sale service and dissatisfied with the location of the dealers. Hence it is suggested that dealer points can be made easily accessible to customers. India is the second fastest growing automobile market in the world after China. Cars are the major segment in the Indian automotive industry with a growth rate of more than 19% annually. The Indian car industry is witnessing a shift in demand going from two wheelers to cars due to rising availability of low cost cars and the car being a symbol of high prestige. As in other industries, the scenario in domestic Indian Automobile Industry is quite different from the Global Automobile Industry. The industry actually developed in two clear stages - the Maruti era (1983 onwards) and the post-liberalization era (1992 onwards). Compared to the global automobile sector, where substantial research has been done, very little empirical research has been conducted on the Indian automobile industry.

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ABSTRACT

Social accounting is a methodology through which a business entity tries to place on influence on society of its actions. It is a methodological study of the effects of the firm on its stakeholder input as part of the data that are analyzed for the accounting statement. It offers ideas and strategies to collect, analyze and monitor financial, social information. Social accounting is the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within society and to society at large. This paper discusses the about the confinement of social accounting till its current status.

Keywords: Social Accounting; Corporate Social Responsibility (CSR); Cost Benefit Analysis; Social Balance Sheet; Expanded Value Added Approach

INTRODUCTION

Social accounting takes a wide variety of forms and appears under various labels. 'Social accounting' is used here as a generic term for convenience to cover all forms of 'accounts which go beyond the economic' and for all the different labels under which it appears – social responsibility accounting, social audits, corporate social reporting, employee and employment reporting, stakeholder dialogue reporting as well as environmental accounting and reporting. Social accounting has always struggled to find its place in the accounting space. It continues to do so. Social accounting is neither an established part of corporate nor accounting practice nor is it enthusiastically adopted or admired by any of the different branches of the alternative project. Whilst different parts of social accounting seek to reverberate with elements of either conventional accounting as currently conceived or with streams of argument within the alternative project, the heart of the social accounting project tries to create and occupy a new disciplinary space which seeks some appearance of what an 'alternative accounting might look like whilst heavily tempered by recognition of reporting practicalities.

Background of Social Accounting

During the two world wars of this century, the social and political uprisings which followed them have given unlimited initiative to the study and analysis of macro-economic drawbacks. The basic two related factors helped suggestively in the study and analysis of these macro-economic factors are as follows, First of all here was an incredible expansion of enterprise of all sorts in the form of private and public corporation and cooperatives; and secondly it was the rising force of organized labour. Unions and other organizations of workers were not only interested in developing macro-economic queries, but were in a position to assist with them reliable data and information. Up to the beginning of the second world war, all measureable economic and financial data and all related statistical techniques and methods which were concurrently developed, took the form either of indices of price levels, productive activity and employment or of trends in financial activity (Yanovasky:2006).
It was only during the Second World War and instantly after it that economists and statisticians realised that these combined data could not only help greatly in the vigorous and disciplined thinking of theoreticians but could be of instant practical use and interest to government authorities to large enterprise, to labour organisation and to all other similar decision making bodies.

Definitions

Many economists and socialists have contributed in this sector with their works and thoughts. A few well known in this area were:

Kohler defined ‘social Accounting’ as the application of double entry book-keeping to socio-economic analysis.

Ralph Estes states Social accounting as the ‘measurement reporting, internal or external of information concerning the impact of an entity and its activities on society’.

In Sybil Mobley views ‘it refers to the ordering, measuring and analyses of the social and economic consequences of governmental and entrepreneurial behaviour’. The National Association of Accountants (USA) defined it as the identification, measurement, monitoring and reporting of the social and economic effects of an institution on society.

Social Accounting is defined by Richard Dobbins and David Fanning as “the measurement and reporting of information concerning the impact of an entity and its activities on society”.

According to Ramanathan “Social Accounting is the process of selecting firm level social performance variables, measures and measurement procedures systematically developing information useful for evaluating performance and communicating such information to concerned social groups both within and outside the organization.”

OBJECTIVES OF SOCIAL ACCOUNTING

The concept of social accounting gained prominence and momentum as a result of high level of industrialization that had necessitated the corporate to invest substantial amount in the social activities. Main objectives of social accounting are to help society by providing different facilities by enterprise and to record them like:

Effective utilization of natural resources

Main objectives of making social accounting are to determine whether company is properly utilizing their natural resources or not. To identify and measure the periodic net social contribution of an individual firm consisting of cost and benefits internalized to the firm and externalities affecting social system.

Help to employees

Company can help employees by providing the facility of education to children of employees, providing transport free of cost and also providing good working environment conditions.

Help the society

To help define whether individual firms plans and practices which directly affect the relative resource and power status of individuals, social sections, generations consistent with widely shared social priorities one hand and individual goals on the other. Because companies factories spread the pollution in natural society which is very harmful for society. So enterprise can help to society by planting the trees, establishing new parks near factory area and also opening new hospitals.

Help to customers

If company delivers goods to customers at lower rate and with high quality also benefits the society. To offer optimal information to all the components of the society to enable them to make decisions regarding allocation of the social resource where optimally implies cost/benefit effective reporting
strategy which also optimally balances potential information conflicts among the various elements of a firm.

**Social Accounting Measures**

Undertakings through its annual reports publish the details of their social welfare and effect on society & workforce. (Sawalia B Verma: 1997)

**Cost Benefit Analysis:** Social cost benefit analysis is a technique to weigh up the environmental and social benefits and costs of a business investment. It is used to understand community expectations and concerns about the potential social and environmental impacts of a project to enable business to address these and make the project more acceptable. Under this system the undertakings present social Balance Sheet and Social Income Statement. The asset side of the balance sheet depicts social investment of capital nature i.e. Township, water supply, school, club, road etc. The liability side shows organizations equity and social equations in the form of contribution by employees. Social income statement comprises social benefit and cost of staff community and general public. If social benefit exceeds social cost the resultant is not social income to staff, community and general public. (Boardman, Greenberg, Vining, Weimer: 2008). Currently, the complexity of social problems involved in economic activities as the preparation of this balance is to involve a broader range of indicators and actors within the company.

The social balance sheet represents a self-assessment tool that aims to identify the elements of exchange between the company and its environment, to conduct an assessment of entity behaviour regarding its values, and encourage the dialogue between interested parties.

Social costs are the main strategic target of social responsibility policies implemented by a company, having the role of compensation to the community when it caused some damage. In the same category are found also the cost of other stakeholders: investors, creditors, customers, suppliers, employees etc.

Such a balance sheet consists of two parts: enunciation of a social policy, objectives and measures for their implementation and a report on the adjusted value obtained by the entity and its distribution on the national economy.

The term “balance sheet” does not make of this report what the balance sheet is in accounting. The social balance sheet is a document drafted as a table that contains a number of quantitative information, only expressing the social status and working conditions in the enterprise. So, it must be understood in the sense of an inventory, a report similar to the Health Check.

By adding data from the social balance sheet, the effect of the efforts of the entity may be translated as reconciliation between results indicators and resource indicators (e.g. the impact of increased security spending to the rate of accidents or training expenses of raising qualification).

The use of the social balance sheet may differ according to the role and purpose.

Without a prospective nature, the social balance sheet is an incomplete instrument of information, it does not present the draft amendments to staff levels etc. and does not define the business strategy; instead, it provides elements of social policy evaluation, contributing to the social diagnosis of the entity instrument of settling conflicts, by satisfying the need for accurate social information and facilitating agreements between different stakeholders. Social management tool, providing a diagnostic of strengths and weaknesses of the social subsystem of the enterprise. Remedial measures are then integrated into an overall strategy of social planning and management.

The social balance sheet provides the basis for a social rating which may permit the assessment of risk by investors and which, by its discriminatory nature, is likely to operate businesses differentiation. The purpose of this approach is to make a diagnosis, not by reference to the social policies of the enterprise, but by comparison with the general and sectoral rules, in order to inform lenders and financial analysts about the risks involved by the social management of the company. By adding the social balance sheet data, the effect of the efforts made by the entity can be translated as reconciliation...
between result indicators and resource indicators (e.g., impact of increased security spending to the rate of accidents or the cost of training effect on raising qualification).

The analysis of the social balance sheet indicators allows an evaluation of the social policies of the company by an internal auditor or by an external consultant.

**Preparation of separate schedule:** Schedules representing employees benefits and services, social overhead, township maintenance etc. are prepared and shown as a part of annexure in the annual general report. Employee benefits and services consist of salary and wages and various social security benefits. Social overhead schedule include medical, educational, canteen and transportation facilities etc.

**Expanded Value Added Approach:** Building on traditional accounting principles, the Expanded Value Added Statement (EVAS) is an innovative tool to account for economic, social, and environmental factors. It provides a way to account for traditionally non-monetised factors (such as volunteer hours) to provide a better picture of social value creation. Value added can be said that it is the measure of wealth that an organization creates by ‘adding value’ to raw materials products and services through the use of labour and capital. It can be calculated by taking the value of goods and services it provides and subtracting the cost of its externally purchased goods and services. Under this approach the income accruing to the enterprise after external payments is taken into account. It represents the value added to goods and services acquired by the enterprise as the results of the efforts of the management and employees. From the value of production cost of direct materials and taxes are reduced to get Net Income accruing to the enterprise. Expanded value added approach combines the financial and social data to give a fuller picture to the social and economic impact of an organization. It includes both monetary and non-financial inputs and outputs. (Rao:2001).

**Other Approaches:** Mention of social activities undertaken by an enterprise in chairman’s speech, director’s report or auditor’s report. This approach aims at informing the general public, government and its members about the organizations goals with economic goals. Other method is pictorial presentation in annual report of social activities like sponsoring of social and charitable causes and other social welfare activities; supplementing of government efforts effectively; focusing on human elements; ensuring ecological balance, engaging in philanthropic activities undertaken in by the organization.

**NEED FOR SOCIAL ACCOUNTING**

The practise of social accounting is followed only by a handful to enterprise in public sector. (Jahan: 2001).

That there is greater need for social accounting in India for:-

1. The management fulfills its social obligations and informs its members, government and general public.
2. There are certain legal obligations that have to be fulfilled by the business, such as social security obligations and welfare measures etc. The management reforms the public and government about its efforts in this regard through social accounting.
3. Management gets a feedback on its efforts and policies aimed at welfare of the society.
4. Social accounting is also necessary from the viewpoint of public interest group, social organization, investors and government bodies.
5. Through social accounting the company proves itself that it is not socially unethical in view of moral cultural and environment degradation.
CONCLUSION

The concept of social Accounting emerged in the 1960’s when social values and expectations gave rise to a debate about the role of business in society. This debate focused on the nature of corporate social responsibility and gave rise to the possibility that this responsibility could be discharged through a method of social accounting. Social Accounting has become an integral part of good management in India and abroad. Most of the enterprises are making efforts to earn customer loyalty through community development schemes, good corporate governance and by engaging stakeholders, within and outside the company. It is therefore necessary that managements at all level understand the scope and content of social accounting so that they can make value added contributions towards building the company’s brand image and reputation.

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Table of Contents

Articles

TALENT ANALYTICS: TOOLKIT FOR MANAGING HR ISSUES
Dr. Bhanupriya Khatri

FINANCIAL FORENSICS: WAY TO ABATE CORRUPTION
Supreet Kaur

NEED OF PERFORMANCE APPRAISAL IN SUGAR FACTORIES OF SANGLI DISTRICT
Geetanjali Jangale

COMPANIES ACT, 2013: AN ANALYSIS OF KEY RULES
Nitin Kumar

IS OVERCAPACITY HURTING THE LUXURY HOTEL INDUSTRY?
Fleur Dsouza

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ABSTRACT
Talent analytics is a contemporary practice to measure the performance of the talent. The management of talent is only possible by talent analytics and it has made huge pace in today’s scenario. Talent management decisions should be based on facts and figures. A talented employee is the intellectual capital for the organization. Talent analytics boost the motivation and morale of employees.

JEL Classification: O15

Keywords: Talent Analytics; Data Mining; Predictive HR Analytics; Human Resource Metrics; Human Capital Metrics

INTRODUCTION
Talent analytics refers to the utilization of qualitative, quantitative techniques and blend of numerous sources to make proper talent strategy. Large and successful organizations utilize talent analytics to make HR as a strategic partner. Talent Analytics provide valuable insight for data analysis in talent acquisition, talent retention, talent development and succession planning.

OBJECTIVES OF PAPER
1. To study the talent analytics practices for talent management.
2. To study the issues to talent analytics.

REVIEW OF LITERATURE
According to Davenport et al. (2010) the data provided can be used to analyze and evaluate the staff members’ talent, to find the right person for the right position, to evaluate the well-being of the staff members and calculate the number of employee necessary etcetera.

Lawler and Mohrman (2003) identify the use of metrics as one of four characteristics that lead to HR being a strategic partner.

As defined by Cappelli (2008), talent management is about anticipating and meeting talent needs. In that sense the Talent Analytics System (TAS) offers a complete overview of job positions in an organization from basic demographics such as length of service to succession possibilities.

Kaplan & Norton (1996) propose that HR metrics are not simply an evaluation tool, or a method of justifying HR investments. Rather, they represent the operational expression of the theory of how people contribute to organization success and the HR investments that lead to that success.

Becker, Huselid, and Ulrich (2001) helped bring these ideas together in the HR scorecard, which highlights how the alignment of HR activities with both corporate strategy and activity improve organizational outcomes.

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Wang (2005). Failure to manage information properly, or inaccurate data, costs billions of dollars each year.

Lepak & Snell (1999) show that firm’s core competences or competitive advantage is induced by the investment of human capital entailed with value creating potential.

**Human Resource Metrics, Human Capital Metrics, HR Score Cards and Human Resource Information System**

According to Peter Drucker, “If you can’t measure it, you can’t manage it” and “what gets measured, gets managed; what gets managed, gets executed.

Human resource metrics, human capital metrics, Talent analytics, HR score cards and Human Resource information System are valuable for talent management. There lies difference between all the terms.

1. Human resource metrics and human capital metrics are qualitative in nature.
2. Human resource metrics shows the effectiveness and efficiency of HR role, purpose and its accomplishments.
3. Human capital metrics explains about the human resources, their skills, knowledge and ability and also it explains the contribution of human resources upon business results.
4. HR Scorecards aid to determine the assessment of human resource departments and explain the worth of HR and aid in HR measurements. HR Score cards must be united with the strategic requirements of the organization.
5. Human resource information system (HRIS) is the software to manage HR activities.
6. Data Mining

Data mining is constructive device for predictive talent analytics and to go with the employees’ needs, skills and talents with their job profile. The size of the data is not important but the insights and perspectives taken from the data is significant. Competency mapping is also primed with data mining. Data mining in HR is contemporary issue and the potential and value of the employees is well known by it. Data mining also facilitates Human Resource Planning and it exercise organizational control. In today’s globalization world, web-based employee-appraisal help out in data mining.

**Predictive HR Analytics**

Predicting the future on the basis of HR data for which information gathered and analyzed in past and present which is used for future HR decisions is predictive HR analytics. Predictive HR analytics is a valuable tool for career planning of the employees and strategic planning for the organization. Predictive analysis is also accommodating in training need assessment.

**Issues to Talent Analytics**

The data of talent analytics must be confidential and it must be communicated suitably to parties. The information collected, analyzed and conclusions for talent analytics must not be biased. The approach used for talent analytics must be reliable and acceptable to all the employees of the organization. Perception of top management regarding the analytics also plays a main role in HR analytics. The employees should also be supportive to give their data for analysis and must think analytics as a light for their improvement and the benefit of the organization. Data collection from employees working in different cities, countries is also troublesome. It may be noted that the analytics will not only be done on the data available but a proper instrument must be followed to collect all the necessary data for
talent management & organization improvement. The HR staff must be fully trained about HR analytics and HR analytics software.

Return on Investment

The approach used to determine and evaluate the Return on Investment of an HR department is HR Analytics. Companies spend a lot of money to train and develop the human resources so it is very necessary to measure what organizations are getting by human resources.

Workforce Analytics for Talent Management

In this competitive world, it is vital for the organizations to manage, develop and retain the people of the organization. For authentic talent management, talent measurement innovations benefit the organizations to analyze the workforce data into valuable insights.

CONCLUSION

Business intelligence can be developed by applying the principles of talent analytics like performance management, reporting, data mining, benchmarking, process mining and event processing etc. Companies make sure the right people are in the right place at the right time by means of talent analytics. Talent analytics assist HR function in the formulation of corporate strategies and also it can be a valuable tool for competitive advantage.

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FINANCIAL FORENSICS: WAY TO ABATE CORRUPTION

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ABSTRACT
In present time, though we have plethora of investigative agencies and anti-corruption departments but Corruption continues to have a devastating impact on societies and individuals around the world. Something must be done to enable people to live their lives free from the damaging effects of corruption.

Government guarantees of greater accountability do not always bring about tangible results at the local level. India is ranked 94th in corruption Perception Index. This rising corruption is the root cause of other looming problems as poverty, unemployment & inequality. This Paper focuses on using the concept of Forensic Accounting which is a way to investigate various scams and accounting embezzlements in the books of accounts. It states about relevance of evidence accumulation. The study also focused on the various techniques of forensic accounting which can be used to detect the frauds.

Keywords: Financial Forensics; Forensic Accountant; Fraud Detection; White Collar Crimes

INTRODUCTION
Due to rise in number of financial scams and accounting embezzlements the concept of financial forensic has come into limelight. Financial Forensic is simply analysis of evidences. Financial forensics is composed of two words: First is Financial which is related to money and financial affairs and second is forensics which means relating to, or used in courts of law or public debate or argument. So, Financial Forensics means financial fraud investigation which includes the analysis of accounting records to prove or disprove financial fraud and serving as an expert witness in Court to prove or disprove the same. In India Forensic accounting can be traced back to the days of kautilya who was the first person to mention the famous forty ways of embezzlement in his famous Arthashastra during the ancient mauryan times. Another was Birbal, who was a scholar in the time of King Akbar. He used various tricks to investigate various crimes. Forensic Accounting is a vital instrument for the detection or investigation of crime and the administration of justice. Now a day’s demand for fraud examiners is growing fast because of the use of information technology to commit crimes, growing business competition and harsh economic times that are making some workers to steal from their employers or sell company secrets. Forensic Accountants specialize in forensic analytics which is the procurement and analysis of electronic data to reconstruct, detect or otherwise support a claim of financial fraud. Forensic accountants utilize an understanding of economic theories, business information, financial reporting systems, accounting and auditing standards and procedures, data management & electronic discovery, data analysis techniques for fraud detection, evidence gathering and investigative techniques, and litigation processes and procedures to perform their work. Forensic accountants are also increasingly playing more proactive risk reduction roles by designing and performing extended procedures as part of the statutory audit, acting as advisers to audit committees, fraud deterrence engagements, and assisting in investment analyst research. Financial Forensics is a way to investigate the corporate frauds and other related frauds and in India there is a separate breed of forensic accountants called Certified Forensic Accounting Professionals who investigate various scams.

Available online on www.saiompublishations.com
LITERATURE REVIEW

The literature on financial forensics in accounting is limited and is a borrowed concept from various other countries. George A. Manning in his book “Financial Investigation and Forensic Accounting” defines Forensic Accounting as the science of gathering and presenting financial information in a form that will be accepted by a court of jurisprudence against perpetrators of economic crimes. The integration of Accounting, auditing, and investigative skills yield the specialty known as Forensic Accounting which focuses very closely on detecting or preventing accounting fraud. Ozkul defined FA as “the integration of accounting, auditing, and investigative skills.” Simply put, FA is accounting that is suitable for legal review offering the highest-level of assurance and including the now generally accepted connotation of having been arrived at in a scientific fashion. Zyzman states that forensic accounting is the integration of accounting, auditing and investigative skills. Furthermore this technique provides an “accounting analysis that is suitable to the court which will form the basis for discussion, debate and ultimately dispute resolution” Akintoye (2008) said forensic accounting is accounting that is suitable for legal review, offering the highest level of assurance, and including the now generally accepted connotation of having been arrived at in a scientific fashion and providing the needed findings in settling disputes. He said the primary orientation of forensic accounting is explanatory (cause and effect) analyses of phenomena including the discovery of deception (if any) and its effects introduced into an accounting system. Crumbley et al. (2009) define forensic accounting as the action of identifying, recording, settling, extracting, sorting, reporting and verifying past financial data or other accounting activities for settling current or prospective legal disputes or using such past financial data for projecting future financial data to settle legal disputes. Mehta and Mathur (2007) posited that forensic accounting involves a financial detective with a suspicious mind, a financial bloodhound, someone with a “sixth sense” that enables reconstruction of past accounting transactions and an individual who looks beyond the numbers.

RESEARCH OBJECTIVES

The Objective of current research study is to identify the wrong accounting practices which would not stand to legal scrutiny, Finding Wrongs in financial records and investigate the white collar crimes. The current study focuses on the use of forensic accounting to investigate various scams in the country. It also helps in ascertaining the role of forensic accountants in analysis of financial books.

RESEARCH METHODOLOGY

This paper is based on analysis from both primary and secondary sources. To ascertain the impact of financial forensics a questionnaire was developed and on the basis responses were collected from 40 respondents and a brief description of responses has been provided in the paper. Its main purpose is to ascertain whether this concept of forensic accounting has been fully adopted in India or not. Various scams statistics has also been presented.

Scams Statistics in India

<table>
<thead>
<tr>
<th>Scandal</th>
<th>Year</th>
<th>Amount</th>
<th>Location</th>
<th>Key Players</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chopper Scam</strong></td>
<td>2013</td>
<td>3600 crores</td>
<td>National</td>
<td>Politicians, Defence officers</td>
<td>Bribes accepted to clear a contract to supply 12 Augusta west land AW 101 helicopters to India</td>
</tr>
<tr>
<td><strong>Coal block Allocation Scam</strong></td>
<td>2012</td>
<td>1.86 lakh crores</td>
<td>National</td>
<td>CAG of India, The coal ministry, Many electrical boards and private companies.</td>
<td>Coal blocks allotted, not auctioned, leading to estimated losses as per the CAG of India</td>
</tr>
</tbody>
</table>
Scams Statistics in India

<table>
<thead>
<tr>
<th>Scandal</th>
<th>Year</th>
<th>Amount</th>
<th>Location</th>
<th>Key Players</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tatra Truck Scam</td>
<td>2011</td>
<td>750 crores</td>
<td>National</td>
<td>Top officials of defence and Bharat Earth Movers Ltd.</td>
<td>Sold Tatra truck at an inflated price</td>
</tr>
<tr>
<td>Rail gate scam</td>
<td>2013</td>
<td>90 lakh</td>
<td>National</td>
<td>Former Railway minister nephew Vijay Singla</td>
<td>Bribe given in exchange of getting a higher position on railway board</td>
</tr>
<tr>
<td>2 G Spectrum Scam</td>
<td>2010</td>
<td>176000 crores</td>
<td>National</td>
<td>Nira Radia , A. Raja</td>
<td>Communication bandwidth auctioned for lower than market value</td>
</tr>
</tbody>
</table>

Various other scams are as below:
- Hawala Scandal
- Taj corridor Scandal
- Cash for Vote Scam
- Fodder Scam
- Common wealth games scam
- Haryana Teacher Recruitment Scam
- Air India Family Fare Scheme Scam
- Haryana Seed Scam
- Bokaro Steel Plant Scam
- Ketan Parekh Stock Market Scam
- Harshad Mehta Scam
- Virbhadra Singh Bribery Controversy
- Gujarat arbitrary land allotment scandal
- Gurgaon Toll Plaza Scam
- Highway Scam
- Himachal Pradesh Pulse Scam
- Toilet Scam
- Punjab Paddy Scam
- NHPC Cement Scam
- Haryana Forest Scam
- Goa Mining Scam
- Aadhar Scam
Types of Frauds

1. Corporate Fraud: Corporate Fraud usually involves accounting schemes designed to deceive investors, auditors, analysts and other regarding the true financial condition of the corporation.
2. Securities Fraud: This involves fraudulent sales of securities.
3. Health Fraud: It includes duplicate billing, up coding of items, billing for services not rendered.
4. Bank Frauds: This type of fraud is prevalent in major operational areas in banking.
6. Mortgage Frauds: They occur at entry or exit points, the victims of which include financial institutions and investors.
7. Management Fraud: It is perpetrated by the top management of a company who has the intention of misleading investors. The most common form is through accounting manipulation.

Uses of Forensic Accounting

- Leads to better corporate Governance
- Helps in Criminal Investigation
- Prevents Frauds commitment
- Creates a Positive work environment
- Leads to efficiency in employees Performance
- Helps in bringing transparency
- Helps in Dispute settlement
- Fraud Detection where employees commit fraud
- Arbitration Services

Primary research was conducted on 40 respondents on the basis of the questionnaire formulated. Following questions were asked to the respondents:

1. Is forensic accounting fully adopted in India?
2. Is there need for the services of a forensic accountant to be employed in an organization?
3. Has forensic accountants helped in detecting and preventing fraud?
4. Do you believe that the money paid to a forensic accountant is equivalent to the services rendered by him?
5. Forensic accountant is different from the traditional auditor
6. Do you believe that the use of a forensic accountant in an audit will increase the cost of the audit?
7. How did hear about forensic accounting?
8. Do you believe that employing a forensic accountant would make some positive impact on the detection and prevention of fraud in your organization?
9. The knowledge of forensic accountant by accountants and auditors in your organization will make some positive impact on the nations fight against fraud and embezzlement
Interpretation

The Responses were collected and it was noticed that few of them not even know the meaning of forensic Accounting but many of them know and believe in it. Various respondents were feeling that there is an urgent need for this profession as the country is gaining the title of becoming most corrupted nation in the world so this concept of financial forensics would help abate corruption, scams, embezzlement in the books of accounts and would help reduce white collar crimes in the country, if the employees are cautioned that their transactions are going to be analyzed by the fraud examiners they will become loyal to their employers company secret. So, If adopted fully financial forensics can be a way to abate corruption.

CONCLUSION

Forensic Accounting is a new concept which can help to investigate white collar crimes and embezzlements and various frauds in the financial statements. Financial examiners are required in a country like India who can take this concept to newer better heights and robust research for collaboration between accounting examiners and information systems. Financial Forensics can help us preventing fraud, better corporate governance. In fact it can integrate accounting, auditing and investigative skills to conduct an examination into a company’s financial affairs. Almost every department now has a forensic department to look into one’s financial affairs.

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ABSTRACT
Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and to remedy them. Once the employee has been selected, trained and motivated, he is then appraised for his performance. The sample size of 240 as survey by questionnaire method which has been chosen from the Sangli districts 12 co-operative sugar factories. The data used for the study is primary data collected through the help of questionnaire filled by the samples. And the secondary data is collected from books, journals and websites. Sangli district has 12 sugar factories and have good performance of sugar factories. So, keeping this in mind the researcher thinks it is essential to study the need of performance appraisal for employees/staff development of sugar factories in Sangli district for the success of the organization.

Keywords: Performance Appraisal; Qualities; Characteristics; Sugar Factories; Sangli District

INTRODUCTION
Performance appraisal is one component of performance management. Appraisals can benefit both employers and employees by improving job performance, by making it easier to identify strengths and weaknesses and by determining suitability for development. Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and to remedy them. Once the employee has been selected, trained and motivated, he is then appraised for his performance. A performance appraisal is a process of evaluating an employee’s performance of a job in terms of its requirements. The steps in the evaluation process are:

- Establish Performance Standards
- Communicate Performance Expectation to Employees
- Measure Actual Performance
- Compare Actual Performance with Standards
- Discuss the Appraisal with the Employee
- If Necessary, Initiate Corrective Action
Sangli District in Maharashtra has wide area of industrial sectors and mainly industrial areas are located in Sangli, Miraj, Vita, Kavathemahankal and Islampur at these places in sangli district. And also there are 12 sugar factories in sangli district; one of them is the biggest co-operative sugar factory in Asia named as ‘Vasantdada Patil Co-operative Sugar Factory’. This paper studied about the performance appraisal of the employees/staff which is working in that sugar factories in sangli district. Below are these 12 sugar factories, out of them researcher collect 240 sample survey by the questionnaire method for the study.

**Sugar Factories in Sangli District**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Tehasils</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vasantdada Patil Co-operative Sugar Factory</td>
<td>Sangli</td>
</tr>
<tr>
<td>2</td>
<td>Vishwasrao Naik Co-operative Sugar Factory</td>
<td>Shirala (Yavantnar)</td>
</tr>
<tr>
<td>3</td>
<td>Rajarambapu Patil Co-operative Sugar Factory</td>
<td>Walawa (Sakharale)</td>
</tr>
<tr>
<td>4</td>
<td>Hutatma Kisan Aaher Co-operative Sugar Factory</td>
<td>Walawa</td>
</tr>
<tr>
<td>5</td>
<td>Mahankali Co-operative Sugar Factory</td>
<td>Kavathemahankal (Rajarambapu nagar)</td>
</tr>
<tr>
<td>6</td>
<td>Yashvant Co-operative Sugar Factory</td>
<td>Khanapur (Nagewadi)</td>
</tr>
<tr>
<td>7</td>
<td>Sonahira Co-operative Sugar Factory</td>
<td>Kadegaon (Vangi), Vita (Khanapur)</td>
</tr>
<tr>
<td>8</td>
<td>Dongarai Sagaraswar Co-operative Sugar Factory</td>
<td>Vita (Raygaon, Khanapur)</td>
</tr>
<tr>
<td>9</td>
<td>Manganaga Co-operative Sugar Factory</td>
<td>Atapadi (Loran sidhanagar)</td>
</tr>
<tr>
<td>10</td>
<td>Tasgaon Co-operative Sugar Factory</td>
<td>Tasgaon (Turachi)</td>
</tr>
<tr>
<td>11</td>
<td>Raje Vijaysinh Daphale Shetakari Co-operative</td>
<td>Jat (Tippehalli)</td>
</tr>
<tr>
<td></td>
<td>Sugar Factory</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Ninaidevi Co-operative Sugar Factory</td>
<td>Shirala (Kokarud)</td>
</tr>
</tbody>
</table>

**STATEMENT OF THE PROBLEM**

Appraisal involves an evaluation or estimation of a person’s present knowledge and abilities to determine his possible effectiveness in achieving future objectives, which is beneficial for the development. Public and private sector organizations do believe in the role of outcomes and detriments for effectiveness of performance appraisal. The respondents are more aware about outcomes of effective performance appraisal than factors that can make harm to the effectiveness of performance appraisal. As regards detriments to Performance appraisal effectiveness, Managers have different view from employees. Likewise, regarding outcomes of Performance appraisal effectiveness, male and female managers/operators have different views. Sangli district has 12 sugar factories and have good performance of sugar factories. So, keeping this in mind the researcher thinks it is essential to study the need of performance appraisal for employees/staff development of sugar factories in sangli district for the success of the organization.

**OBJECTIVES OF THE STUDY**

1. To study the methods of performance appraisal.
2. To study the performance appraisal qualities/characteristics of employees/staff in different sugar factories in sangli district.
3. To find out why there is need and success of performance appraisal in sugar factories for development.

**RESEARCH METHODOLOGY**

This research will concentrate on examine the effect of the performance appraisal on an individual as well as on the sugar factories in sangli district. The sample size of 240 as survey by questionnaire method which has been chosen from the Sangli districts 12 co-operative sugar factories. The data used for the study is primary data collected through the help of questionnaire filled by the samples. And the
secondary data is collected from books, journals and websites. Data collected through the website such as Wikipedia, Data collection from library, Concerned Management Books etc.

Methods of Performance Appraisal

<table>
<thead>
<tr>
<th>Traditional Methods</th>
<th>Modern Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Straight Ranking Method</td>
<td>1. Assessment Centre</td>
</tr>
<tr>
<td>2. Man-to-man Comparison Method</td>
<td>2. Appraisal by Results or management by Objectives</td>
</tr>
<tr>
<td>3. Grading</td>
<td>3. Human Asset Accounting Method</td>
</tr>
<tr>
<td>4. Graphic Rating Scales</td>
<td></td>
</tr>
<tr>
<td>5. Forced Choice Description Method</td>
<td></td>
</tr>
<tr>
<td>6. Forced Distribution Method</td>
<td></td>
</tr>
<tr>
<td>7. Check Lists</td>
<td></td>
</tr>
<tr>
<td>8. Free Form Essay Method</td>
<td></td>
</tr>
<tr>
<td>9. Critical Incidents</td>
<td></td>
</tr>
<tr>
<td>10. Group Appraisal</td>
<td></td>
</tr>
<tr>
<td>11. Field Review Method</td>
<td></td>
</tr>
</tbody>
</table>

Traditional methods lay emphasis on the rating of the individual’s personality traits, such as initiative, dependability, drive, responsibility, creativity, integrity, leadership potential, intelligence, judgment, organizing ability etc. On the other hand, modern/newer methods place more emphasis on the evaluation of work results- Job achievements- than on personality traits Results oriented appraisals tend to be more objective and worthwhile, especially for counseling and development purposes.

Appraisal Qualities/Characteristics Of Employees/Staff In Sugar Factories:

In many organizations, reward decisions depend on subjective performance evaluations. However, evaluating an employee's performance is often difficult. In this paper, develop a model in which the employee's/staff is uncertain about their performance and about the manager's ability to assess him. The manager gives an employee a performance appraisal with a view of affecting the employee's self-perception and the employee's perception of the manager's ability to assess performance. Here examine how performance appraisals affect the employee's future performance by the survey. Naturally the qualities or characteristics on which workers and office staff are evaluated must differ from those considered important when appraising the managerial staff. Such staff has relevant characteristics which observe from the sugar factories in Sangli district like:
The predictions of our model are consistent with various empirical findings. These comprise the observation that managers tend to give positive appraisals, the finding that on average positive appraisals motivate more than negative appraisals, and the observation that the effects of appraisals depend on the employee’s perception of the manager’s ability to assess performance accurately. It is in this area that manpower appraisal and particular way managerial appraisal can considerably help keep the present team dynamic and prepare it for future eventualities.

The success and development of any business depend upon the performance of the employees/staff of that organization. So, it is very important to appraise the performance of the employees/staff to find out the growth and weaknesses also. In this paper it is found by the above table and graph which interpreted that the highest percentage of performance appraisal is of Hutatma Kisan Aaher Co-operative Sugar Factory than other sugar factories i.e. 95% of punctuality and attendance, quantity of work, quality of work, level of intelligence and potential for growth and highest in other characteristics also. At second the Rajarambapu Patil Co-operative Sugar Factory is in good condition because there also give the high percentage 90% of punctuality and attendance, quantity of work and 92% of quality of work and level of intelligence and potential for growth. We can see and state from above table and graph that the performance of other sugar factories in Sangli district by the all characteristics percentage. After that the Sonahira Co-operative Sugar Factory, Vishwasrao Naik Co-operative Sugar Factory is in good performance and below it performance of the Raje Vijaysinh Daphale Shetakari Co-operative Sugar Factory, Manganaga Co-operative Sugar Factory, Dongarai Sagareswar Co-operative Sugar Factory and also in bad condition of performance. And the sugar factory which is one of the biggest co-operative sugar factory in Asia named as Vasantdada Patil Co-operative Sugar Factory, which is shut down for some years but again it starts and now it performing good. Finally, the performance of the Yashvant Co-operative Sugar Factory is indicating at 0% level because it is totally shut down due to some reasons and after that the Tasgaon Co-operative Sugar Factory also in bad condition of performance.

**Need and Success of Performance Appraisal**

1. Creating and maintaining a satisfactory level of performance of employees/staff in sugar factories.
2. Performance appraisal finds out deficiencies in work and helps in developing a plan for correcting them.
3. Highlighting employee needs and opportunities for personal growth and development.
4. Appraisal should serve as a useful career planning incentive by providing the opportunity to review an employee’s career plan on the basis of his strengths and weaknesses.
5. Performance appraisal helps to prevent grievances and in disciplinary activities.
6. Promoting understanding between the supervisor and his subordinates.
7. Periodic appraisals can also help the superior judge his subordinate’s effectiveness and fix areas where further assistance is needed to make the subordinate more effective on their work.
8. The most important purpose of an appraisal is however for developing the subordinate by examining his work habits, skills, attitudes and personality characteristics with a view to improve him with the help of adequate counseling and an appropriate development programme.

CONCLUSION

Performance appraisal could be taken either for evaluating the performance of employees or for developing them. It is a process that involves determining and communicating to and employee how employee is performing the job and ideally establishing a plan of improvement. By the appraisal of employees fulfill the purposes of employee’s development that is compensation decisions promotion decisions, Training and development programs, Personal development and feedback. Performance appraisal can inform employees about their progress and tell them what skills they need to develop to become eligible for pay raises or promotions or both. Here in this paper concluded that the highest percentage of performance appraisal is of Hutatma Kisan Aahir Co-operative Sugar Factory than other sugar factories and secondly the Rajaramnabpaur Patil Co-operative Sugar Factory is in good condition but the Yashvant Co-operative Sugar Factory is totally shut down. We can see that the performance of other sugar factories in sangli district by the all characteristics percentage is declining step by step like the Sonahira Co-operative Sugar Factory, Vishwasrao Naik Co-operative Sugar Factory, Raje Vijaysinh Daphale Shetakari Co-operative Sugar Factory, Mahankali Co-operative Sugar Factory, Ninaidevi Co-operative Sugar Factory, Manganaga Co-operative Sugar Factory, Dongarai Sagareswar Co-operative Sugar Factory, Vasantdada Patil Co-operative Sugar Factory and the Tasgaon Co-operative Sugar Factory also in bad condition of performance. For the better performance it is essential to appraise the characteristics of employee/staff of that organization periodically by any method of performance appraisal. Through discussion with individual employees a line manager can find out why they perform as they do and what steps can be initiated to improve their performance. Performance appraisal enables the employee to know how well he is doing on the job. It tells him what he can do to improve his present performance and go up the “Organizational Ladder” and therefore there is a need of Performance Appraisal in sugar factories of sangli district which is very essential for employee’s development and also for Success of organization.

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ABSTRACT
The Companies Act, 2013 is landmark legislation with far reaching consequences on all companies incorporated in India. The Act, 2013 is more outward looking and attempts to align with international requirements. It is expected to set the tone for a more modern legislation which enables growth and greater regulation of the corporate sector in India.

The 2013 Act has been developed with a view to enhance self-regulation, improve corporate governance norms, enhance accountability on the part of corporates and auditors, raise levels of transparency and protect interests of investors, particularly small investors.

This paper is focused on the provisions of Companies Act, 2013 & analysis of the key changes.

JEL Classification: K22: Corporation and Securities Law

Keywords: Companies Act, 2013; Corporate Social Responsibility; Central Government

INTRODUCTION
The long awaited Companies Bill, 2012 was passed by the Lok Sabha on 18\textsuperscript{th} December, 2012 and by the Rajya Sabha on 8\textsuperscript{th} August, 2013. On receiving the assent of the Hon‘ble President of India on August 29, 2013, it was notified on August 30, 2013 as the Companies Act, 2013. The Companies Act, 2013 has replaced the existing 56 year old company law, i.e. Companies Act, 1956. The Act has become fully operational since 1 April, 2014. It moves from the regime of control to that of liberalisation or self-regulation. The Act, 2013 provides for business friendly corporate regulation, e-governance initiatives, good corporate governance, Corporate Social Responsibility, enhanced disclosure norms, enhanced accountability of management, audit accountability, protection for minority shareholders, investor protection and activism and better framework for insolvency regulation and institutional structure.

OBJECTIVES OF THE STUDY
The study has been geared towards achieving the following objectives:

1. To examine Key Rules under Companies Act, 2013;
2. To understand the implications of Companies Act, 2013;
3. To disseminate information about the latest happenings in the Company Law field to people engaged in policymaking, policy analysis, policy research and other Stakeholders;
4. To provide information for future research works on Companies Act, 2013.

RESEARCH METHODOLOGY
The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports.
Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study.

Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

**The Companies Act, 2013: Key Rules**

The Companies Act, 2013 introduces significant changes in the provisions related to governance, management, compliance and enforcement, disclosure norms, auditors and mergers and acquisitions. The key highlights of the 2013 Act are summarized below:

**THE JOURNEY OF COMPANIES ACT, 2013**

2008: Companies Bill, 2008 was introduced on 23rd October 2008 in the Lok Sabha to replace existing Companies Act 1956.

2009: Companies Bill, 2009 was reintroduced on 3rd August 2009 in the Lok Sabha. Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.

2010: Report of the Standing Committee on Finance on Companies Bill, 2009 was introduced in the Lok Sabha on 31st August 2010.

2011: Companies Bill 2011 introduced in the Lok Sabha on 14th December 2011.

2012: The Companies Bill, 2012 was introduced and got its assent in the Lok Sabha on 18 December 2012.

2013: Companies Bill, 2012 was passed by the Rajya Sabha on 8th August, 2013. After having received the assent of the President of India on 29 August 2013, it has now become the much awaited Companies Act, 2013.

**BOARD FRAMEWORK**

The Companies Act, 2013 states that:

- Company can have a maximum of fifteen directors on the Board. Approval of shareholders through a special resolution in the General Meeting shall be required for appointing more than fifteen directors.

- At least one director should be a person who has stayed in India for a total period of not less than 182 days in the previous calendar year.

- The Act, 2013 makes it mandatory for a certain class of companies to appoint at least one woman director.

- A person cannot become a director in more than 20 companies instead of 15 as provided in the Companies Act 1956 and out of this 20, he cannot be director of more than 10 public companies.

**INDEPENDENT DIRECTORS**

The term Independent Director has now been defined in the 2013 Act, along with several new requirements relating to their appointment, role and responsibilities. The Concept of independent directors has been introduced for the first time in order to add transparency, fairness and independence in decision making to safeguard stakeholders’ interest. The Act states that:

- At least one-third of the total number of director of a listed public company should be independent directors;
Every independent director should at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence;

Selection of independent director from a data bank maintained by an association, body or institute or as per the specification of the Central government; and

An independent director shall not be entitled to any stock option or any remuneration other than sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

An independent director and a non-executive director not being promoter will be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes, with his consent or connivance or where he had not acted diligently.

COMMITTEES OF BOARD

I. Audit committee

The Companies Act, 2013 makes audit committees mandatory for listed companies and other prescribed classes of companies. The Audit committee shall consist of a minimum of three directors with independent directors forming a majority and majority of members including its Chairperson shall be persons with ability to read and understand the financial statement.

II. Nomination and Remuneration Committee

The constitution of Nomination and Remuneration Committee has also been made mandatory in the case of listed companies and such other class or classes of companies as may be prescribed. The Committee shall consist of three or more non executive directors out of which not less than one half shall be independent directors. This committee shall amongst other:

- Identify persons who are qualified to be directors and who can be appointed in senior management;
- Recommend to Board of directors, policy relating to remuneration to directors, Key Managerial Persons and other employees keeping in mind appropriate performance benchmark; striking a balance between fixed and incentive pay etc.; and
- Be responsible for evaluation of every director of Board consisting of three or more directors.

III. Corporate Social Responsibility (CSR) Committee

The Act provides that a company meeting certain conditions should constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The functions of the said CSR committee shall be:

- To formulate and recommend a CSR policy to the Board;
- To recommend amount of expenditure to be incurred on CSR activities as specified in Schedule VII; and
- To monitor the CSR policy of the company from time to time.

IV. Stakeholders Relationship Committee

The Act requires that Companies with more than 1000 shareholders, debenture-holders and any other security holders at any time during a financial year to constitute a Stakeholders Relationship
Committee. The committee shall consist of a non-executive director as a chairperson. The committee will consider and resolve the grievances of security holders of the company. Source: http://gtw3.grantthornton.in/assets/Companies_Act-Governance.pdf

AUDIT AND AUDITORS

I. Internal Audit

Under the Companies Act, 2013 following class of companies will be required to mandatorily appoint an internal auditor for internal auditing, on the functions and activities of the company:

- Every listed company;
- Every public company having paid-up share capital of more than Rs 10 crore;
- Every other public company which has any outstanding loans or borrowings from banks or public financial institutions more than Rs 25 crore or which has accepted deposits of more than Rs 25 crore at any point of time during the last financial year.

The board shall either appoint chartered accountant or cost accountant or any other professional for carrying internal audit. The objective of introduction of this requirement is to strengthen the system of internal controls. The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board. ³

II. Appointment of auditors

Under the Companies Act, 2013 the first auditor will be appointed by the Board of directors within 30 days of incorporation of a company. The members shall appoint the first auditor within 90 days at the extra ordinary General Meeting, if the first auditor is not appointed by the Board within 30 days from the date of incorporation. A company will appoint Subsequent auditor at its first Annual General meeting and the auditor appointed will hold its office till the conclusion of the sixth Annual General meeting. The members at every subsequent Annual General meeting will be required to ratify the appointment of auditor, in case a fresh appointment is not made.

III. Rotation of auditors

The 2013 Act now mandates the rotation of auditors after the specified time period to ensure independence of Auditor and strengthen diligence in their role and conduct. No listed company or a company belonging to a certain class or classes of companies as may be prescribed should appoint or reappoint an auditor for:

- More than one term of five consecutive years if the auditor is an individual; and
- More than two terms of five consecutive years, if the auditor is an audit firm.

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the 2013 Act, makes an effort to introduce the corporate social responsibility in Indian corporates by requiring companies to formulate a corporate social responsibility policy and at least incur a given minimum expenditure on social activities. It will add sense of responsibility and contribution among corporates. The requirement will apply to any company that is incorporated in India, whether it is domestic or a subsidiary of a foreign company. Companies are subject to the CSR requirements if they have, for any financial year:

- Net worth of at least Rs. 5 billion (approximately U.S.$80 million);
- Turnover of at least Rs. 10 billion (approximately U.S.$160 million); or
- Net profits of at least Rs. 50 million (approximately U.S. $800,000) during any of the previous three financial years.
Companies meeting these criteria are required to ensure that the company spends in every financial year at least 2% of the average net profits of the company made during the three immediately preceding financial years, if the company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount. The approach is to ‘comply or explain’. The board will approve the CSR policy and disclose its contents in the board report and place it on the company’s website.\textsuperscript{4} It is estimated that a total of 8,000 companies in India would be required to meet the CSR requirements among the 9 lakh active companies in India and the 2% CSR expenditure would translate to companies’ spending around Rs 12,000 crore to 15,000 crore annually.\textsuperscript{5}

DISCLOSURES

I. Annual return

Every company shall prepare the annual return in the prescribed form containing the particulars as they stood on the close of the financial year. The information that needs to be included in the annual return has been increased. The additional information required, includes particulars of holding, subsidiary and associate companies, remuneration of directors and key managerial personnel, penalty or punishment imposed on the company, its directors or officers.

II. Board’s report

Section 134 of the Act seeks to make the board's report more comprehensive by inserting disclosures to bring transparency in the functioning of the Board. Important disclosures include:

- extract of annual return in the prescribed form;
- company's policy on director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director etc.;
- a statement of declaration by independent directors;
- explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by the company secretary in practice in his secretarial audit report;
- particulars of loans, guarantees, or investments made;
- particulars of contracts or arrangements entered into;
- conservation of energy, technology absorption, foreign exchange earnings and outgo in the prescribed manner;
- Statement indicating development and implementation of a risk management policy for the company; and
- Corporate social responsibility initiatives taken during the year in case of listed companies and other prescribed class of companies.


III. Related Party Transactions

Key changes envisaged in the 2013 Act regarding related party transactions include the following:

- The Companies Act of 2013 states that the transactions of a company with its related parties which are not in the ordinary course of business and which are not arm’s length can be entered into only if it is approved by a special resolution at the general meeting.
- No member shall vote on the special resolution if such member is a related party.
• The restrictions will not apply to any transactions entered into by the company in its ordinary course of business other than transactions, which are not on an arm’s length basis.

• Every contract or arrangement entered into with a related party shall be referred to in the Board's Report along with the justification for entering into them. Source: http://www.pwc.in/en_IN/in/assets/pdfs/forensic-news-alerts/news-alert-enhancing-governance-with-companies-act-2013.pdf

INVESTOR PROTECTION MEASURES
The 2013 Act goes a long way in protecting the interests of shareholders. It states that:

• Issue and transfer of securities and non-payment of dividend by listed companies, shall be administered by SEBI by making regulations;

• An act of fraudulent inducement of persons to invest money is punishable with imprisonment for a term which may extend to ten years and with fine which shall not be less than three times the amount involved in fraud;

• A suit may be filed by a person who is affected by any misleading statement or the inclusion or omission of any matter in the Prospectus or who has invested money by fraudulent inducement;

• For the first time, a provision has been made for class action. It states that specified number of members, depositors or any class of them, may, if they are of the opinion that the management or control of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors, file an application before the Tribunal on behalf of the members or depositors;

• Prohibits any person including the director or key managerial person from entering into insider trading; and

• Further, the Act also prohibits directors and key managerial personnel from forward dealings in the company or its holding, subsidiary or associate company.

REGULATORS
I. National Company Law Tribunal and Appellate Tribunal
The 2013 Act replaces the High Court with a Tribunal to be known as National Company Law Tribunal (NCLT), which will consists of Judicial and Technical members, as Central Government may deem necessary, to exercise and discharge the powers and functions conferred by the 2013 Act. Appeals from the Tribunal shall lie with the National Company law Appellate Tribunal and an appeal arising out of order of NCLAT on any question of law shall lie to Supreme Court.

II. National Financial Reporting Authority
National Financial Reporting Authority (NFRA) will be the new regulator for regulating the audit profession. NFRA shall consist of Chairperson and other part time and the full time members not exceeding 15. The National Financial Reporting Authority shall make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be. It will have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit. Any person aggrieved by any order of the National Financial Reporting Authority, may prefer an appeal before the Appellate Authority constituted by the Central Government.

Source: Companies Act, 2013 Fresh thinking for a new start, Deloitte, Page No 16
III. Serious Fraud Investigation Office (SFIO)

The Act, 2013 provides legal status to Serious Fraud Investigation Office under Ministry of Corporate Affairs. SFIO will consist of experts from various relevant disciplines including law, banking, corporate affairs, taxation, capital market, information technology and forensic audit. The central government may assign investigation into the affairs of a company to SFIO:

- on receipt of a report of the registrar or inspector,
- on intimation of a special resolution passed by a company that its affairs are required to be investigated,
- in public interest, or
- on request from any department of the central government or state government.

Investigation report of SFIO filed with the Court for framing of charges shall be treated as a report filed by a Police Officer.

SFIO will have the power to arrest in respect of certain offences, which attract the punishment for fraud.

If any case has been assigned by the Central government to SFIO for investigation, no other investigating agency will proceed with investigation in such cases.

Stringent penalties are prescribed for fraud-related offences.

CONCLUSION

The new Indian Companies Act, 2013 is a positive and welcoming step towards modernising India’s company law and places India on par with corporate legislation elsewhere in the globe. The Act is a progressive and forward looking which promises improved corporate governance norms, enhanced disclosures and transparency, facilitation of responsible entrepreneurship, increased accountability of company managements and auditors and stricter enforcement processes. It goes a long way in protecting the interests of shareholders and removes administrative burden in several areas. The introduction of CSR as an integral function of corporate operations is the most significant step and also the levy of heavier penalties for transgressions from fulfillment of its obligations. Overall, the Act promises to significantly raise the bar on Corporate Governance and will radically alter the framework in a positive sense.

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IS OVERCAPACITY HURTING THE LUXURY HOTEL INDUSTRY?

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ABSTRACT
The Indian hotel industry has several iconic luxury hotels like the Taj Palace, Mumbai; The Oberoi Grand, Kolkata; The Taj West End, Bangalore, etc. These have stood as a symbol of elegance and opulence since decades. However, recent financial data shows that the luxury hotel industry is currently facing financial troubles. The industry’s performance indicators – average room rates, occupancy levels and RevPAR are falling. This paper studies the demand side and supply side factors currently hampering the performance of luxury hotel companies.

Keywords: Hotel; Hospitality; Occupancy; RevPAR; Room Additions; Luxury

INTRODUCTION
India’s hotel industry was flourishing till the year 2007. Strong demand for hotel rooms by corporates as well as domestic and foreign leisure tourists helped especially luxury hotel companies to prosper. This can be seen from the industry’s three main performance indicators – occupancy level, average daily rate and revenue per available room.

Occupancy level, which indicates the proportion of rooms occupied by guests of the total number of hotel rooms available, stood around 68 per cent on a pan-India basis. Average Daily Rate (ADR) was in the range of Rs.7,000-9,000. ADR indicates the average rate paid for rooms sold, calculated by dividing room revenue by actual rooms sold. Revenue per available room (RevPAR) is a combination of occupancy level and ADR. Revenue per available room (RevPAR) is calculated by dividing the total room revenue by the total number of available rooms. RevPAR differs from ADR because RevPAR considers both occupied and unoccupied available rooms, while ADR takes into account only the rooms actually sold. RevPAR is calculated by multiplying occupancy level by ADR (Occupancy x ADR = RevPAR). The industry’s RevPAR was around Rs.4,500-6,000 till 2007. However, occupancy levels, ADR and RevPAR began to fall after 2007.

OBJECTIVES
1. To study the trend in occupancy level, ADR and RevPAR of the hotel industry
2. To understand the reasons for the decline in performance
3. To assess the impact of demand-supply of rooms on sales performance of the industry

Change in Scenario Post-2007
Corporate travellers account for around 60 per cent of guests of luxury hotels. However, the global economic downturn which set in after 2007 impelled corporates to cut down on their travel spends. This led to sluggish demand for luxury hotel rooms by the corporate sector. Foreign tourists form a major chunk of guests in luxury hotels. The terrorist attack on the Taj Mahal Palace & Tower, Mumbai
and Oberoi Trident Hotel, Mumbai on 26 November 2008 caused fear among foreign tourists visiting India, thereby reducing the number of foreign tourist arrivals. Both these factors caused a moderation in demand for luxury rooms of the hospitality industry.

Moreover, a large number of luxury hotel rooms were already in the pipeline and were commissioned post-2007. Subdued demand and an increase in supply began to impact the industry’s performance adversely. The hotel industry’s occupancy level and ADR began to fall from 2008.

Crisil Research’s August 2012 Opinion report on the hotel industry provides the following graph -

Illustration 1. Trend in demand-supply and occupancy level of the Indian hotel industry

The above graph shows a fall in room demand in 2008-09. At the same time, supply has been rising every year since 2004-05. This caused occupancy levels to suddenly fall to 64 per cent in 2008-09 and it remained almost at the same level till 2011-12.

Data sourced from Horwath HTL and STR Global’s INDIA HOTEL REVIEW REPORT – 2012 also indicates a similar trend -

Illustration 2. Trend in occupancy, ADR and RevPAR of the Indian hotel industry

Performance during FY 2012-13

The hotel industry witnessed a surge in room supply in 2012-13. Close to 12,000 new rooms were added, taking the total supply of branded hotel rooms up to 96,000, according to hotel consultancy
HVS India. Consequently, the performance indicators of the hospitality industry did not improve during financial year 2012-13.

According to the Analyst Presentation given by The Indian Hotels Company Limited (IHCL) dated 31 May 2013, India witnessed a 21 per cent y-o-y rise in demand for hotel rooms during financial year 2012-13. However, supply grew a tad faster, i.e. by 24 per cent. Nearly 60% of the fresh room addition was in the luxury and upscale hotel segment. This hurt occupancy levels and average daily rates of the industry. Occupancy level fell by 2 per cent. ADR declined by 5 per cent. As a result, RevPAR of the Indian Hospitality Industry decreased by 7 per cent in 2012-13.

Data released by Federation of Hotels & Restaurant Associations of India also reveals that the occupancy level in India fell to a decade-low of 58 per cent in 2012-13. Similarly, the average daily rate dropped to Rs 6,214 in 2012-13, the lowest in six years, from Rs 7,989 in 2007-08. According to Crisil Research, in 2012-13, RevPARs across premium hotels in India declined by 7 per cent y-o-y on account of muted room demand and large supply additions.

**Performance during First Nine Months of 2013-14**

According to a report by STR Global and sourced from the Analyst Presentation of IHCL (dated 11 February 2014), demand for hotel rooms grew by 5.6 per cent during April-December 2013. Room additions rose by a slower 4.5 per cent. While this pushed up occupancy level by one per cent, ADR continued to fall. Average daily rates fell by 3 per cent. This dragged down the RevPAR of the hotel industry by 2 per cent during the period. RevPAR dipped to Rs 3,050 during April-December 2013 from Rs 3,111 during the corresponding period a year ago.

**Illustration 3.** Demand-supply scenario of hotel rooms in India during April-December 2013

- There has been overall a 4.5% increase in Supply in April – December 2013 as compared to the same period last year.
- Most of the Supply, about 66%, has come in the Luxury & Upper Upscale, categories
- Demand growth has been 5.6% for this period however it is still trailing supply growth in most cities which impacts hotel Industry Occupancy and ARRs
The changing class mix of hotel supply, Demand – Supply mismatch and customer cost control has put a pressure on Occupancies and Average rates compared to last year across all key metros.

- Bangalore, Jaipur and Mumbai have seen Occupancy growth.
- Average rates are lower by upto 7% countrywide with the exception of Goa.
- Overall this has led to a 2% decrease in RevPAR in the Indian Hospitality Industry for the April – Dec 2013 as compared to April – Dec 2012.

Illustration 4. Change in occupancy and ADR of hotel industry during April-December 2013

- Mumbai, Bangalore & Jaipur showed improved occupancies, while Chennai, Hyderabad, Goa occupancies were lower.

Illustration 5. Trend in occupancy level of hotel industry in India during April-December 2013
Illustration 6. Trend in Average Daily Rates of hotel industry during April-December 2013

• Rates lower across all cities barring Goa

Illustration 7. Trend in RevPAR of hotel industry in India during April-December 2013

• Mumbai, Bangalore, Jaipur & Goa witnessed RevPARs higher than last year

Sales Performance of Luxury Hotel Companies in India

A study of the sales performance of listed hotel companies also shows a deterioration in their financial position after 2007-08.
Illustration 8. Growth in sales of some listed luxury hotel companies in India (Y-o-Y % change)

The sales of the four companies in our sample grew at a strong pace between 2003-04 and 2007-08. From 2008-09, however, these companies reported either a sluggish sales growth or even a decline in sales. This indicates that falling RevPARs took a toll on the financial performance of the Indian luxury hotel industry after 2007.

The standalone financial results of major hotel companies for the nine months ended 31 December 2013 also shows a slide in financial performance. Sales of Indian Hotels Company grew by a sedate 2.4 per cent y-o-y Rs.13.52 billion during April-December 2013. The increase in sales was driven by rise in restaurant sales, banqueting business, membership fees, shop rentals and management fees. Room sales dipped by 2 per cent during the period. The company attributed the fall in sales to “continued new supply in a recessionary market”. E I H Limited reported a 10.8 per cent increase in sales during the first nine months of 2013-14. This is much slower compared to the 15-35 per cent growth witnessed during 2003-2008. Hotel Leelaventure also reported a moderate sales growth of 12.6 per cent during April-December 2013. Sales of Asian Hotels (North) grew by only 2.8 per cent during April-December 2013 after declining in the previous two financial years.

FUTURE OUTLOOK

The inflow of foreign tourists is expected to remain buoyant in the coming 2-3 years as macroeconomic conditions in USA and European countries have improved. However, demand for hotel rooms from domestic business travellers is expected to remain sluggish due to the current economic slowdown in the Indian market. The country’s GDP growth softened to around 5 per cent in 2012-13 and 2013-14, after expanding at 8-10 per cent for several years. The GDP growth is unlikely to improve significantly in the near-term.

At the same time, room supply is expected to grow. Major luxury hotel companies have lined up huge capacity expansion plans. Indian Hotels Company Ltd. has announced plans to add 2,016 rooms in 2014-15. Of these, 1,612 keys (almost 80 per cent) would be in the luxury or upmarket segments. 404 rooms are expected to come up in the budget hotel segment. Carlson Rezidor, which currently has a portfolio of 66 operating hotels in India, has a pipeline of 44 properties. Of this, 8-9 are expected to be launched during 2014. Sofitel hopes to increase their number of hotels in India to 10 in the next seven years.

While demand for hotel rooms is expected to see an uptick in the coming years, the rise in demand is not expected to be as sharp as the rise in supply. As a result, the capacity additions are expected to drag down occupancy levels and ADRs further.

Around 52,000 new hotel rooms are expected to come up in India in the next five years. The hospitality sector will see a rise of over 65% in total hotel inventory by 2017. (Cushman & Wakefield (C&W) report, 31 January 2014). Room demand is expected to improve only marginally in 2014-15. However, significant supply additions between 2013-14 and 2014-15 will pull down both occupancy rates and ADRs. (Crisil Research). Hotel industry continues to face a muted revenue growth, stagnated
profitability and elevated credit risk in FY15, driven by lower demand growth and supply-side pressures (India Ratings & Research report, 05 May 2014).

CONCLUSION

The luxury hotel industry in India in currently going through a rough patch due to sluggish demand coupled with an oversupply of hotel rooms. Occupancy levels, average daily rates (ADR) and revenue per available room (RevPAR) is falling. This is also hurting the revenue growth of luxury hotel companies. The scenario is expected to continue for a few more years till the hotel projects currently in the pipeline get commissioned. Till then, the hotel companies will have to brace themselves to face tight financial conditions.

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Table of Contents

Articles

THE ROADMAP FOR SUCCESS OF CORPORATE GOVERNANCE IN INDIA
Manav Aggarwal 1-5

MOTIVATION WINGS IN INFORMATION TECHNOLOGY SECTOR
Anuradha Kumari Kandamuru 6-10

ANALYTICAL OVERVIEW OF MICRO, SMALL AND MEDIUM ENTERPRISES IN NAGPUR DISTRICT
Rajesh Shende 11-17

KERALA MODEL RESPONSIBLE TOURISM – AN EVALUATION
Nissar P., Munavver Azeem Mullappallykayamkulath 18-26

SHIFTING OF RETAILING IN INDIA: TRENDS AND OPPORTUNITIES
Fathima Adeela Beevi TKS. 27-32

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE: COMPLEMENTARY OR CONFLICTING
Adil Zahoor 33-40

ROLE OF CGTMSE AND CIBIL IN SUPPORTING THE INDIAN ECONOMY
Dr. Mahesh Bhiwandikar 41-46

WOMEN EMPOWERMENT THROUGH MICRO UNITS – AN EMPIRICAL STUDY
Sameera P., Dr. P.V. Basheer Ahammed 47-53

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**THE ROADMAP FOR SUCCESS OF CORPORATE GOVERNANCE IN INDIA**

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**ABSTRACT**

Corporate Governance deals with the principles such as to satisfy the power of law and maintain high degree of disclosures. Corporate governance essentially involves balancing the interests of the many stakeholders in a company. Corporate governance became a pressing issue following the 2002 introduction of the Sarbanes-Oxley Act in the U.S., which was ushered in order to restore public confidence in companies and markets after accounting fraud bankrupted high-profile companies such as Enron and WorldCom. The purpose of this research paper is to study the importance of corporate governance in the new era of modernisation. In recent times, the companies moving towards the international business for expand their business at world level. So there is need of corporate governance which helps a lot to the companies for building their good image in the eyes of world.

**Keywords:** Corporate Governance; Company; Market

**INTRODUCTION**

Due to changing business scenario the expectation of the investors and other stakeholders have also changed. They are now not only interested in financial returns in the form of dividend, earning per share etc. but also demand for the complete disclosure of all business operations in a fair and efficient manner. So, the corporate governance attempts to deal with providing mangers with proper incentives to induce the managers to work and make them accountable for company performance. According to OECD, “Corporate Governance is a set of relationship between a company management, its boards, its shareholders and other stakeholders providing a structure through which the objectives of the company are determined and performance is monitored”. In other words, corporate governance means the system of rules, process and practices by which the company is directed and controlled so that the company can fulfil its goals and objectives and it will also prove beneficiary to the stakeholders in the long run. Corporate Governance in India now stands at an interesting crossroads and future development of the next generation reforms and their implementation, during the current decade, will decide how effective they are for Indian business.

**LITERATURE REVIEW**

According to World Bank President, J.Wolfensohn, “Corporate Governance is about promoting corporate fairness, transparency and accountability”. According to Mayer (1997), corporate governance is concerned with the ways of bringing the interests of investors and managers into live and ensuring that firms are run for the benefit of investors. Classens (2003) stated that the corporate governance is related with the balance between economic and social goals and between individual and economic goals. Balasubramanian et al (2008) surveyed on 370 Indian public companies and identified the area where Indian companies were weak and where were strong. This study also shows that there will be need of proper rules and regulations for growth of companies. Sethi (2009) corporate governance was very important in India because India has largest number of listed companies and the
well being of financial market is very critical for the society as well as for the economy. Dalali et al (2012), corporate governance is promoting corporate fairness, transparency and accountability.

OBJECTIVES

1. To study the need of the corporate governance for a country like India.
2. To study the challenges for corporate governance in India

Need of Corporate Governance

- **Maximise shareholders value and protect their interest**: When the companies are properly directed and controlled then the value per share increases, therefore the shareholders wealth increases.
- **To increase efficiency of enterprise**: Corporate Governance also increases the efficiency of the enterprise and the wealth of the economy.
- **To attract investors**: Corporate Governance is an important instrument to protect and attract the investors.
- **To follow adequate internal procedures**: Corporate Governance provides companies to follow adequate internal procedure for timely disclosures for its directors and employees.
- **Mechanisms for regulating duties of directors**: Corporate Governance provides mechanisms for regulating the duties of directors so that they act in best interest of the company.
- **To restrain the threat of Insider Trading**: The corporate insider do not use their position and knowledge and access to insider information to take unfair advantage over the uniformed stockholders and other investors transacting in the stock of the company.
- **Growing Number of scams**: In current times, the numbers of scams are increasing so in order to avoid these scams the companies have started corporate governance.

Importance of Corporate Governance

- **Changing Ownership Structure**: Today, the ownership structure is changing so the importance of corporate governance arises.
- **True and Fair Financial Statement**: Corporate Governance ensures that financial statements are true and fair and to assess the stewardship of management.
- **Disclosure of Remuneration**: Corporate Governance helps in disclosing the full remuneration of all directors, officers, executives and chief executives and others.
- **Formal Evaluation of all directors**: Corporate Governance discloses the everything which is needed to the evaluation of all directors including board members, chief executive and others.
- **Disclosure of Interest**: Corporate Governance discloses the nature, types of all the transaction related to material party. Corporate Governance also discloses the directors to take the personal matters and companies matter differently.
- **Protect the interest of investors**: Corporate Governance protects the interest of investors and various other stakeholders.
- **Importance of Social Responsibility**: The companies doing social responsibility should protect the rights of customers, suppliers and many more. This they can do only when they use corporate governance.
Corporate Governance in India

In India corporate governance is of recent origin. The concept corporate governance got its importance due to mismanagement and discrepancies in the Indian companies. Corporate Governance assumes greater importance in the modern era, where capital flows worldwide. The objective is not merely fulfilment of the requirement of the law but also in ensuring commitment of the board in managing the company in a transparent manner for maximising the long term shareholders value. Corporate Governance deals with the principles such as to satisfy the strength of law and maintain high degree of disclosures. In these days, more Indian companies are listing themselves at international stock exchanges in order to raise capital overseas. This may also attract more foreign direct investment. If Indian companies want more access in global capital market, they need to improve their standards in corporate governance. A survey was done and the respondents were asked that how they would monitor the effectiveness of corporate governance, 47% said that it should be done through the corporate governance audits carried out by corporate governance specialists, 26% said that it should be done through self assessment tools, 15% said that it should be done through the way of investors who have full information and 12% said that it should be done through rating agencies. The various committees have also been set for corporate governance such as CIT code on Corporate Governance, NC committee, Narayan Murthy Committee, Amendments in Companies act, 1956.

The companies sharing best corporate governance are:

- Infosys Technologies Limited
- Reliance Industries Limited
- Hero Moto Corps
- Tata Group
- Wipro Limited
- Mahindra and Mahindra
- Ranbaxy Laboratories and many more.

Future Scope of Corporate Governance

India has become one of the fastest emerging nations which are aligned with the international trends in corporate governance. As the global environment keep on changing, there is greater need of adopting corporate governance practices for value creation and for the upcoming corporations in the future. The quality of corporate governance depends on integrity of the management, adequacy of process, quality of corporate reporting, ability of the board, participation of stakeholders in the management, commitment level of individual board members and many more. In the recent years, corporate governance will become more relevant and most acceptable practice worldwide. This is clearly shown that many companies which have undertaken corporate governance in framing and enforcing the codes of conduct and honest business practices, to follow the various norms for all financial and non financial norms as required by law, to enforce tax reforms, to accept higher and appropriate accounting standards. Moreover, the application of corporate governance various companies can effect the relationship among the various participants of the governance system. All the participants in the corporate governance play an important role in the performance of the corporation so it is advisable to apply corporate governance practices in a right manner for better growth of the company.

Strong corporate governance has proved beneficial for the countries which follow a development strategy and do not depend on attracting foreign investment. Good corporate governance can reduce the wasteful behaviour and overcome various obstacles in the growth of the company. Corporate Governance reduces corruption which further leads to the development of the country. Thus, corporate governance is not just an imported western luxury, it is a vital imperative.
Major Challenges to Corporate Governance in India

- Power of dominant shareholders
- Underdeveloped internal monitoring system
- Shortage of real independent directors
- Weak regulatory oversight including multiplicity of regulators
- Lack of incentives for companies to implement corporate governance reforms measures
- To manage and integrate the risk.
- To protect and enhance the company’s reputation
- To develop appropriate strategies for the achievement of objectives of stakeholders.
- To create secure operating environment.
- To improve the operational performance.

CONCLUSION

This study concludes that the corporate governance is very effective for the companies and stakeholders. It is the need of hour to study the corporate governance and apply in their company’s structure. Good corporate governance can reduce the wasteful behaviour and overcome the various obstacles in the growth of the company. Today’s world is growing at very rapid speed. The companies expand their business from region, state level to world level for increasing their brand name and funds. The foreign direct investment is also very useful and successful source of expanding their business but firstly we need to build the image of the company. The corporate governance helps a lot to the companies for building their good image in the eyes of world.

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MOTIVATION WINGS IN INFORMATION TECHNOLOGY SECTOR

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ABSTRACT

The inner urge of human beings to survive is an emotion manifesting into motive to achieve the preferred outcomes in all contexts and endeavours. IT sector which supports all the activities of individuals and organisations with its artificial intelligence has its own polarities. The motivational practices in IT sector, thus, vary with the rest. Understanding them in particular is a dire need to redefine the policies and practices of motivation for a better performance. Motives in the form of Facilitators and Constraints are fashioned by employing the Carrot and Stick policy respectively applying prudence to balance the motives of both employees and organisation. Else wise, there is every danger of jeopardizing the interests of both like the two wings of a bird to create clarity instead of calamity disturbing the entire business of the society.

Keywords: Motivation; Information Technology

INTRODUCTION

Human living is an admixture of past life, past experiences of child hood involvements, shaping by parents and teachers through a confrontation of the forces in external environment. But, the common denominator of life is the ‘passion to survive’ (genetic code - theta) at the first stage and secure that survival forever. This is an unwavering standard for all living organisms. Else wise, the evolution would have been stopped long back. In both common parlance and technical sense this is known as motivation in all actions either proactive or reactive. Thus, actions are preceded by motives, interests, thoughts, etc. The awareness of this process would enable a person to come out of the negatives of life like blaming others, envying, etc., and develop a self-passion to fix and the appropriate goals that are neither too low nor too high and lead a life that will bring happiness to self and other selves. Towards this, human beings have been tried to motivate through many methods and techniques including religious practices. What motivates and de-motivates people is still an enigma for both theoreticians and practitioners. Thus, motives are the forces that drive people into action as well as into inaction. Human motivation cannot be confined to mere economic, social and cultural contexts (Nitish R. De, 1982). It embraces all facets of human life.

What so ever, the entire existence can be divided into two wings which help flying a bird. Humans by being two opposite forces of man and woman, the motives and motivators also assume two forms determining and directing human and organizational life. The struggle of human life revolves around motive actualization.

The major problem in all organisations is motivation which is enigmatic to all managers and leaders in all contexts. Even, the IT sector, which is a new entrant into business, is also riddled with the dilemma of motivating its employees. As such, the IT sector which is engulfing every sphere of business activity has become indispensable in day to day life covering 360 degrees of organization affecting both horizontally and vertically. Understanding the motivational needs and practices in IT sector in...
particular is a dire need to redefine the policies, practices and functions of motivation for a better performance. The purpose of this paper is to understand the wings of motivation and the role played by them among the employees in Information Technology sector.

OBJECTIVES

The specific objectives of paper cover to:

1. Explain the need and base of motivation in general and with special reference to Information Technology sector;
2. Examine the implications and dynamics of motivational practices at individual and organizational levels; and
3. Expose the paradoxical dimensions of motivational practices in Information Technology sector with an exposition to balance the positive and negative sides of motivation in IT sector.

Motivation Implications

What is a motive and what isn’t, has no clear answer. The meanings run into a large number. The term ‘motivation’ is derived from a Latin word ‘Movere’ meaning ‘to move’. According to Daniel Goleman (1995) every emotion is a motive. All emotions are, in essence, impulses to act, the instant plans for handling life that evolution has instilled in us. The root for ‘emotion’ is ‘motere’, ‘to move’, plus the prefix ‘e-’ to connote ‘move away’. Emotion means “to move”, “not to think and then move”, just “to move”. To conclude that any need, desire, aspiration, idea, ideal, thought, and urge that can drive or detract an individual to generate energy – physical (Body), emotional, intellectual (Mind) and spiritual (Spirit) and annihilate for a desired result is a motive.

The Web of Individual Motivation

Motives are many. Bases for motivation are innumerable. Motivators vary with passages of time. But, the reductionism which narrows down everything into two is applicable to the motives too. Hence, motives also can be divided into two: 1) Facilitators and 2) Constraints. Managers in their roles as leaders usually try to employees by corresponding dual methods viz., 1) Carrot and 2) Stick. Carrot methods include salary, perks, fringe benefits and other comforts to keep them feel at ‘home away from home’. Stick methods include attrition, demotion, cut in salary and perks, etc.

Further, employees have their own facilitators and constraints. Employees are facilitated by certain things and constrained by certain other things at the individual level by the events in their personal life, private life, family life, professional life and public life. They try to balance all these segments or skew towards a select few things in order to maximize their happiness. For example, some people due to their bad relationships with their spouses and other members of family like to remain at office instead of home and some others may be home-sick. For such people the organizational Leadership can use the carrot and stick judiciously.

The Web of Organizational Motivation

The web of motivation system with its motivational package is limited by the economic, social, psychological, technical and political changes creating new vistas of life has an unlimited role in understanding and implementing the methods and techniques of motivation drawn from the theoretical frame starting from Scientific and Maslowian need models to today’s Equity models. All theories are generic in nature. But motivation is generic spreading and touching every nerve of every activity of every individual at every level of organization.

Wings of Motivation

Motivation has two dimensions. It is the central force of the individuals and organizations through which people are transformed from raw state to refined state moving from where they are, to the state, where they have to reach. This is the horizontal process of motivation. On the other hand the
drive to enrich oneself with new knowledge and skills is vertical side of motivation. Likewise there are two sets or wings that drive people in their activities, events and phenomena. Chinese philosophy uses the terms of ‘Yin’ and ‘Yang’ to understand every facet of life. To elaborate this idea dualism would help immensely towards this. Dualism includes, for example, God and Devil, man and woman, light and darkness, good and bad, right and left, day and night, earth and sky, east and west joy and sorrow and so on. It is evident that there are two sides that govern this world. Likewise, man also is governed by two sets of forces covering the characteristics like good and bad or positive and negative either in their thoughts, perceptions, attitudes, beliefs, values, habits and other psychological aspects.

**Motive Classification**

Every human mind calculates the outcomes of every action in terms of rights and duties, inputs and outcomes, hopes and fears, security and insecurity, pleasure and pain, agony and ecstasy, love and hate, loss and gain, selfishness and selflessness and many other issues. For that reason the motives of people, which lead to a specific behaviour, can be classified into needs, desires, duties and ideals.

In this classification, needs and desires are facilitating or driving forces and duties and ideals are constraining or controlling forces. Further, they also can be classified broadly into two sets: Driving motives and Regulatory motives.

When the urges are oriented towards survival and progress, they are Driving motives. When the urges are oriented towards duties and ideals, they are Regulatory motives.

In the context of IT sector, this classification manifests into the following.

I. Driving/facilitating/driving motives include Fatty salaries, Weekend Holidays, Work from home, Refreshments, Pleasant working environment, Comfortable work place and Fringe Benefits.

II. Regulatory/Constraint/Controlling motives include job insecurity (frequent hire and fire), overburdened work, long working hours, night shifts, mental stress, emotional barriers, lack of proper relationships, monotony, boredom, restlessness, lack of Recognition and lack of learning opportunities of new technology.

**Dynamics of Motivation**

The driving motives are programmers or propellers and regulatory motives are constraints or controlling ones. Hence, first set of motives is guided by next set of motives either positively or negatively. This is comparable with the id, ego, and super ego of Freudian analysis. He emphasizes on two important instincts like Eros and then Atos - life constructive forces and destructive forces - operating simultaneously in every one’s life side by side.

This is also analogous with a mechanical system. For e.g. a motor vehicle has an accelerator to move the vehicle at a desired speed. But, the vehicle has a brake, which can be applied to control the speed or stop the vehicle. In between these two there are many instruments like gear, steering, clutch, and the driver to support both the activities. However, the driver, a human being with a complex mechanism, has a greater choice of using the accessories in the way he decides. For instance a driver purposefully may not apply brake when he wants to involve the vehicle in an accident.

**Information Technology**

Information Technology (IT) is the branch of technology devoted to the study and application of data and the processing that includes the acquisition, storage and manipulation including transformation, movement, control, display, switching, interchange and transmission of data. The development and use of the hardware and software procedures are part and parcel of processing. In a business context, the Information Technology Association of America has defined information technology (IT) as “the study, design, development, application, implementation, support or management of computer-based information systems”.

IT includes:
The installation of networks;
The network administration and security;
The design of web pages;
The development of multimedia resources;
The installation of communication components;
The oversight of email systems; and
The planning and management of the technology lifecycle.

Information Technology is commonly used as a synonym for computers and computer networks which are involved in discovery, development and delivery. It also encompasses other information distribution technologies such as television and telephones. Several industries are associated with information technology, such as computer, software, electronics, semiconductors, internet, intranet, extranet, telecom, television and computer.

Motivation in Information Technology

More and more people are motivated to become computer literate throughout the world. The need for IT enable services is increasing everywhere. People find IT enabled service more convenient. Online banking, e-Commerce, Online trading, etc., have become integral part of our daily lives. Hence, many tasks in IT are being outsourced. Outsourcing is a win-win situation where both the parties get benefits.

Motivational Paradox

Motivation in IT sector has certain special features. From the view point of skill set, it requires more technical skills, language skills, high stamina and commitment to provide high quality service. As a result, all job seekers could not find entry into IT sector. However, people who could find a place have been facing paradoxical situations. In IT sector, the employees enjoy fatty salaries, comfortable working climate, weekend holidays, congenial atmosphere and less bossism on one hand and at the same time suffering from the demands of night shifts, large working hours, targets, project deadlines, job insecurity, etc., on the other. As such, there is a problem to the employees in convincing the management to overcome their difficulties and simultaneously management is facing problems to motivate the employees to make them feel comfortable and continue their attachment towards the organization. Thus, motivation has become a problem to both employees as well as the management. This demands a new understanding to redefine the motivational methods and packages that can be adopted in IT sector so as to see that there is a satisfactory climate to be enjoyed by both.

CONCLUSION

The individuals are triggered by the motives, in different directions to serve their self and organizational interests. The failure to match the motives of individual interests and organizational interests can be designated as motivational gap. Despite many facilities and comforts the turnover in IT Sector is high. All said and done, the employee’s motivation is centered on the organizational leadership that can employ the carrot stick policy very prudently to avoid the wrath of employees and loss to the organisation. Else wise, there is every danger of jeopardizing the interests of both. Hence, the two wings of motives in IT sector are to be taken care of by pairing the interests of all the stakeholders in order to nullify the ills that are produced due to the complexities of the technological and social systems.

REFERENCES


ABSTRACT

India is among the third world countries whose vast natural resources are either unutilized or misutilised. While capital is scarce, labor is abundant. Production techniques are traditional and outdated. All these result in a meager output which is inadequate to satisfy the basic minimum needs of the people. Under these conditions, industrialization is the only answer to meet the situation. Small Scale industries contribute significantly to the straightening of the industrial structure. It serves as seed-beds of entrepreneurship. The role of SSIs is of decisive importance in any economy. The MSME plays a pivotal role in establishing the Small Scale Units. It would guide and guard the track of small-scale units. It is the need of the hour to establish and protect the small scale units and strengthen them as it can provide employment to unemployed.

Keywords: MSME; Small Scale Industries; Medium Industries; Nagpur

INTRODUCTION

Small Scale Industries are viewed as an important vehicle for both the growth and equity objective of developing economies. Despite a plethora of policies and programs to promote SSIs in developing countries, the graduation rate of SSIs remains very low. Most Small Scale Industries survey to promote SSIs in developing countries, the graduation rate of SSIs remains very low. Most Small Scale Industries surveys conducted developing countries report that lack of access to credit represents a strong restriction on the expansion of Small Scale Industries represents a strong restriction on the expansion of small-scale industrial establishments, with the proprietor’s themselves typically perceiving finance as their most pressing input constraint. In development of industrial economy of backward countries, the Small-Scale Industry has been recognized as one of the most appropriate means. Small-Scale Industries facilitates to tap the resources would remain unused. The resources which are required for Small-Scale Industries include entrepreneurship, capital, Labor and raw material. The SSIs can mobilize rural savings which may otherwise remain idle or may be spent on luxuries or channel into non productive ventures. The role of Small-Scale Industries in absorbing the vast manpower resources in the rural sector has been well appreciated by the Indian five year plans. The importance has been given to SSIs regarding its development in India because Small-Scale units require less capital outlay at the same time it provides more employment than the large scale sector.

Therefore these Small-Scale Industries are useful in the backward areas where people have yet to be trained to meet the challenges of sophisticated technology.

PK Vasudeva (2001) who has made study on quantitative restrictions in Small-Scale Industries in April 2001 over 700 times is likely to have significant implications for Indian Industry. There will be dislocation in highly protected sectors. The Small-Scale Industry in India must brace itself for the challenge ahead. SIET (1972) in its study on Hire purchase has observed that the growth in the number of units and the expansion of capital intensity alone may not create the necessary impetus to the
growth unless considerable productivity changes have also been affected through fuller capacity utilization. Most of the utilizing full capacity has being either big export-oriented industry of local need based activities. The reason for this under-utilization was mostly insufficient demand for inadequate financial resources for working capital.

OBJECTIVES OF THE STUDY

1. To find out the extent to which the MSME (Micro, Small & Medium Enterprises) is able to provide the assistance and services under one roof to small and village entrepreneurs
2. To know the views of entrepreneurs and assess the working of MSME
3. To identify the bottlenecks and shortcomings in the functioning of the program and its overall impact on entrepreneurs
4. To identify various steps that MSMEIs taking up in incorporating the units and strengthening them
5. To review the trends of small units and recommend the needed suggestions in order to strengthen the units.

In establishing the small scale units, the MSME plays a pivotal role. It is the mediating agency between entrepreneurs and the government. In some situations, the MSME takes the initiative to convince the banks to provide financial assistance to the entrepreneurs. Industrial promotional officers take the lead in identifying the sight for industries and help the entrepreneur’s right from the inception stage unit till its processing and entering into the market with products. The MSME takes the assistance from Maharashtra Industrial Training Consulting Organization and MSME also to help the entrepreneurs before choosing the units.

Functions of MSME

The G.O. cited specifies the functions of MSME. The following are the functions of the MSME.

1. To survey existing, traditional, traditional and new industries and raw materials and human resources, to identify schemes and make forecast for different items, to prepare sample techno-economic facility reports and offer investment advice to entrepreneurs.
2. To assess the machinery and equipment requirements of Small-Scale, tiny, and village industries, indicate the locations where machinery and equipment for different plants may be available for entrepreneurs to liaison with research institutions and arrange for the supply of machinery on hire purchase basis.
3. To arrange for training entrepreneurs of small and tiny units and liaison with small industries service institute, small industries extension training centre and other institution to keep abreast of research and development in selected product lines and quality methods.
4. To ascertain the raw material requirements of various units their sources and prices and to arrange for their bulk purchases for and distribution to entrepreneurs.
5. To maintain with lead banks and other financial institutions, appraise applications, monitor the flow of industrial credit in the district and arrange for financial assistance to entrepreneurs.

Micro Small and Medium Enterprise (MSME): Nagpur

Nagpur district lies between 20.35 to 21.44 North Latitude and 78.15 to 79.40 East Longitude., in the plain to which it gives its name at the southern base of the Satpuda Hills. It has an area of 9,892 Sq. km. The district is bounded on the north by the Chhindwada and Seoni districts of the Madhya Pradesh, on the east by Bhandara, on the south and west by Chanda and Wardha, respectively, and along a small strip on the north-west by the Amravati district. On the west it consists merely of the outlying foothills of the Satpudas, the plateau proper lying behind them in Chhindwada. But from the

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Kanhan to the Pench, it is the major range of the Satpudas themselves which dominates the landscape, and the ascent of the Khamrapani plateau is made in Nagpur. The cold season is from December to February and is followed by the hot season from March to May. The south-west monsoon season is from June to September while the period October-November constitutes the post-monsoon season.

Minerals Available In Nagpur

Nagpur district is moderately rich in minerals. Deposits of Coal, Manganese ore, Dolomite, Limestone, Iron Ore, Clay, Copper Ore, Chromites, Tungsten Ore, Zinc Ore, Lead Ore, Granite, Quartz etc. are found in the district. Coal reserves have been found in the North-West belt of the district i.e. from Saoner to Kanhan (Kamptee apart from the high coal found in umrertahsil).

Nagpur district is richly endowed with Manganese Ore and the district is well placed in the country as far as production of Manganese ore is concerned. Manganese ore is found particularly in Ramtek and Saonertahsils.

**Table 1. Production of Mineral 2010-11**

<table>
<thead>
<tr>
<th>NAME OF MINERAL</th>
<th>MAJOR MINERAL</th>
<th>PRODUCTION in MT 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manganese Ore</td>
<td></td>
<td>194127</td>
</tr>
<tr>
<td>Coal</td>
<td></td>
<td>2256705</td>
</tr>
<tr>
<td>Dolomite</td>
<td></td>
<td>19418</td>
</tr>
<tr>
<td>MINOR MINERALS</td>
<td>PRODUCTION in MT 2010-2011</td>
<td></td>
</tr>
<tr>
<td>Murum</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Gitti/Bolder</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Sand</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

Industrial Scenario of Nagpur Dist.

Micro, Small and Medium scale registrations are issued by the District Industries Centre/Industrial promotion Officers to enable the entrepreneurs to obtain power connection, required Licenses from various departments and loan from financial institutions.

**Table 2. Industry at a Glance**

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Head</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>REGISTERED INDUSTRIAL UNIT</td>
<td>10356 NOs.</td>
</tr>
<tr>
<td>2.</td>
<td>TOTAL INDUSTRIAL UNIT</td>
<td>10356 NOs.</td>
</tr>
<tr>
<td>3.</td>
<td>REGISTERED MEDIUM &amp; LARGE UNIT</td>
<td>213 NOs.</td>
</tr>
<tr>
<td>4.</td>
<td>ESTIMATED AVG. NO. OF DAILY WORKER EMPLOYED IN SMALL SCALE INDUSTRIES</td>
<td>104421 NOs.</td>
</tr>
<tr>
<td>5.</td>
<td>EMPLOYMENT IN LARGE AND MEDIUM INDUSTRIES</td>
<td>27594 NOs.</td>
</tr>
<tr>
<td>6.</td>
<td>NO. OF INDUSTRIAL AREA</td>
<td>12 NOs.</td>
</tr>
<tr>
<td>7.</td>
<td>TURNOVER OF SMALL SCALE IND.</td>
<td>901209 LACS</td>
</tr>
<tr>
<td>8.</td>
<td>TURNOVER OF MEDIUM &amp; LARGE SCALE INDUSTRIES</td>
<td>58638 LACS</td>
</tr>
</tbody>
</table>

Details of Existing Micro & Small Enterprises and Artisan Units in the District

Micro and Small enterprises are coming up and works are under progress in Nagpur District at a good pace. At present there are 10,345 enterprises registered under Micro and Small industries with an employment of 108,283 people of Nagpur district. These industries total having the investment of 153,419 lacs. Most of the units are of the manufacturing of Fabricated Metal Products with 1629 units and also figuring huge employment in the District.
### Table 3.

<table>
<thead>
<tr>
<th>Industry Group Description (as per NIC 1998)</th>
<th>No. of enterprises</th>
<th>Employment</th>
<th>Investment P &amp; M (lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture of Food products and Beverages</td>
<td>1,294</td>
<td>10,542</td>
<td>15848</td>
</tr>
<tr>
<td>Manufacture of Textile</td>
<td>315</td>
<td>2,884</td>
<td>2939</td>
</tr>
<tr>
<td>Mfg. of Wearing Apparel, Dressing &amp; Dyeing Fur</td>
<td>82</td>
<td>1,334</td>
<td>2983</td>
</tr>
<tr>
<td>Tanning &amp; Dressing of Leather; Manufacture of L.</td>
<td>221</td>
<td>886</td>
<td>651</td>
</tr>
<tr>
<td>Manufacture of Wood, Products of Wood, cork, art</td>
<td>151</td>
<td>1,290</td>
<td>1916</td>
</tr>
<tr>
<td>Manufacture of Paper and Paper Products</td>
<td>97</td>
<td>2,056</td>
<td>5671</td>
</tr>
<tr>
<td>Publishing, Printing &amp; Reproduction of Recorded</td>
<td>44</td>
<td>235</td>
<td>1384</td>
</tr>
<tr>
<td>Manufacture of Coke, Refined Petroleum Products</td>
<td>12</td>
<td>154</td>
<td>164</td>
</tr>
<tr>
<td>Manufacture of Chemicals &amp; Chemical Products</td>
<td>92</td>
<td>2,417</td>
<td>6735</td>
</tr>
<tr>
<td>Manufacture of Rubber &amp; Plastic Products</td>
<td>258</td>
<td>3,062</td>
<td>8218</td>
</tr>
<tr>
<td>Manufacture of Other Non-Metallic Mineral</td>
<td>275</td>
<td>3,506</td>
<td>6861</td>
</tr>
<tr>
<td>Manufacture of Basic Metals</td>
<td>108</td>
<td>1,194</td>
<td>4170</td>
</tr>
<tr>
<td>Manufacture of Fabricated Metal Products</td>
<td>639</td>
<td>6,332</td>
<td>10844</td>
</tr>
<tr>
<td>Manufacture of Machinery &amp; Equipment</td>
<td>97</td>
<td>973</td>
<td>6047</td>
</tr>
<tr>
<td>Manufacture of Electrical, Machinery &amp; Apparatus</td>
<td>37</td>
<td>255</td>
<td>492</td>
</tr>
<tr>
<td>Manufacture of Furniture; Manufacturing</td>
<td>214</td>
<td>2,148</td>
<td>2135</td>
</tr>
<tr>
<td>Electricity, Gas, Steam &amp; Hot Water Supply</td>
<td>1</td>
<td>23</td>
<td>35</td>
</tr>
<tr>
<td>Collection, Purification &amp; Distribution of Water</td>
<td>87</td>
<td>348</td>
<td>157</td>
</tr>
<tr>
<td>Maintenance &amp; Repair of Motor Vehicle</td>
<td>1</td>
<td>9</td>
<td>463</td>
</tr>
<tr>
<td>Maintenance &amp; Repair of personal &amp; household</td>
<td>2</td>
<td>119</td>
<td>92</td>
</tr>
<tr>
<td>Land Transport (NIC Codes 1998 : 60211)</td>
<td>1</td>
<td>7</td>
<td>50</td>
</tr>
<tr>
<td>Renting OF Transport Equipment</td>
<td>9</td>
<td>31</td>
<td>84</td>
</tr>
<tr>
<td>Computer &amp; related activities</td>
<td>110</td>
<td>3,085</td>
<td>1584</td>
</tr>
<tr>
<td>Mfg. of Radio, Television &amp; Communication</td>
<td>3</td>
<td>13</td>
<td>7</td>
</tr>
</tbody>
</table>

### Table 4. Medium Scale Enterprises

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Undertaking</th>
<th>Product</th>
<th>Investment (Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADCC INFOCAD PVT. LTD.</td>
<td>INFORMATION TECHNOLOGY SOFTWARE</td>
<td>0.48</td>
</tr>
<tr>
<td>2</td>
<td>ADCC RESEARCH &amp; COMPUTING CENTRE LTD</td>
<td>SOFTWARE DEVELOPMENT</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>AFECOM MILLING INDIA PVT.LTD</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>APEX PAPER MILLS</td>
<td>KRAFT PAPER</td>
<td>4.67</td>
</tr>
<tr>
<td>5</td>
<td>ARBINDO LIQUORS LTD</td>
<td>MINERAL WATERS AND AERATED WATERS</td>
<td>1.11</td>
</tr>
</tbody>
</table>
### Table 4. Medium Scale Enterprises (Contd.….)

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Undertaking</th>
<th>Product</th>
<th>Investment (Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>ARMAYESH FOODS AND PROCESSING PVT LTD (Mahananda)</td>
<td>MELTED BUTTER (GHEE)</td>
<td>3.12</td>
</tr>
<tr>
<td>7</td>
<td>AUROBINDO LAMINATIONS PVT LTD</td>
<td>DECORATIVE ARTICLES OF JUTE</td>
<td>3.45</td>
</tr>
<tr>
<td>8</td>
<td>BAJAJ STEEL INDUSTRIES LTD</td>
<td>MACHINERY FOR TEXTILE INDUSTRIES</td>
<td>2.91</td>
</tr>
<tr>
<td>9</td>
<td>BOMBAY OXYGEN CORPORATION LTD</td>
<td>OXYGEN</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>CENTRAL CABLES LTD</td>
<td>CRUSHING COAL &amp; BRIQUETTING</td>
<td>9.48</td>
</tr>
<tr>
<td>11</td>
<td>CHANVIN ENGINEERING PVT LTD</td>
<td>ALLUMINIUM ROLL BORD PANELS</td>
<td>7.38</td>
</tr>
<tr>
<td>12</td>
<td>CHANVIN PLASTICS PVT LTD</td>
<td>INJECTION MOLDED PLASTIC COMPONENTS</td>
<td>9.98</td>
</tr>
<tr>
<td>13</td>
<td>CHARBHUJA TRADING &amp; AGENCIES NPVT LTD (CHARBHUJA INDUSTRIES P (P) LTD)</td>
<td>VEGITABLE OIL &amp; FATS</td>
<td>6.97</td>
</tr>
<tr>
<td>14</td>
<td>CHEMFIELD PHARMACEUTICALS PVT LTD</td>
<td>PHARMACEUTICALS</td>
<td>1.1</td>
</tr>
<tr>
<td>15</td>
<td>SANVIJAY ROLLING &amp; ENGINEERING LTD (OLD NAME SANVIJAY HOLDINGS &amp; FINANCE PVT LTD)</td>
<td>HOT ROLLED PRODUCTS</td>
<td>7.76</td>
</tr>
<tr>
<td>16</td>
<td>SANVIJAY ROLLING AND ENGINEERING LTD.</td>
<td>HOT ROLLED SEMI FINISHED IRON &amp; STEEL PROD.</td>
<td>6.34</td>
</tr>
<tr>
<td>17</td>
<td>SARWESHWAR PLASTICS PRIVATE LIMITED (NEW NAME GRIP TIGHT PACKAGING (I) PVT LTD)</td>
<td>ARTICLES FOR PACKAGING GOODS OF PLASTICS</td>
<td>4.37</td>
</tr>
<tr>
<td>18</td>
<td>SHAKTI PRESS LTD</td>
<td>PRINTED PACKAGING MATERIAL</td>
<td>3.6</td>
</tr>
<tr>
<td>19</td>
<td>SHARDA ISPAT LTD</td>
<td>FREE-CUTTING STEEL</td>
<td>3.5</td>
</tr>
<tr>
<td>20</td>
<td>SHILPA REROLLERS PVT LTD</td>
<td>HOT-ROLLED NOT IN COILS</td>
<td>7.08</td>
</tr>
<tr>
<td>21</td>
<td>SHIVDHAN BOARDS PVT LTD</td>
<td>LAMINATED PLYWOOD PARTICLE BOARDS</td>
<td>5.62</td>
</tr>
<tr>
<td>22</td>
<td>SINTEX INDUSTRIES LTD</td>
<td>WATER STORAGE TANK</td>
<td>2.16</td>
</tr>
<tr>
<td>23</td>
<td>SSP PVT LTD</td>
<td>DAIRY MACHINERY</td>
<td>3.67</td>
</tr>
<tr>
<td>24</td>
<td>STAR CIRCLIPS &amp; ENGINEERING LTD</td>
<td>SPRING WASHERS AND OTHER LOCK WASHERS-NON-THREADED</td>
<td>6.17</td>
</tr>
<tr>
<td>25</td>
<td>SUNIL HITECH ENGINEERS LTD. (New Name SEAM INDUSTRIES LTD)</td>
<td>OTHERS</td>
<td>9.93</td>
</tr>
<tr>
<td>26</td>
<td>SUYOG CHEMICALS PVT LTD</td>
<td>OTHERS</td>
<td>4.49</td>
</tr>
</tbody>
</table>
Table 4. Medium Scale Enterprises (Contd….)

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Undertaking</th>
<th>Product</th>
<th>Investment (Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>TATA TELESERVICES MAHARASHTRA PVT LTD.</td>
<td>TELEPHONE COMMUNATION SERVICES &amp; INTEVNEC</td>
<td>3.88</td>
</tr>
<tr>
<td>28</td>
<td>TINSLEY BRIDGE ABBROS SPRINGS (INDIA) LTD</td>
<td>SPRINGS</td>
<td>4.58</td>
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<tr>
<td>29</td>
<td>VAIBHAV PLASTIMOULDLS PRIVATE LIMITED</td>
<td>FURNITURE OF PLASTICS</td>
<td>2.89</td>
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<tr>
<td>30</td>
<td>VIDARBHA IRON &amp; STEEL CORPORATION LTD</td>
<td></td>
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</tr>
<tr>
<td>31</td>
<td>VIDARBHA WINDING WIRES PVT LTD</td>
<td>WIRES OF ENAMEELED COPPER</td>
<td>0.96</td>
</tr>
</tbody>
</table>

FINDINGS

1. It is observed that the MSME in Nagpur District is functioning well in grounding the units according to targets.
2. It is also observed that MSME is monitoring the existing the micro and small units regularly and providing the needed assistance.
3. MSME is developing the network with commercial banks in getting the financial assistance to the entrepreneurs.
4. It is observed that MSME is emphasizing on the more and more development of small and medium enterprises with the help of various programs.
5. MSME is able to provide needed training in strengthening the units.

SUGGESTIONS

1. Keeping in view the significance of micro and small scale industries, the state government should take immediate steps to help the entrepreneurs in establishing the units under single roof.
2. Government has to take necessary steps to get financial assistance by the entrepreneurs without producing any surety in order to start their business unit up to a minimum level.
3. MSME should see that rejection cases are to be minimized with regard to the beneficiaries.
4. In organizing training programs experts and consulting agencies from various fields are to be identified and a year wise training schedule has to be prepared and intimated to the entrepreneurs.
5. The MSME should focus on guiding the entrepreneurs in identifying the potentiality for getting the raw materials and selling the finished goods. The MSME has to organize the review meeting once in a three months with the entrepreneurs where they can share the practical problems and they would be benefited with the expert advises.
6. MSME can focus on conducting the research on various scales of units regarding their functioning, problems and prospects. For this purpose any voluntary organization assistance and management student’s service can be extracted for conducting research.

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ABSTRACT

Kerala has emerged as one of the prime tourism destinations in the national and international map and is considered as the tourism hub in the country. The presence of natural resources, skilled manpower, supportive entrepreneurial community, strong government policies, civil society organizations, multitude of micro enterprises, responsible media and responsive tourism industry, provide the state an ideal setting to implement and practice ‘Responsible Tourism. Kumarakom, in the State, has the remark of being the first place on the country to have successfully implemented RT. Responsible Tourism (RT) includes three kinds of responsibilities; ‘triple bottom-line’ economic responsibility, social responsibility and environmental responsibility. Though the concept of responsible tourism was there right from 1996, it was after the Cape Town Declaration of 2002 that a detailed picture of responsible tourism - including its aims, and factors evolved. RT encompasses all forms of tourism and seeks to minimize negative economic, environment and social impacts. It generates greater economic benefits to local people and enhances the wellbeing of local communities. It also makes positive contributions to the conservation of natural and cultural heritage, and maintenance of the world’s diversity.

This has been made possible by the long term vision and timely intervention by the Department of Tourism, Government of Kerala, which formulated the project in line with the latest international trend in the tourism sector. Considering the success of Responsible Tourism in destinations and the lead position that Kerala enjoys in the global tourism market, this initiative could be replicated in all leading tourism destinations to ensure sustainability of tourism development efforts adopted by Kerala.

Keywords: Tourism; DTPC; Responsible Tourism; Eco Friendly Tourism

INTRODUCTION

Responsible tourism is an approach to the management of tourism, aimed at maximising economic, social and environmental benefits and minimising costs to destinations. Simply put, Responsible tourism is tourism ‘that creates better places for people to live in, and better places to visit’. A responsible tourism approach aims to achieve the triple-bottom line outcomes of sustainable development, i.e. economic growth, environmental integrity and social justice. The distinguishing characteristic of the approach is the focus on the responsibility of role-players in the tourism sector, and destinations in general, to take action to achieve sustainable tourism development.
Responsible Tourism (RT) is mainly conceived with three kinds of responsibilities which are termed as the ‘triple bottom-line’ economic responsibility, social responsibility and environmental responsibility. Though the concept of responsible tourism was there right from 1996, it was after the Cape Town Declaration of 2002 that a detailed picture of responsible tourism - including its aims, and factors evolved. RT encompasses all forms of tourism and seeks to minimize negative economic, environment and social impacts. It generates greater economic benefits to local people and enhances the wellbeing of local communities. It also makes positive contributions to the conservation of natural and cultural heritage, and maintenance of the world’s diversity.

OBJECTIVES OF OUR STUDY

1. To understand the concept "Responsible Tourism"
2. To analyse initiatives in Kerala for promoting Responsible Tourism.

Significance of Responsible Tourism

When we are traveling on our own or arranging travels for others—the Earth is your homeland. Give it the care and respect it deserves; learn about its environment and geography; spend time getting to know its people and their art, culture, history, and livelihoods. While you derive pleasure, knowledge, and understanding from your encounters, holds close the importance of preserving these treasures for those who may follow in your footsteps. Global tourism and travel has changed in the past decade to offer varied new options that help both host-country nationals and visitors alike. A growing group of consumers want their travel to be less invasive and more beneficial to host community locals and environs. At the same time, they want to better understand the culture and realities of the places they visit.

An umbrella term that encompasses this new mindset and mode of travel is "responsible tourism"—a bit of a catch-all concept that includes an array of challenges and alternatives to mass tourism

Characteristics of Responsible Tourism

- Minimises negative economic, environmental and social impacts;
- Generates greater economic benefits for local people and enhances the wellbeing of host communities, improves working conditions and access to the industry;
- Involves local people in decisions that affect their lives and life changes;
- Makes positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world's diversity;
- Provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;
- Provides access for physically challenged people;
- Is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.

Principles of Responsible Tourism

Principles for Economic Responsibility

Assess economic impacts before developing tourism and exercise preference for those forms of development that benefit local communities and minimise negative impacts on local livelihoods (for example through loss of access to resources), recognising that tourism may not always be the most appropriate form of local economic development.
• Maximise local economic benefits by increasing linkages and reducing leakages, by ensuring that communities are involved in, and benefit from, tourism. Wherever possible use tourism to assist in poverty reduction by adopting pro-poor strategies
• Develop quality products that reflect, complement, and enhance the destination
• Market tourism in ways which reflect the natural, cultural and social integrity of the destination, and which encourage appropriate forms of tourism
• Adopt equitable business practices, pay and charge fair prices, and build partnerships in ways in which risk is minimised and shared, and recruit and employ staff recognising international labour standards
• Provide appropriate and sufficient support to small, medium and micro enterprises to ensure tourism-related enterprises thrive and are sustainable.

Principles for Social Responsibility

• Assess economic impacts before developing tourism and exercise preference for those forms of development that benefit local communities and minimise negative impacts on local livelihoods (for example through loss of access to resources), recognising that tourism may not always be the most appropriate form of local economic development
• Maximise local economic benefits by increasing linkages and reducing leakages, by ensuring that communities are involved in, and benefit from, tourism. Wherever possible use tourism to assist in poverty reduction by adopting pro-poor strategies
• Develop quality products that reflect, complement, and enhance the destination
• Market tourism in ways which reflect the natural, cultural and social integrity of the destination, and which encourage appropriate forms of tourism
• Adopt equitable business practices, pay and charge fair prices, and build partnerships in ways in which risk is minimised and shared, and recruit and employ staff recognising international labour standards
• Provide appropriate and sufficient support to small, medium and micro enterprises to ensure tourism-related enterprises thrive and are sustainable

Principles for Environmental Responsibility

• Assess environmental impacts throughout the life cycle of tourist establishments and operations – including the planning and design phase - and ensure that negative impacts are reduced to the minimum and maximising positive ones
• Use resources sustainably, and reduce waste and over-consumption
• Manage natural diversity sustainably, and where appropriate restore it; and consider the volume and type of tourism that the environment can support, and respect the integrity of vulnerable ecosystems and protected areas
• Promote education and awareness for sustainable development – for all stakeholders
• Raise the capacity of all stakeholders and ensure that best practice is followed, for this purpose consult with environmental and conservation experts

Benefits of Responsible tourism

• Economic growth: The RT programme, in many ways mentioned in the above sections, helps villagers to reap the benefits of tourism.
Employment opportunities for the villagers: The various production units under the RT programme have not only provided a livelihood to the villagers, but have also instilled self-confidence in them and encouraged self-sufficiency.

Women empowerment: As described earlier, self-help groups of women play a crucial role in the RT activities.

Growth of agriculture and reclamation of wasteland: The RT programmes encouraged agricultural activities and proved that it can be profitable even in a tourism-driven economy. The Responsible Tourism experiments brought many who had left farming in the wake of tourism, back to the agriculture sector.

Positive contributions to the conservation of nature: The NREGA programmes are being conducted in sync with the RT activities. One such activity nowadays (obvious to any tourist to the village) is that of people removing weeds from the waste ponds. Enabling these ponds for fish farming, converting the fallow land into cultivable land and many other environment-related activities add to the ecological enrichment of Kumarakom.

Comprehensive view on development: The development envisaged by RT is not restricted to any particular aspect, field, area or community. It addresses all the issues – be it economic, cultural, environmental or social – related to tourism and coordinates with the various sectors.

Introduction of social responsibility programmes: The community participation in the social responsibility programmes make the latter more effective.

Preparation of destination map and resource directory: These are prepared in connection with the RT programme as reliable guides which are of great use while implementing any development programme in the area.

Introduction of innovative tour packages: The packages like Village life experience at Kumarakom and A Day with Farmers help the tourists have a more enjoyable experience at Kumarakom while providing an economic boost to the villagers.

Driving forces to the growth of Responsible Tourism

The following reasons motivated responsible tourism practices in the world..

Planet Panic

Recently, concerns about global warming, destruction of the environment, erosion of cultures and lifestyles, and millions of people still living in poverty, are increasing. The number of initiatives aimed at saving some part of the environment, or improving the living conditions for the world’s vulnerable people, increases by the day. This heightened awareness of the earth’s crisis is spilling over into the way people behave in their homes, how they spend their money and the way businesses are run. Driven by changing personal ethics, individuals contribute financially or otherwise to environmental and humanitarian initiatives. They are also changing their buying patterns.

Customers increasingly demand it

Increasing numbers of consumers are looking at the reputation and responsibility of the companies they buy from; they want to have “guilt free” holidays. This affects their direct purchases from companies in tourism destinations and it influences the choices of source market companies too.

Responsible tourism makes business sense

A significant, and growing, number of tourists are looking for a better experience, a better quality product. They are looking for experiences which enable them to get closer to the “real” living culture of countries and to experience our diverse natural and cultural heritage. This is a global trend in the established markets as consumer expectations of their holidays change, people are taking more, shorter
trips, and they expect to get more from them. Responsible Tourism makes business sense because a growing proportion of consumers are looking for a better product. This trend implies that tourism businesses that practice Responsible Tourism will have a powerful competitive advantage over other tourism products.

**Responsible Tourism – Kerala Initiatives**

The initiative was first implemented at four destinations, including Kovalam, Kumarakom, Thekkady and Wayanad. Among these destinations Kumarakom was honored by Ministry of Tourism, Govt of India for the best Responsible Tourism initiative in Kerala and it also bagged the national award for rural tourism. Other significant destinations now pursuing this initiative include Kumbalangi in Ernakulam, Vythiri and Ambalavayal in Wayanad and Bekal in Kasaragod.

The State Level Responsible Tourism Committee met on 20th April 2007 and decided to take up the implementation of responsible tourism initiative in phases. Kumarakom, Wayanad, Kovalam, and Thekkady were identified for the implementation of responsible tourism initiative in the first phase. The Government also selected Great India Tourism Planners and Consultants (GITPAC) through competitive bidding, to provide technical assistance and coordination for the initiative in the selected centers. The actual implementation process started in March, 2008.

**Responsible Tourism Initiative at Kumarakom**

Responsible Tourism initiatives at Kumarakom came up with outstanding results and emerged as the model destination in the implementation of responsible tourism. In addition to this, the programme bagged different national and international recognitions.

Dept. of tourism decided to appointment a Kudumbashree consultant for Responsible Tourism on field. Panchayat and Kudumbashree consultant started the fieldwork for effective implementation of RT in Kumarakom destination. Consultant conducted a demand analysis survey in hotel industry and prepared an agriculture calendar for the supply of vegetables to the hotels and resorts without any break. Panchayat decided to implement economic responsibility as a tool to revive agriculture sector. Each Kudumbashree units formed an activity group containing five members each for each vegetable crop. In such a way 180 groups (900 women) started vegetable cultivation in Kumarakom. Panchayat arranged land for cultivation and supplied fertilizers & seeds worth Rs.1,50,000/ to these groups as part of the economic responsibility, Department of Tourism developed different micro enterprises, souvenir units, art and cultural groups in the destination. Among this, a local procurement supply unit named Samrudhi led by Kudumbashree was the key player. Some of the major achievements and interventions by the responsible tourism initiative in Kumarakom are shown below:

**Fallow land cultivation and enhanced agricultural production:** The RT was able to mobilize Kudumbashree volunteers to take up paddy cultivation in 55 acres of land and Grama Panchayat to introduce vegetable cultivation in another 30 acres of land. It greatly improved the level of supply of agricultural products to hotel industry apart from securing additional income to the farmers.

**Fish Farms and Lotus Cultivation:** The resource mapping exercise identified as many as twenty-six un-used ponds with reasonable water levels throughout the year. The RT Cell took up the cleaning of these ponds and promoted fish cultivation in twenty ponds and lotus cultivation in six ponds by the local community. The tourism industry provided a ready market for the produce of the fish farms and lotuses.

**Establishing linkages with hotel industry and enhancing demand for local produces:** The RT Cell identified the items of purchase for the hotel industry and initiated a dialogue to encourage them to resort to local purchases to the maximum possible. The apprehensions of the industry regarding regularity of supplies, quality of products and competitive prices were progressively removed by developing institutional mechanisms to address those issues. With the establishment of an assured market, the community was also encouraged to enhance production and to adopt organic farming practices.
Development of Souvenir Industry: Tourists visiting any particular destination, usually like to carry with them small items typically produced in the place of visit, as mementoes of their visit. It has led to accelerated growth of souvenir industry and the consequent benefits to the craftsman, which pushed him above the poverty line during a short period.

Community-based Tourism Products: In order to provide a village experience to tourists by guiding them through real life situations in hinterlands and thereby distributing economic benefits of tourism directly to the community.

Promotion of Local Art Forms and Culture: Kumarakom has a rich cultural heritage with many art forms and cultural troupes. Performance of these groups are organised in hotels and other places to enrich the experience of tourists.

Social Awareness and Tourist Management: The local community has been made aware of adverse impacts of tourism including child labour, exploitation, prostitution, etc. and the importance of tourist management to avoid such ill-effects. The community has thus taken a lead role in identifying and preventing such instances, so as to create an image of clean tourism.

Protection of Environment: The environmental initiative of responsible tourism succeeded in declaring the bird sanctuary as a plastic-free zone, promoting bicycle journey around hotels and resorts, promotion of organic farming, mangrove protection and control of backwater pollution with the help of the community.

Comprehensive Resource mapping: Responsible Tourism cell at Kumarakom has conducted a grassroots-level resource mapping in Kumarakom Panchayath which covered different aspects like art, culture, profile, resources, manpower etc.

Responsible Tourism Initiative at Wayanad: In Wayanad the Dept. of Tourism started Responsible Tourism Initiative in January 2008. It mainly focused in three thematic areas of responsible tourism viz. Economic, Social and Environmental. The local products, which are made by Kudumbashree units, local farmers and artisans, were distributed to the hotel industry as a part of economic responsibility. This helped to reduce the gulf between community and industry as well as improved their cohesion. In addition to this, it provided them a chance to associate with responsible tourism activities through participatory approach. The local-self-government, District Kudumbashree Mission, NGOs, social workers and the tourism industry etc. worked together to take forward the economic, social and environmental aspects of destination.

Ethnic Food Corners: This was one of the model initiatives from Wayanad. RT Cell started two ethnic food corners near Edakkal Caves and in the premises of the Pookot Lake. This shop near Edakkal Caves was operated by tribal community in Wayanad and in Pookot Lake by Kudumbasree. The ethnic food corner at Edakkal, which offered tribal, ethnic and indigenous snacks, generated an income of Rs. 1.25 Lakhs within a month.

Destination Resource Directory: A Destination Directory has been prepared by RT cell Wayanad containing all major components and resources of Wayanad district. A thorough and detailed study was conducted by RT cell for preparing this directory. This was conducted by a comprehensive and grassroots-level resource mapping in the destination. This directory covered details like natural, cultural, historical, geographical, community etc.

Festival Calendar: In order to promote cultural tourism, RT Cell prepared a detailed festival calendar of major pilgrim centers in Wayanad. It contains information such as history, festivals, customs and rituals, temple arts etc. This helps the tourists to know more about the faith and worships of each community.

Souvenir Development: Souvenirs stimulate the development of local artisans, handcrafters and spice farmers, which gave a new facet to the destination. RT Cell has developed three types of souvenirs like
spice kits, etching of Edakkal Caves and Coffee stump products. Now all these souvenirs are getting sold through the Samrudhi shop.

**Visitor Management Plan for Edakkal Caves:** Edakkal Caves - a fascinating pre-historic rock cave is one of the busiest locations in Wayanad. In order to manage the tourist inflow at Edakkal, RT Cell prepared an effective Visitor Management Plan to ensure the dense destination more comfortable to travelers.

**Environmental Responsibility:** Like other key responsibility areas, Environmental responsibility tasks have been strengthened by RT Cell in Wayanad. Clean Soochipara program, Control plastic pollution in Pookot Lake, Environment Survey, Street Light Survey and study on sacred groves are some of the key interventions by the Cell.

**Clean Soochipara:** Soochipara is one of the fascinating and forceful water falls in Wayanad. The initiative identified the problem of plastic pollution, which threatens the quality of the water fall, nature and its premises. As part of the environmental responsibility tasks, RT Cell organized a mass awareness and cleaning program in Soochippara with the support of Tourism club.

**Pookot Lake:** Pookot Lake is a fresh water lake in Wayanad, which attracts large number of tourists every year. The environment of Pookot Lake faced the similar problem as that of Soochippara in terms of plastic pollution. Responsible Tourism initiated awareness campaigns and cleaning program in this location provided a solution to this issue.

**Responsible Tourism Initiative at Kovalam**

**Zero Tolerance Campaign:** This was a campaign against child sex abuse in Kovalam under the banner of Responsible Tourism. This was planned only after looking into the real situation, sources and causes of this social evil. This issue was raised as one of the crucial problems in Kovalam. In order to address this issue and take necessary precautions, the RT Cell gained support from N.G.Os and concerned institutions. ‘Be a guard of angel’ was the theme of this campaign. The poster, leaflets and door hangers etc. were placed at all properties in Kovalam. RT cell made a strict follow up in this movement and ensured that all the properties placed these materials in proper places.

**A model - Karthika Festival:** Karthika festival was one of the successful efforts by the RT cell in Kovalam. It was the apparent evidence of the participation of all stakeholders and it grabbed wide media coverage. The governance of local-self-government, active participation of Kudumbasree and community members and better efforts of industry were evident from this event. This program was organized by the leadership of RT cell and well supported by Kudumbasree. Industry supported this initiative by providing sponsorship. Every lamp lit represented the industrial partners, which added colour to the festival of lights. These lamps were placed in well cut parts of the stem of plantain. It gave a new outlook and energy to the members of Kudumbasree. This one-day event helped in a business for an amount of Rs. 29,000 to the group.

**Labor Directory:** To boost local employment in tourism sector, RT cell collected details of labors in various sectors at Kovalam. It anticipated ensuring the availability of experts and professionals in various fields as per the needs.

**Destination Development Plan – Kovalam:** Environmental survey at hotels, social survey, core survey, replacing plastic carry bags by paper bags etc. were organized by the Kovalam destination

**Responsible Tourism Initiative at Thekkady**

**Kerala Cafe at Thekkady:** This is a snack parlor operated by the tribal communities in Thekkady. A group of five women got placed in club Mahindra Resort in Thekkady under the initiative of RT Destination Cell. The group started a Kerala Tea Shop, which prepared and provided traditional Kerala snacks to the guests. The working hour of the shop is from 3.00 p.m. to 6.00 pm.
Clean Kumily Green Kumily: 'Clean Kumily, Green Kumily' was a massive awareness as well as cleaning program organized by the Kumily Grama Panchayath. Responsible Tourism provided good moral support to this initiative by participating in campaigns, organizing meetings and coordinating cleaning programs. While Social responsibility part being strategized; it was the local community that took a lead role and thus community initiatives were given prominence in this sector along with other benchmark areas like: Management of tourism-related social issues, Safety management, Visitors' management, Local resource management, Souvenir, Local art and culture, Ethnic food, Health management, Local infrastructure, capacity building, Information of the destination, Character of destination etc.

A comprehensive resource mapping of Thekkady destination has been accomplished and a Destination Resource Directory is being prepared based on that. The Directory is inclusive of: Destination profile, Socio-economic status, Tourism potentials and resources (Mapping), Tourism infrastructure of the destination, Social Issues related to tourism, Festival calendar, Local cuisines, CBT products, Ethnic life and Culture etc.

CONCLUSION

The experience of implementing responsible tourism initiatives in Kerala invariably proves the capability of the local-self-government to effectively use tourism for social, economic and environmental-empowerment in a destination. Responsible Tourism - the first ever initiative in India produced significant outputs at destinations in terms of enhanced cultivation and community participation. These contributions are especially notable in the present scenario, were leading tourism destinations are finding it difficult to balance their growth in tourism activities and retain their tradition livelihoods, culture and heritage; most of which are undoubtedly the hallmarks of individual destinations. This has been made possible by the long term vision and timely intervention by the Department of Tourism, Government of Kerala, which formulated the project in line with the latest international trend in the tourism sector.

Considering the success of Responsible Tourism in destinations and the lead position that Kerala enjoys in the global tourism market, this initiative could be replicated in all leading tourism destinations to ensure sustainability of tourism development efforts adopted by Kerala

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SHIFTING OF RETAILING IN INDIA: TRENDS AND OPPORTUNITIES

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ABSTRACT
Retailing industry is an important part of our everyday life and it continually going through changes and consumer preferences, which also lead to the economic and social improvement of the nation. All dynamic developments in retailing, from the birth of departmental stores to the emergence of warehouse clubs and hypermarkets, have been responses to a changing environment. New technologies, changing customer demand, intense competition and social changes are the main factors which influence the retail industry. This study is an attempt to highlight the recent trends and opportunities of the Indian retail industry in near future.

Keywords: Retail Industry; Consumer Preference; Hypermarkets; Changing Environment

INTRODUCTION

The Indian retail industry is one of the pillars of its economy which contribute around 14 to 15 percent of its GDP and the Indian retail market is one of the top five retail markets in the world by economic value. Now the industry is moving towards a modern concept of retailing and the favorable demographics, increasing urbanisation, nuclear families, purchasing power of consumers, preference for branded products etc are the factors which led to the growth of retail industry in the country.

Retail is the sale of goods and services form persons or firms to the ultimate user. Retailers are the important element in the supply chain. A retailer purchases products in large quantities from manufacturers directly or through a wholesale, and then sells it in smaller quantities to the customers for making profit. Retailing can be done in either fixed locations like stores or markets, door-to-door delivery or using online websites through electronic payment, and then delivered via a courier or other services. So it covers the wants and needs of the large customers.

Reasons for the Fast Growth of the Retail Industry

The companies in retail sector are found to be growing fast with years because of the shopping behaviour of the customers. The growth of retail sector due to certain factors like-

- Increasing number of nuclear families
- Falling prices of real estate
- Growth of double-income families.
- Increase in disposable income and consumers expectations.
- Improvement in the expenditure behaviour for luxury products.
- Large working population.
Less share of organized retailing
Growing liberalization of the FDI policy in the past decade

OBJECTIVES
To understand the basic concepts of retailing
To analyze the key trends which affect the Indian retail industry.
To identify the new trends in the retail sector and its formats in India.

RESEARCH METHODOLOGY
The study is secondary in nature and the information has been collected from various books, trade journals, publications, Newspapers and websites etc.

Major Contributors to the Retail Sector

Apparel and fashion - Everybody understands the impact of fashion and textiles on the environment. Almost people spent on online apparel shopping.

Fashion & Lifestyle - In India the vast middle class want to enter into newer markets due to their aspirations, which will help the fashion & lifestyle to grow faster.

Food & Beverage retail - Backed by the large potential and changing lifestyles, the food and beverage retail market is growing year by year.

Pharmaceutical Retail – Improvement in the anti-diabetic, vitamin, anti- infective and dermatology are the rising elements of this sector.

E-commerce or E-tailing - Everybody likes to purchase through online with variety of collection and easy accessibility anywhere in the world. Traditional as well as modern retail stores are facing stiff competition from e-stores.

Key Players in Indian Retail Sector

Reliance Retail Limited - Reliance retail limited, one of the best retail companies in India was incorporated in 2006. Now the company has more than 1500 outlets in the country including food items, lifestyle, fashion, consumer electronics products, home decorative products etc.

Pantaloons Retail Limited - It is a flagship company of Future group and one of the leading retail companies in India. The company has more than 1000 outlets across the India and 35000 employees. Big Bazaar, food Bazaar Brand factory, Top 10 and Sitara are the some brands come under this company.

Provogue India Ltd - It is a lifestyle and fashion company which was by concentrating on men’s wear, women’s wear, fashion accessories, apparel and numerous other products. It has over 250 stores all across the country and rated among the top most trusted brands in India.

Shoppers Stop - Shoppers Stop is a well-known brand in retail industry in India having more than 61 outlets, which offers national and international brands of apparel, fashion and lifestyle.

LRBD - Lifestyle Retailing Business Division is a premier clothing retail company in India branding through Wills Lifestyle and John players. The Company has variety of business activities in FMCG, hotels, paper board, packaging and agriculture apart from the lifestyle aspiration.

Trent Ltd - It is incorporated in 1998 under the Tata groups of companies with the brand name of Westside, Star Bazaar, Fashion yatra and Landmark. The company offers Men’s & women’s footwear, cosmetics and fashion accessories from their retail store located in more than 30 cities in the country.
McDonald’s - McDonald is leading global food service provider which has existence in more than 130 countries worldwide. The company started operation in India in 1996 and has more than 300 food chain restaurants in the country.

Aditya Birla Retail - It is a subsidiary of Aditya Birla group and established in the year 2006 which owns over 500 supermarkets and 15 hypermarkets. The company is rated as top 10 retail companies in India and received prestigious Master brand Award 2012 by World Brand congress in retail brand category.

Titan Industries - Titan is a joint venture between Tata group and the Tamil Nadu Industries development corporation and it is established in the year 1984. Titan is global international brand for Indian Watches and it also makes its presence in jewellery business.

Kewel Kiran Clothing Limited - Kewel Kiran was established as a clothing manufacturing and retail company in 1971 and now it has more than 100 stores in India by promoting its brands including killer, Lawman PG3, Integriti and Killer etc.

Trends and Opportunities

Retailing in India is a fast growing industry with compared to other industries. The whole concept of shopping has changed in terms of formats and consumer buying behavior. Modern retail has entered India including shopping centers, multi-storied malls and huge complexes with wide variety of products and services like shopping, entertainment and food all under one roof. The growth of organized retailing and growth in the consumption behaviour of the Indian population led to a higher growth of the industry. The Indian population is witnessing a significant change in its demographics like a large young working population with medium age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

Trends in Retail Formats in India

Department store - Department stores are very large stores offering a huge mixture of soft and hard goods, which often bear a similarity to a collection of specialty stores. A retailer of such store carries variety of categories and has broad range at average price and they also offer considerable customer service.

Discount store - Discount stores have a tendency to offer a wide selection of products and services, but they compete mainly on price offers with broad collection of commodities at affordable and cut-rate prices. Normally, retailers sell less fashion-oriented brands.

Warehouse store - Warehouse stores offer low-cost, often high-quantity goods piled on pallets or steel shelves, for which warehouse clubs charge a membership fee.

Variety store - Variety stores offer extremely low-cost goods, with limited selection. It is also accessible to both lower and middle income group.

Demographic - The retailer aims at only one particular segment like high-end retailers which focusing on wealthy individuals.

Mom-And-Pop - It focuses on a relatively limited and selective set of products in small retail outlet owned and operated by an individual or household.

General store - A general store is a rural store that supplies the main needs for the local community.

Specialty store - A specialty store offers unusual products than the general stores. Branding image, selection choice, and purchasing assistance are the attracting factors of specialty stores rather than the price. They differ from department stores and supermarkets which carry a wide range of variety of products.
Concept stores - Boutique or concept stores are similar to specialty stores which is highly brand conscious one. They are very small in size, and only ever stock one brand. They are run by the brand that controls them.

Convenience store - A convenience store provides limited amount of stock at more than average prices with a speedy depart. This store is ideal for emergency and immediate purchases as it often works with unlimited hours.

Hypermarkets - It Provide huge volumes of exclusive merchandise at low margins. The operating cost is comparatively less than other retail formats.

Supermarket - A supermarket is a self-service store consisting mainly of grocery and limited products on non-food items. The supermarkets can be anywhere between 20,000 and 40,000 square feet.

Mall - A shopping mall has a range of retail shops at a single outlet. They can include products, food and entertainment under one roof.

"Category killer" or specialist - By supplying wide assortment in a single category for lower prices a category killer retailer can "kill" that category for other retailers. For few categories, such as electronics, the products are displayed at the centre of the store and sales person will be available to address customer queries and give suggestions when required.

E-tailer - The customer can shop and order through the internet and the merchandise is dropped at the customer's doorstep or an e-tailer. They accept the payment for the product but the customer receives the product directly from the manufacturer or a wholesaler. This format is ideal for customers who do not want to travel to retail stores and are interested in home shopping. However, it is important for the customer to be wary about defective products and non-secure credit card transaction. Examples include Amazon.com, Pennyful, eBay etc.

Vending machine - A vending machine is an automated piece of equipment where customers can drop the money in the machine and acquire the products.

Recent Trends in the Retail Industry

Rise of Superstores: Growing consolidation and globalization in the store has been the bargaining power of the retailer increase in the supply chain. In order to counter saturated domestic markets and increasing competition, leading superstores would continue to expand globally.

Consumer Relationship Management: elegant retailers are reoriented their business around the customer. Increased interaction and complicated analysis techniques have given retailers unmatched access to the mind of the customer, and they are using this to develop one to one relation with the customer, design marketing and promotion campaigns, optimize store layout and manage e-commerce operations.

Supply Chain Management: Vital criterion for success in future would be the ability to harness worldwide distribution and logistics network for purchasing. This global supply chain ensures high levels of product availability that consumers want to buy.

Rise of Online Trading: Many retailers realized that and have rushed to start their own e-commerce website; the key to success would be the effectiveness with which retailers integrate the internet with their existing business model.

Emergence of organized retail: Organized retailing in India has been largely found on urban area. Real estate development in the country, for example, the construction of mega malls and shopping malls, is augmenting the growth of the organized retail business.

Spending capacity of youth of India: India has a large youth population, which is a conducive environment to growth of this sector.
Raising incomes and purchasing power: The per capita income in India has doubled between 2000-01 and 2009-10 resulting in improved purchasing power.

Changing mindset of customers: The customer mind set is gradually shifting from low price to better convenience, high value and a better shopping experience.

Easy customer credit: Emergence of concepts such as quick and easy loans, EMIs, loan through credit cards, has made purchasing possible for Indian consumers, for products such as consumer durables.

Higher brand consciousness: There is high brand consciousness among the youth; 60% of India’s population is below the age of 30 leading to popularization of brands and products.

Dominance of unorganized retail: Flexible credit options and convenient shopping locations may help traditional retail to continue its dominance in retail sector.

FDI in specialty stores: Multi-brand organized retail in specialty stores such as Consumer Electronics, Footwear, Furniture and Furnishing etc. are expected to expand and mature in the next few years. However the policy condition on sourcing will continue to be a major bottleneck for FDI in many of these segments.

Growth in small cities and towns: Stiff competition and saturation of urban markets is expected to drive domestic retail players to tap the potential in small cities.

The factors like Favorable demographics, Growth in income, increasing population of women etc leads to the growth of retail industry.

Rural markets emerging as a huge opportunity for retailers reflected in the share of the rural market across most categories of consumption.

CONCLUSION

The retail sector has played a vital role throughout the world in increasing productivity of consumer goods and services. It is the largest industry among all the industries and it creates new jobs, increasing income levels and standard of living of the people, better products and services, a better shopping experience and it also a social responsible one. The Retail Industry in India has come forth as one of the most dynamic and fast industries with several players. But all of them have not yet tasted success because of the heavy initial investments and high competition with similar companies. In India Retail Industry is gradually improving its way to becoming the next boom industry.

REFERENCES

5. http://rajeshthambala.blogspot.in/2013/02/indian-retail-industry-2012-2013.html
ABSTRACT

The perennial debate between the role of corporate social responsibility and the bottom-line results of a firm has witnessed significant disagreement among the researchers. Some argue for a positive relationship between CSR initiatives and the subsequent financial benefits while others fence that wealth maximization is the only responsibility of a firm and yet others opine for neutrality. Such an inconsistency in the results has been attributed to various factors which include omission of crucial variables, flawed econometric models, industry differences etc. The spate of the radiated spectrum of research available on the topic reveals enough diversification to prompt the author for documenting the understandings of the concept of CSR and its relationship with the financial performance of a company. The objective of this paper is to elaborate on the concept of CSR and further the understanding of the linkage of CSR with the firm performance in the light of existing literature.

Keywords: CSR; Financial Performance; Econometric Model; Firm Size

INTRODUCTION

A modern concept of CSR has evolved since the 1950s, formalized in the 1960s and proliferated in the 1970s (Carroll, 1999). There is seldom a consensus among the researchers with regards to the definition of corporate social responsibility (CSR). A note on the diverse history behind the concept described by Caroll (1999) says that CSR is characterized by changing definitions and interpretations over time, ranging from early expressions of concern about the social responsibility of businessmen in the 1930s to the debates about globalization and the roles of business in society since the 1990s (CAMAC, 2005; Vogel, 2005). However, a review of the literature reveals some of the unanimous aspects of the concept that have attracted convergence of thought among academicians, researchers and the scholars alike. For example, concerns about the natural environment, employees, ethics and society as a whole are thought to constitute an important part of the firm’s responsible behavior (Caroll, 1999). With the aim of facilitating a proper understanding of corporate social responsibility, however, a brief account of the key definitions as propounded by various authors is given as follows.

CSR, as defined by The World Business council for sustainable development, means “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce.” According to Business for Social Responsibility (BSR), corporate social responsibility is defined as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.” For the European Commission (2001), CSR is a program where “companies decide voluntarily to contribute to a better society and cleaner environment”. It is seen as an option where, along with their prime responsibility of generating profits, companies can “contribute to social and environmental objectives, through integrating corporate social responsibility as a strategic investment into their core business strategy, their management instruments and their operations.” However, in the contemporary scenario researchers argue that CSR is no longer
an option to the business rather it is a form of self-regulation deeply integrated into the business model. It functions as a built-in mechanism wherein a business ensures not merely compliance with the regulatory norms, environmental concerns but engages in “actions that appear to further some social good, beyond the interests of the firm and that which is required by law (McWilliams & Siegel, Corporate Social Responsibility: A Theory of the Firm Perspective, 2001).

CSR has also been defined to “encompass not only what companies do with their profits, but also how they make them” (Kytle & Ruggie, 2005). Moreover, CSR has also taken a shape of a guiding principle that is subject to varied interpretations along with a genuine consideration for social responsibilities. In that context, CSR “goes beyond philanthropy and compliance to address the manner in which companies manage their economic, social, and environmental impacts and their stakeholder relationships in all their key spheres of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm.”

In a study focusing on complementarity between CSR practices and corporate performance, S. Cavaco and P. Crifo categorize the dimensions of CSR into five domains viz

Table 1. Dimensions of CSR

| A corporate governance component | This dimension reflects the respect for shareholders’ rights, acknowledgement and promotion of competent and independent administrators and auditors, transparent compensation policy of key executives. |
| An environmental component | This dimension refers to the integration of environmental concerns into the design, manufacturing and distribution of products: pollution prevention and control, preservation and protection of water resources, waste management, and reduction of environmental impacts from transportation etc. |
| A human resources component | This dimension is concerned with the responsible management of human resources and concern for human rights: non-discrimination, minimum wages for workers, safety management, etc. |
| A business behavior (or clients and suppliers) component | This dimension refers to firms’ overall practices towards suppliers, customers, and community in general: product safety, factual information to consumers, prevention of conflicts of interest with stakeholders, restraining from anti-competitive practices, integration of CSR in the supply chain, etc. |
| A community and human rights component | This dimension refers to the involvement and respect for human rights: non-discrimination, elimination of child labor, charitable contributions. |


In an attempt to further the argument that the primary role of business is job and wealth creation in the society, Heal (2005) stresses that insights into the competitiveness on contemporary markets i.e. strengths and weaknesses calls for a support from CSR initiatives. He focuses on two dimensions of market imperfections: externalities and distributive fairness. The former refers to the inefficient allocation of scarce resources as a consequence of disparity between private and social marginal costs and benefits. The latter is an issue of societal value judgments that can be expressed through the political process and defines the reference with regard to which efficiency can only be determined (Just, Hueth, & Schmitz, 2004).

Heal (2005: 388) points out that “almost all conflicts between corporations and society can be traced to one of these two sources – either discrepancies between private and social costs and benefits, or
different perceptions of what is fair.” Consequently, he regards CSR being defined as “a program of actions to reduce externalized costs and to avoid distributional conflicts.”

The above literature vindicates the initial argument that a consensus has continued to elude the researchers with regards to the definition of corporate social responsibility. The same happens to be true for the relationship between CSR and financial performance of a company. Empirical studies provide conflicting results ranging from a positive relationship to a negative relationship to no relationship at all.

OBJECTIVES OF THE STUDY

The present study aims to address the following objectives

1. Conceptualize and further the understanding of the concept of corporate social responsibility and its paradigms in the contemporary business scenario.

2. Identify and explain the relationship of CSR and the financial performance of a company in the light of existing literature supported by empirical evidence.

3. Throw light on the implications of the CSR/CFP relationship that are deemed to be of significant relevance for corporate executives in the process of strategic decision making.

Financial Performance

The financial performance of a company has always been a source of concern for the management of any organization. The reason being that financial results are considered to be indicators of the operational efficiency of a company. Investors, before proceeding with their intentions of investing in the stocks of any firm, tend to analyze its strengths and weaknesses for the purpose of risk aversion. The platform for such analysis is provided by the financial performance statements of the company. In this backdrop, any organization would like to avoid every possible action that may negatively affect their financial performance and simultaneously will be in search of all possibilities for enhancing their firm performance in terms of financial measures. Literature reveals, although not unanimously, that one such opportunity is provided by CSR programs (Cochran & Wood, 1984; Posnikoff, 1997).

Locus of Strain

The protracted debate relating to the sign of consequences of investments in the CSR initiatives has witnessed changing paradigms. Traditionally, it is argued that given the basic economic premise of scarcity of resources, it would be highly inappropriate to allocate assets for social benefits. Rather it is the responsibility of elected governments of states to look after such causes. Moreover, it is said that corporate resources are best suited for generating profits for the shareholders of the firm and therefore these should not be misallocated for social problems. This opinion is also favored by Friedman (1970).

However, in contrast with the view of Friedman (1970), that the sole responsibility of a business is to earn profits and that any business that engages in social responsibility is actually taxing its customers who have an option at their disposal to spend on social responsibilities if they desire to do so, The European commission (2001) points out that CSR “should not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation”. Rather CSR calls for a shared responsibility between the state and the private players. The argument of European commission is also supported by Hopkins (2004) in an ILO working paper. The only consideration that Friedman (1970) imposes is that the business has to stay within the rules of the game i.e. open and free competition with no adherence to deception and fraud. This opinion is diametrically opposite with the view of Freeman’s stakeholder approach which states that firm’s responsibility is to reconcile the conflicting interests of all the stakeholders. By adopting such an approach a firm can meet the expectations of all its shareholders and stakeholders as well.

In the contemporary scenario, we are witnessing a shift in the economic power in favor of corporations. This can be supported by the fact that out of the 100 largest global economies, as
measured by GDP, 51 of them are US corporations, and only 49 are nation states (OECD). Such a shift in power calls for an increasing role in and responsibility for addressing social problems. A firm is considered as a corporate citizen and thus it needs to function in a manner that is consistent with the society and environment in which it operates. For example, a continuous and unabated usage of resources will ultimately result in their extinction if due steps are not taken for their replenishment. Resources were abundant at the beginning of industrial revolution but now the same are polluted and scarce.

Certainly, by adopting CSR practices involves costs. As a consequence, it should create benefits as well for the purpose of being a sustainable business practice. Shareholders, even being socially responsible will seldom compromise financial benefits for their invested money. Therefore, social responsibility should have attached bottom-line benefits to be sustainable. However, mostly the costs and benefits of CSR practices appear to be out of alignment - immediate costs and distant benefits. Nevertheless, there are benefits enjoyed by firms for investments in CSR practices. These range from having enhanced brand image and reputation, increased creditworthiness and ability to attract trading partners, less risk of negative social and environmental externalities, greater chances of stable earnings growth and less downside volatility, lower employee turnover, increased employee loyalty and commitment to the company etc.

Enough anecdotal evidence can be found regarding a growing number of multinational companies—including, e.g., General Electric, Google, IBM, Intel, Johnson & Johnson, Marks & Spencer, Nestle, Unilever and Wal-Mart—experiencing and enjoying the benefits of creating “shared value” (Porter & Kramer, 2011) and, in particular, expect to gain a competitive advantage from CSR initiatives. For example, General Electric’s CEO Jeffrey Immelt stated about GE’s “ecomagination” program: “We did it from a business standpoint from Day 1, […] it was never about corporate social responsibility” (New York Times 2011).

Even though the benefits flowing out of CSR can be conceptually understood very easily but researchers, overtime, have made significant attempts to quantify these benefits. Although it seems to be quite difficult but literature reveals that CSR/CFP relationship has an empirical dimension to its credit as well.

**Empirical Relationship between CSR and Financial Performance**

According to Margolis and Walsh (2001), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance (Tsoutsoura, 2004). Yet, no conventional wisdom tends to emerge as whether CSR leads (or not) to superior firm performance (Margolis & Walsh, 2003; Margolis, Elfenbein, & Walsh, 2007).

The empirical relation between corporate social responsibility and corporate financial performance, although studied intensively, has led to mixed results and conflicting views (McGuire, Sundgren, & Schneeweis, 1988; Heal, 2005; McWilliams, Siegel, & Wright, 2006). In a survey of 95 empirical studies conducted between 1972-2001, Margolis and Walsh (2001, p. 10), report that: “When treated as an independent variable, corporate social performance is found to have a positive relationship to financial performance in 42 studies (53%), no relationship in 19 studies (24%), a negative relationship in 4 studies (5%), and a mixed relationship in 15 studies (19%).”

Broadly speaking, two approaches to study the empirical relationship between CSR and financial performance have been used. One approach undertakes the event study methodology wherein the consequences of firm’s engagement in socially responsible or irresponsible acts is analyzed in relation with *short-term* financial returns (Clinebell & Clinebell, 1994; Hannon & Milkovich, 1996; Posnikoff, 1997; Teoh, Welch, & Wazzan, 1999; Worrell, Davidson, & Sharma, 1991; Wright & Ferris, 1997). These studies have shown mixed results. For example, Wright and Ferris found a negative relationship Posnikoff reported a positive relationship and Teoh et al. found no relationship between CSR and financial performance (McWilliams & Siegel, 2000).
McWilliams & Siegel (2000) mentioned that the alternative approach used in other studies examines the nature of relationship between Corporate Social performance (CSP) and measures of long-term firm performance using accounting or financial measures of profitability (Aupperle, Carroll, & Hatfield, 1985; McGuire, Sundgren, & Schneeweis, 1988; Waddock & Graves, 1997). These studies have also reported mixed results. McWilliams & Siegel (2000) continue to argue that there is no surprise in the apparently conflicting results of such studies given the flaws in the underlying models used for empirical estimation. Developing on the criticism of Waddock and Graves (1997) model, McWilliams & Siegel (2000) formulate their own relationship equation between the CSR and firm’s long-run financial performance. The Waddock and Graves (1997) econometric model, as mentioned in (McWilliams & Siegel, 2000), is as follows
\[
\text{PERF}_i = f(\text{CSP}_i, \text{SIZE}_i, \text{RISK}_i, \text{IND}_i).
\]
Where, \(\text{PERF}_i\) = Long-run economic or financial performance of firm \(i\) (measures of accounting profits); \(\text{CSP}_i\) = A proxy of corporate social responsibility of firm \(i\) (based on an index of social performance); \(\text{SIZE}_i\) = A proxy of the size of firm \(i\); \(\text{RISK}_i\) = A proxy of the risk of firm \(i\) (debt/asset ratio); \(\text{IND}_i\) = industry of firm \(i\) (4 digit SIC code).

McWilliams & Siegel (2000) argued that the econometric model given by Waddock and Graves (1997) is flawed because it omitted two important control variables namely firm’s rate of investment in R&D and the advertising intensity of its industry. As such, they included these two control variables and presented their econometric model as follows
\[
\text{PERF}_i = f(\text{CSP}_i, \text{SIZE}_i, \text{RISK}_i, \text{IND}_i, \text{RDINT}_i, \text{INDADINT}_i).
\]
Where the additional covariates are, \(\text{RDINT}_i\) = R&D intensity of firm \(i\) (R&D expenditure/sales); \(\text{INDADINT}_i\) = advertising intensity of the industry of firm \(i\).

On the same lines, Vance (1975) refutes Moskowitz’s research by extending the time period of analysis from 6 months to 3 years, thereby producing results that contradict Moskowitz and indicate a negative CSP/CFP relationship (Tsoutsoura, 2004).

In studies analyzing the impact of CSR on financial performance of a firm, the most commonly used measures are of three kinds: 1. Market-to-book ratio 2. Accounting profit ratios 3. Stock market returns (Lammertjan Dam). While questioning the implicit assumption of interchangeability of these financial measures, he argues that different financial measures must be interpreted distinctly depending upon the internalization (or not) of externalities. Lammertjan Dam uses general stock market model, in place of partial equilibrium analysis, and production externalities to explain the seemingly conflicting results of studies on CSR/CFP relationship.

Moreover, in an attempt to comprehend a company’s joint objective of maximizing its profits without compromising the well-being of other stakeholders, Werner Hediger presented the relationship in the following manner
\[
\max_{\{x\}} \mu(\pi(x), \Delta w(x)) \quad \text{Where,} \quad \mu = \text{company’s utility or preference function; } \pi(x) = \text{firm’s instantaneous profit as a functions of its activity vector } x; \Delta w(x) = \text{resulting net contribution to the level of social welfare, beyond the generation of company’s profits}
\]

An alternative version of the same problem was given in the same paper as
\[
\max_{\{x\}} ((1 - \theta) \cdot \pi(x) + \theta \cdot \Delta w(x)) \quad \text{Where, } \theta = \text{entrepreneurs’ or shareholders’ propensity to benevolence.}
\]

This signifies that \((\theta = 1)\) means complete preference for benevolence and \((\theta = 0)\) refers to full preference to profit maximization and no concern for social or environmental welfare.

Moreover, a stronger form of constrained optimization was propounded in the same paper wherein the maximization of company’s profits is targeted with no curtailment in the well-being of other stakeholders. This kind of proposition refers to pareto’s improvement, which is fulfilled if at least one person is made better off by pursuing a course of action without making any other individual worse off (Werner Hediger).
Based on the above literature a conceptual model can be drafted that depicts the relationship between CSR and company financial performance (CFP).

![Figure 1. CSR/CFP relationship]

**Source:** Literature on CSR/CFP relationship and researcher’s thought.

**CONCLUSIONS AND IMPLICATIONS**

Out of the review of existing studies on CSR/CFP relationship, various insights can be drawn that can open pathways for future research as well as potentially serve as a beacon for corporate executives to enhance their profitability.

Caroline Flammer (2013) finds that CSR is a valuable resource for a firm and superior financial performance is achieved by adopting low margin winning CSR-related shareholder proposals. Converse results will flow for firms that reject CSR proposals by a small margin. Caroline Flammer (2013) also establishes the nature of diminishing marginal returns of CSR resources as well as the effect of CSR on financial performance is larger for companies operating in industries with higher institutional norms of CSR.

Given the significance of the concept of CSR and its potential to affect the financial performance of a company, it is high time for corporate leaders to envisage the wide spectrum of CSR initiatives for generating better financial numbers, attracting more skilled and qualified employee base, enhancing their stock market performance and inflating the value of the company.

Even though the relationship between CSR/CFP is empirically studied by a good number of researchers, the causality of the relationship has not significantly attracted the attention of scholars. This means that whether the adoption of CSR practices leads to improved performance or firms with heavier financial resources are more likely to invest in CSR initiatives. Although there are arguments for both e.g. the “slack resources theory by (Waddock & Graves, 1997) states that firms with financial resource constraints usually allocate their resources in projects with a shorter horizon as compared with those firms that have strong financial cushion. On the other hand, the literature above reveals that CSR practices have shown positive correlation with financial performance of a company.

Nevertheless, the just stated paradox should invite attention of researchers to explore the direction of causality of relationship between CSR and CFP.

**REFERENCES**


ROLE OF CGTMSE AND CIBIL IN SUPPORTING THE INDIAN ECONOMY

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ABSTRACT
Credit Guarantee Fund Scheme for Micro and Small Enterprises is specially formulated to cater to the needs of Micro and Small Enterprises (MSME). MSMEs are considered as the engine of economic growth and play an important role in the equitable economic development of the country. Credit Information Bureau (India) Limited (CIBIL) being India's first credit information bureau is a repository of information pooled in by all Banks and lending Institutions operating in India, which contains the credit history of commercial and consumer borrowers. Today when Indian economy needs MSE sector, they are not getting full support from credit grantors because there is lack of coordination between credit grantors and CIBIL.

This paper focuses on the role of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and CIBIL. This paper also discusses the need and benefits of such innovative services and techniques in the growing and maturing Indian economy and the need of such initiatives for the exchange of information in Banking Sector.

Keywords: Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE); Credit Information Bureau (India) Limited (CIBIL); Micro Small and Medium enterprises (MSME’s); Member Lending Institutions (MLI); Non-Performing Assets (NPAs); Credit Information Report (CIR)

INTRODUCTION

CGTMSE
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is set up by the Government of India and SIDBI. Credit Guarantee Fund Scheme for Micro and Small Enterprises (the Scheme) is specially formulated to cater to the needs of Micro and Small Enterprises (MSME). The reasons for this are obvious:

1. The Micro Small and Medium enterprises (MSMEs) are considered as the engine of economic growth and lay an important role in the equitable economic development of the country.
2. The major advantage of the sector is its employment potential at low capital cost. It is much more labour intensive as compared to large enterprise.
3. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports.
4. MSMEs have been established in almost all major sectors in the Indian industry such as:
   a. Food processing
b. Agricultural inputs

c. Chemicals & pharmaceuticals

d. Engineering; Electrical, Electronics

e. Electro-medical equipment

f. Textiles and garments

g. Leather and leather goods

h. Meat products

i. Bio-engineering

j. Sports goods

k. Plastics products

l. Computer software, etc

OBJECTIVES OF THE STUDY

The primary goal of this study and examine the Role of CGTMSE and CIBIL in supporting the Indian Economy

The Secondary Objectives Are

1. To Understand the role of Micro Small and Medium enterprises (MSMEs) in the equitable economic development of the country.

2. To appreciate the initiative of govt. in formulating CGTMSE scheme to promote the development of MSE sector

3. Analyze the role of CIBIL being India's first credit information bureau which plays a role of repository of information pooled in by all Banks and lending Institutions operating in India, in maintaining the credit history of commercial and consumer borrowers.

4. To create awareness amongst various stakeholders such as borrowers and citizens about the benefits of these organizations in getting fast credit.

LIMITATION

This is a conceptual study. It is supported more by facts than by numerical data. The study is further limited to the discussion of the roles of CGTMSE and CIBIL in supporting the Indian Economy.

HYPOTHESIS

H1. : There is lack of co-ordination between credit grantors and CIBIL

METHODOLOGY

This study is based on secondary data’s. The information has been collected from authorities of Banks, books, journals, magazines, newspaper and websites.

STATEMENT AND SIGNIFICANCE

Importance of MSME sector

The importance of this sector can be judged from the following statement: As per available statistics (4th Census of MSME Sector), this sector employs an Estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of total export of the country. So to promote the development of MSE sector CGTMSE scheme has been formed. It allows single window disposal of Term Loan and
working capital facilities (both fund and non fund based) to the eligible borrower without any need for collateral security or third party guarantee.

**Salient features of the scheme**

**Member Lending Institutions (MLI)**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>MLI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>1) All Scheduled Commercial Banks (PSU, Private or Foreign), Selected Regional Rural Bank, SIDBI, NSIC, NEDFI or other institutions as directed by GOL.</td>
</tr>
</tbody>
</table>
| Guarantee cover           | 1) Eligible Lending Institutions should enter one time agreement with CGTMSE and become MLI of the trust.  
                              2) MLI can apply for guarantee cover for credit proposals sanctioned in the quarter before the expiry of following quarter. |
| Re-appraisals by trust    | 1) CGTMSE will not reevaluate the proposal. MLI should perform required Due Diligence. |

**Eligible Borrowers**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>New and Existing Micro &amp; Small Enterprises engaged in Manufacturing &amp; Service activity (As per RBI guidelines on lending to priority sector under MSMED Act, 2006) except Retail Trade.</td>
</tr>
<tr>
<td>IT-PAN</td>
<td>Mandatory at the time of obtaining guarantee cover if loan amount is over Rs.10 lakh.</td>
</tr>
</tbody>
</table>
| Miscellaneous   | 1) Credit facilities by more than one bank and/or financial institutions jointly and/or separately upto Rs.100 lakh per borrower is possible.  
                              2) SHG (Self Help Group) is not eligible. |

**Credit Facilities**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit limit</td>
<td>Fund and Non Fund based Limit upto Rs. 100 lakh per borrower provided there is no collateral security or third party guarantee.</td>
</tr>
<tr>
<td>Ceiling on interest</td>
<td>Not to exceed 3% over and above Prime Lending Rate of the lender. (Excludes fee payable to trust)</td>
</tr>
<tr>
<td>NPA</td>
<td>Cannot be covered.</td>
</tr>
</tbody>
</table>

**Securities**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary security</td>
<td>Asset created/directly associated with business/project for which credit facility is granted.</td>
</tr>
<tr>
<td>Collateral security</td>
<td>Security other than primary security. Eg: Hypothecation of Jewellery, Mortgage of House.</td>
</tr>
<tr>
<td>Third party guarantee</td>
<td>Personal guarantee of proprietor and partner in case of proprietorship and partnership firm: No disqualification Personal guarantee of director in case of company.</td>
</tr>
</tbody>
</table>

**Credit Guarantee Cover**

<table>
<thead>
<tr>
<th>Category</th>
<th>Maximum Guarantee Cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs 5 lakh</td>
<td>Above Rs 5 lakh</td>
</tr>
<tr>
<td>Above Rs 50 lakh</td>
<td>Above Rs. 50 lakh up to 100 lakh</td>
</tr>
</tbody>
</table>
Micro Enterprises

<table>
<thead>
<tr>
<th>Amount in Default</th>
<th>Guarantee Fee</th>
<th>Coverage Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>85% of the amount in default subject to a maximum of Rs 4.25 lakh</td>
<td>Rs 37.50 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 62.50 lakh</td>
<td></td>
</tr>
<tr>
<td>75% of the amount in default subject to a maximum of Rs 37.50 lakh</td>
<td>Rs 40 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 65 lakh</td>
<td></td>
</tr>
</tbody>
</table>

Women entrepreneurs/Units located in North East Region (including Sikkim) (other than Credit facility upto Rs.5 lakh to micro enterprises)

<table>
<thead>
<tr>
<th>Amount in Default</th>
<th>Guarantee Fee</th>
<th>Coverage Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% of the amount in default subject to a maximum of Rs40 lakh</td>
<td>Rs 37.50 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 62.50 lakh</td>
<td></td>
</tr>
</tbody>
</table>

All other category of borrowers

<table>
<thead>
<tr>
<th>Amount in Default</th>
<th>Guarantee Fee</th>
<th>Coverage Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% of the amount in default subject to a maximum of Rs37.50 lakh</td>
<td>Rs 37.50 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 65 lakh</td>
<td></td>
</tr>
</tbody>
</table>

Initiation and Duration of cover

1) Cover starts when Guarantee Fee is credited to bank account of trust.
2) Duration is for the tenure of Term Loan and for five years or block of five years in case of working capital facilities.

CIBIL

Now a day’s all the banks check credit score of the borrower before approving Loan application. 80% of the loans approved are for individuals with a score greater than 750. The various credit grantors are Banks, Financial Institutions, State Financial Corporations, Non-Banking Financial Companies, Housing Finance Companies and Credit Card Companies. So CIBIL being India’s first credit information bureau is a repository of information pooled in by all Banks and lending Institutions operating in India, which contains the credit history of commercial and consumer borrowers. CIBIL provides this information to its Members in the form of credit information reports. A Credit Information Report (CIR) is a factual record of a borrower’s credit payment history compiled from information received from different credit grantors. Its purpose is to help credit grantors make informed lending decisions – quickly and objectively. A credit score is the detailed credit history and full evidence of credit worthiness of the borrower. Based on the credit history CIBIL gives a score between 300 and 900. The higher the score, the greater are the chances of loan approval.

Ownership of CIBIL

Source: CIBIL website
Bottleneck in the System

As discussed above the major aim of CGTMSE scheme is granting of credit facilities to MSE (Priority sector) only on the basis of primary security without demanding for collateral and third party guarantees. These days all commercial banking institution refers to CIBIL report of Individual, Proprietor, Partners, Firm or Company before they decide the eligibility of project for financing under any scheme.

Case Study

A client Mr. P wants to get his project (MSE sector) financed under CGTMSE scheme. When the relevant banking authorities (Bank A) saw his CIBIL they found that his car loan and housing loan was overdue and that his car loan was appearing twice in the CIBIL report. They rejected his project on the basis that CIBIL report which was showing very low score as his accounts were overdue and that he needs to get his account regular. When MrP saw his report he told the banking institution that the housing loan doesn’t belong to him. Mr. P contacted CIBIL authorities and they gave him the relevant Account No. and Bank name to Mr. P for housing loan. Mr. P contacted that relevant bank (Bank B) and found the following:

1. That both car and housing belonged to same branch of Bank B (from where he has taken car loan).
2. That Bank B acknowledged that the housing loan doesn’t belong to him. It belonged to certain Dr. P.

Actions taken by Mr. P

1. He filed complaint to CIBIL and the Bank B.
2. He deposited enough money in Bank B so as to make his car account regular.

Post Action period

1. On filing of complaint and upon subsequent proceedings from bank the housing loan got cleared from account of Mr. P but there was no update as far as regularisation of car loan was concerned.
2. Mr. P again contacted CIBIL and they told him that all the banks have certain fixed date for reporting and updating all credit information to CIBIL of all consumers and commercials.
3. Mr. P contacted Bank B again and found out that the reporting date was at the end of quarter (in this case March 200X).
4. When Mr. P again presented his proposal for project financing to Bank A he found out that his CIBIL report was showing the car loan twice and that it was again running overdue (This happened in May).
5. Mr. P went to Bank B and he got certificates stating that his car loan account was running regular as of today.
6. Mr. P took those certificates to Bank A and then they accepted his claim and agreed to finance his project.

CONCLUSIONS

Formulation of rules should be followed by its strict implementation. If the implementation is not absolute then that particular rule can become counterproductive. Today when Indian economy needs MSE sector, they are not setting full support from credit grantors because there is lack of co-ordination between credit grantors and CIBIL.
Several Others General Conclusions Can Be Drawn From the Study –

1. All the credit grantors are responsible for sending information to CIBIL in timely manner and if they don’t and they reject the claims of borrowers on the basis that the CIBIL is showing low score then whose fault it is?

2. Is there appropriate control mechanism in place to prevent somebody else’s account from appearing in CIBIL?

3. Accepting of certificate (in this case) as a valid proof is at the discretion of particular bank. What if some other bank of another borrower refuses to accept it. So we can do a lot better by having certain standards into this.

4. Is it necessary that the same account should appear twice? In this case the account of Mr. P was transferred to recovery cell of Bank B. So Bank B and its recovering cell have separately sent the information about Mr. P to CIBIL but neither of them updated to CIBIL.

Because of delay on part of Bank B the project of Mr. P may have been delayed. This in turn increased the cost of project.

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ABSTRACT

The level of economic equality and independence are the real indicators to measure the status of women in any society. Women empowerment means their capacity to participate as equal partners in social, cultural, economic and political system of a society. Even though the world economy has developed into a global economy, in both developing and developed countries women have been suppressed in all walks of life for generations. The concept of development of women assumed importance at international level after the first major UN conference of women held in 1975. After independence the Government of India took numerous measures and is still making honest endeavors to raise the status of women and establish gender equality. This study is an attempt to analyse the role of micro units in the women empowerment with special reference to the Areacode panjayath of the Malappuram District.

Keywords: Women Empowerment; Micro Units; Social Help Groups; Kudumbasree Units; Female Work Participation

INTRODUCTION

In terms of size of population, women rank almost equal to that of men in India. But the socio-economic status enjoyed by both is at two extreme poles. In under developed countries, women are the most vulnerable groups affected by poverty. Women experience hunger and poverty in much more intense ways than men. Participation of women in economic activities is necessary not only for the survival of the family but also for raising the status as well as empowering them to assert more in house hold decisions. The level of economic equality and independence are the real indicators to measure the status of women in any society.

Women empowerment means their capacity to participate as equal partners in social, cultural, economic and political system of a society. Even though the world economy has developed into a global economy, in both developing and developed countries women have been suppressed in all walks of life for generations. Women empowerment is far easier said, than done. This, in certain respect demands a revolutionary change in the socio-cultural values of the society.

Educating women is one of the most important means of empowering women with knowledge, skills and selfconfidence, necessary to participate fully in the development process of a country.
Even though women generally involve in a low productivity, low wage and higher under-employment sector, an increasing number of women are entering into the work force in the formal manufacturing as well as service sector now.

In Indian society, the status of women underwent sweeping changes during different stages of development. The concept of development of women assumed importance at international level after the first major UN conference of women held in 1975. After independence the Government of India took numerous measures and is still making honest endeavors to raise the status of women and establish gender equality. The constitutional obligations as well as different plans and policies such as National Rural Employment Guarantee Scheme (NREG- which has generated over 450 crore person days of employment, a major share going to women and SC/ST families), Indira Avas Yojana(IAY), Samagra Avas Yojana (SAY), Integrated Rural Development Programme(IRDP), Development of Women and Children in Rural Areas(DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA), Training to Rural Youth for Self-Employment(TRYSEM), Million Wells Scheme (MWS), Food For Work Programme, Rural Employment Generation Programme (REGP), Pradhan Manthri Gramodyog Yojana (PMGY), Andyoaya Anna Yojana (AAY), Prime Minister’s Rozgar Yojana, Swarna Jayanithi Shahari Rozgar Yojana (SJSRY), Jan Kerosene Pariyojana (JKP) etc. have laid emphasis on women empowerment in order to bring them into the main stream of development.

Kerala became the first state in India to be declared 100% literate state, on April 18,1991. The current literacy ratio is 90.86%, whereas all India ratio is 64.84%. The male literacy in kerala is 94.24% and the female literacy ratio of Kerala is the highest, i.e. 87.72% as against the all India figures of 75.26% and 53.7% respectively. The female to male proportion is the highest in Kerala compared to other States and Union Territories. It is 1058 female per 1000 male as against the all India figure of 933/1000. At this point it would be better to compare the indices of Malappuram district which came into existence on 16th June, 1969. The district ranks first among other districts in many respects- size of population, rate of growth of population, female-male proportion (1063/1000) etc. The district has the highest number of unemployed hands and also the least per capita income among other districts of the State. The literacy rate of the district is 88.61%, male and female literacy ratios being 91.46% and 85.96% respectively, which are much higher than the corresponding figures of most of the states in India. Some of the selected indices are given in the table below for an easier comparison.

It is evident from the table that the proportion of women is higher than men both in the state and in the district. Kerala holds a number of credentials such as ‘Kerala Model Development’, high literacy ratio, computer literacy, high life expectancy, low infant mortality rate etc., well comparable with international standards. But unfortunately the Female Work Participation Rate (FWPR) is the least in kerala i.e. 15.4% as against the all India average of 25.6%. Misoram bags the highest FWPR- 47.5%. The Sastra Sahitya Parishad study in Kerala in 2004 shows a still lower FWPR of 13.1% only which is dismal when compared to the FWPR of advanced countries. The same study shows the least FWPR of 4% in Tirurangadi of Malappuram district.

Table 1. Some Important Indices

<table>
<thead>
<tr>
<th>Particulars</th>
<th>India</th>
<th>Kerala</th>
<th>Malappuram</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population(2011)</td>
<td>121.02 crore</td>
<td>3.34 crore</td>
<td>41.11 lakhs</td>
</tr>
<tr>
<td>Male (%)</td>
<td>51.57</td>
<td>47.91</td>
<td>47.69</td>
</tr>
<tr>
<td>Female (%)</td>
<td>48.43</td>
<td>52.09</td>
<td>52.31</td>
</tr>
<tr>
<td>Literacy rate (%)</td>
<td>64.84</td>
<td>90.86</td>
<td>88.61</td>
</tr>
<tr>
<td>Male (%)</td>
<td>75.26</td>
<td>94.24</td>
<td>91.46</td>
</tr>
<tr>
<td>Female (%)</td>
<td>55.70</td>
<td>87.72</td>
<td>85.96</td>
</tr>
<tr>
<td>Female/Male proportion</td>
<td>940/1000</td>
<td>1084/1000</td>
<td>1096/1000</td>
</tr>
</tbody>
</table>

Source: www.census of India 2012
The low FWPR finally leads to economic dependence, under-employment and unemployment of women particularly from poor families, causing hunger, under-nutrition and malnutrition. Moreover, out of the employed women majority are in jobs earning low income compared to their counter parts. By all means there should be a willful attempt to raise FWPR in order to ensure general economic growth along with growth in the family income.

It is in this context, the role of Kudumbasree units become vital, in providing micro ventures to women, particularly to those belonging to families below poverty line. Kudumbasree provides economic independence through credit facilities to take up entrepreneurial ventures. It’s a critical step towards women empowerment, especially in rural areas. The mission statement of Kudumbasree reads as follows:

“To eradicate absolute poverty in 10 years through concerted community actions under the leadership of local self-governments, by facilitating organization of the poor, combining self-help with demand lead convergence of available service and resources to tackle the multiple dimension and manifestations of poverty, holistically.”

Kudumbasree projects inaugurated on May 17, 1998 at Malappuram, are functioning in all areas of Kerala state now. There are about two lakhs Neighborhood Groups (NHG) comprising of 37 lakhs women. The major objective was to provide socio-economic development to the weaker, the backward and marginalized sections of the society by organizing neighborhood groups, self-help groups etc. for running micro enterprises.

OBJECTIVES OF THE STUDY

1. To analyse the role of micro units in the women empowerment

2. To understand various changes experienced by the respondents after joining the SHGs

METHODOLOGY

The present paper attempts to evaluate the role of Kudumbasree units on women empowerment in Areekode panchayat of Malappuram district. There are 40 units with 75 members out of which, 55 are selected at random as sample. Both primary and secondary data are used for analysis. Primary data are collected from these members by applying a structured interview schedule. Questions relating to the antecedence of respondents, their occupation, marital status, involvement in group activity, change in knowledge and skill, improvement in living status, improvement in decision making, relation with government offices, accessibility to resources, contribution to family income, change in freedom of movement, loan repayment status, level of dependency, involvement in social action, change in the level of recognition in the family, social commitment etc. were asked to identify the “before and after effects” of joining Kudumbasree units. The collected data are analyzed with the help of statistical tool X test.

Empowerment

In this paper, women empowerment is taken as the cumulative value of all the following variables:

1. Socio-economic status: Socio-economic status is the relative rank in a hierarchy of prestige beared on social as well as economic aspects. Income, education, housing and land holding etc. are the indicators used to analyze this variable.

2. Level of Participation: The level of participation in group activity is the respondent’s participation in group meetings, savings, loan repayment and other social activities.

3. Accessibility to resources: The accessibility to resources means the resources available to a person and that person is able to get it. This is measured by using the indicators like income, land holding, accessibility to government offices etc…
4. Role in Decision Making: This is measured by finding out the changes in the respondent’s role in decision making in the family, community and within a group.

5. Social Commitment: The change in the social commitment of the respondents is assessed by considering their participation in issues relating to public interest, involvement in movement against women harassment, exploitation, illegal activities etc.

6. Contribution to the family income, self-confidence etc.: Economic independence leads to a thorough change in the attitudes of people. After joining kudumbasree units whether the women are able to earn a living and contribute to the family budget is a matter of concern here.

Empowerment of Women through Kudumbasree Units

The very motto of Kudumbasree is the empowerment of women through micro enterprises. Empowerment is subjective concept and cannot be measured quantitatively. Hence, to analyze how the status of beneficiaries improved after joining the programme, some questions relating to self-esteem, self-confidence and decision making power, such as contribution to family income, changes in income level and socio-economic status, change in self-confidence, change in dependency, change in freedom of movement, social commitment etc. are asked. Answers to these questions were rated in numerical scores- zero to thirty seven. On the basis of the grade points obtained, the beneficiaries are classified as shown in the table below.

<table>
<thead>
<tr>
<th>Grade Points</th>
<th>Empowerment Level</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10</td>
<td>Very Low</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>10 - 20</td>
<td>Low</td>
<td>4</td>
<td>7%</td>
</tr>
<tr>
<td>20 - 30</td>
<td>High</td>
<td>14</td>
<td>26%</td>
</tr>
<tr>
<td>30 - above</td>
<td>Very High</td>
<td>34</td>
<td>62%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>55</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary Data

It is seen from the table that 62% of the respondents exhibited very high level of empowerment with 30 and above grade points, and 26% have shown a high level of empowerment.

Level of Dependency

Before joining the units most of the respondents, almost 93% were depending on others for their day-to-day affairs. Their dependency level has reduced considerably after becoming a unit member. The $\chi^2$ test result (based on Table 3) substantiates this argument.

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
<th>Dependent</th>
<th>Not dependent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent</td>
<td>38</td>
<td>13</td>
<td>51 (93)</td>
<td></td>
</tr>
<tr>
<td>Not dependent</td>
<td>0</td>
<td>4</td>
<td>4 (7)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>38 (69)</td>
<td>17 (31)</td>
<td>55</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

Figures in bracket indicate percentage

$\chi^2$ value = 9.6, DF = 1, Level of significance = 0.05, Table value = 3.841

Since $\chi^2$ value is greater than the table value at 0.05 level of significance for 1 degree of freedom, it can be concluded that the observation is proven right, ie the level of dependency of Kudumbasree unit members have reduced after joining the unit.
Social Commitment and Empowerment

Majority of the respondents have shown very high and high level of social commitment and empowerment. The following table (No.4) shows whether there exists any significant impact of women empowerment on their social commitment.

Table 4. Social Commitment and Empowerment

<table>
<thead>
<tr>
<th>Social Commitment</th>
<th>Very High</th>
<th>High</th>
<th>Low</th>
<th>Very Low</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowerment Very High</td>
<td>15</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>High</td>
<td>0</td>
<td>9</td>
<td>5</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Low</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Very Low</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
<td>28</td>
<td>11</td>
<td>1</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: Primary Data

DF=9, level of significance= 0.05, $\chi^2$ test value=50.729, Table value= 16.919

Since the test value is more than the table value it can be concluded that, as the empowerment of women increases, their social commitment also increases.

Participation in Group Activities and Empowerment

More than 85% of the respondents have exhibited very high and high level of participation leading to a similar empowerment level. The $\chi^2$ value computed from table No. 5 underlines this

Table 5. Level of Participation in Group Activities and Empowerment

<table>
<thead>
<tr>
<th>Level of Participation</th>
<th>Very High</th>
<th>High</th>
<th>Low</th>
<th>Very Low</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowerment level Very High</td>
<td>26</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>High</td>
<td>2</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Low</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Very Low</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>28</td>
<td>15</td>
<td>6</td>
<td>6</td>
<td>55</td>
</tr>
</tbody>
</table>

$\chi^2 = 61.33$, DF = 9, level of significance= 0.05, Table value 16.919.

Since $\chi^2$ value (61.33) is more than the table value (16.919) at 0.05 level of significance for 9 degree of freedom, it can be concluded that, there is significant relation between the level of participation in group activities and their empowerment.

Accessibility to Resources and Empowerment

Out of the 55 respondents, 53% have improvement in their accessibility to resources after joining the unit. 18% have improved well and 25% have maintained the same level. $\chi^2$ test is applied to see if there is any significant association between the level of empowerment of women and their accessibility to the resources.
Table 6. Accessibility to Resources and Empowerment

<table>
<thead>
<tr>
<th>Accessibility to Resources Empowerment Level</th>
<th>Improved Well</th>
<th>Improved</th>
<th>No Change</th>
<th>Became Worse</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>10</td>
<td>23</td>
<td>1</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>High</td>
<td>0</td>
<td>6</td>
<td>8</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Low</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Very Low</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10</td>
<td>29</td>
<td>14</td>
<td>2</td>
<td>55</td>
</tr>
</tbody>
</table>

$\chi^2 = 65.1836$, DF = 9, level of significance = 0.05, Table value =16.919

Since the $\chi^2$ value (65.1836) is higher than the table value (16.919) at 5 percent level of significance and a degree of freedom of 9, it can be concluded that, there is significant association between the level of empowerment of women and their accessibility to the resources.

**Socio Economic Status and Empowerment**

Socio economic status of respondents is assessed by using four variables, viz income, resources, home status and education. The study shows that socio economic status of women has increased after joining the Kudumbasree units (Table No. 7).

Table 7. Improvement in Socio Economic Status of Respondents

<table>
<thead>
<tr>
<th>Improvement Status Socio Economic status</th>
<th>Improved/ Increased</th>
<th>Remain same</th>
<th>Become worse/ decrease</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Respondents</td>
<td>%</td>
<td>No</td>
<td>%</td>
</tr>
<tr>
<td>Income</td>
<td>49</td>
<td>89</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>resources (land, house etc...)</td>
<td>39</td>
<td>71</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>Education</td>
<td>47</td>
<td>85</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Home/Living status</td>
<td>45</td>
<td>82</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Average %</td>
<td>81.75</td>
<td>15.00</td>
<td>3.25</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

It can be observed that 82 % of the respondents shows improvement in all, 15 % has no change and only 3 % has got the condition worse. So it can be inferred that more than 80% of the respondents have improved their socio economic status after joining the unit.

**CONCLUSION**

The study proves that the Kudumbasree units in Areekkode Panchayath of Malappuram district, Kerala State have become instrumental in the process of women empowerment. Majority of the members have opined positive changes in their socio-economic status like income, knowledge, home and living status, accessibility to government offices, accessibility to resources etc. while being a member of Kudumbasree units. Almost all have improved their social commitment and level of participation in various social issues and meetings. Their involvement in household decisions, increase in the freedom of movement, increase in the individual income and the family income, development of entrepreneurial talents, managerial ability and innovative skills, reduction in the dependency level etc. have very well proved to be instances of women empowerment.
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### Table of Contents

**Articles**

- **FINANCIAL KIOSKS & SELF SERVICE BANKING MACHINES IN INDIA: A CRITICAL EVALUATION OF THE PRESENT SCENARIO**  
  Jubair T.  
  1-7

- **CORPORATE SOCIAL MARKETING IN INDIA**  
  Suchitra A.  
  8-15

- **COMPETENCY MAPPING OF PROJECT AND DELIVERY MANAGEMENT**  
  Dr. Ajay Kaushik  
  16-28

- **RETAIL SECTOR IN INDIA**  
  Deepika Datta  
  29-34

- **MIDDLE CLASS CONSUMER AND THEIR IMPACT ON BUSINESS IN INDIA**  
  Deepika Datta  
  35-40

**Case Study**

- **GENESIS AND GROWTH OF INDIGO AIRLINES AS AVIATION LEADER - CHALLENGES AND OPPORTUNITIES FOR INDIAN AVIATION SECTOR - A CASE STUDY ON INDIGO AIRLINES**  
  Dr. A. A. Attarwala, CA Smitesh Bhosale  
  1-8

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ABSTRACT

In traditional banking, the customer needs to visit the home branch of the bank to perform banking transactions. Due to the developments of core banking and the technology enabled banking self services, the customer is able to perform basic banking transactions at self service machines such as Automated Teller Machines (ATM) and Cash Depositing Machines (CDM). Many non banking transactions and value added services are also offered through these machines. Banks charges nominal fee from the customers to avail these services. The present paper tries to make a cost benefit analysis of these services offered by Indian banks from customer’s point of view.

Keywords: Financial Kiosk; Self Service Machine; Automated Teller Machines; Cash Deposit Machine

INTRODUCTION

Indian banking sector has witnessed unprecedented growth and developments due to the influence of financial sector reforms initiated in 1990s. However the studies conducted by the RBI and other organisations revealed that around 40% of the adult people in India are outside the banking system. The Government of India and the Reserve Bank of India have been making concerted attempts to promote financial inclusion as one of the important national objectives of the country. Nationalisation of banks, branch expansion, Co-operative and Regional rural banks, Lead bank scheme, priority sector lending policies, zero balance accounts etc were the main efforts in this regard. Since the establishment of physical branches is too costly for a bank, self service banking offers a convenient and cost effective solution to the issue of unbanked people. In order to increase the bank’s outreach in a cost effective manner, many innovative and technologically enabled banking self services have been introduced by various banks in India. Self service machines such as Automated Teller Machines (ATM) and Cash Depositing Machines (CDM) are the main initiatives which enables the customers to do the basic banking transactions without time constraints. In this situation, it will be interesting to make a cost benefit analysis of these services offered by various banks in India from customer’s point of view.

OBJECTIVES OF THE STUDY

The main objective of the study is to critically evaluate the benefits of self service banking machines in India. It also aims to compare the services and costs associated with the use of these machines established by Indian Banks.
RESEARCH METHODOLOGY

The data collected from the websites of banks, Reserve Bank of India and other institutions were mainly used for the study. Secondary data is also collected from books, journals and research papers. Primary data collected from bank branches is also used to fill the gap in website information. For analysing the various charges and limits on self services, two public sector banks (State bank of India & Canara bank) and two private sector banks (Federal Bank and HDFC Bank) were selected on the basis of purposive sampling.

Self Service Banking

Self-service banking is a system of retail banking whereby the customers perform banking transactions themselves, without the help of bank clerks at physical branches. From banker’s point of view, self service banking increases the bank’s outreach and lowers the cost of serving the customers. Self service banking provides greater customer convenience because the customers are no longer restricted to do their banking operations during the business hours. Self service banking is offered through the following:

1. Self Service Kiosks: Self-service equipments include Automated Teller machines (ATM), Cash Deposit Machines (CDM) Self Service Terminals etc.
2. Online Systems: Online banking, Mobile banking etc are the examples of online based self service systems.

The Self service banking kiosks are being offered by banks in two ways:

- Onsite Kiosks: These are machines installed within bank premises or at the branch lobby. The on-site kiosks provide customers with an alternative channel for conducting banking transactions when visiting the branch of the bank, especially convenient during peak hours with long queue in front of the bank counter. It will be helpful for the teller to spend more time with those customers who need individual attention.
- Offline Kiosks: These are machines installed at various locations other than bank branches. It allows banks to expand their reach and provide anytime, anywhere banking with ease and convenience.

Automated Teller Machines

Automated Teller Machine (ATM) is an electronic machine or outlet that provides cash and other banking services on the insertion of a plastic card with a magnetic strip or micro chip. A Personal Identification Number (PIN) or other bio-metric identification is also required to enable the transaction. While ATM facilitates a variety of banking transactions and other value added services, the main utility has been for cash withdrawal and balance enquiry. ATMs are scattered throughout cities and major places to allow the customers to access their accounts in a convenient way.

ATM Services in India

Automated Teller machines have gained prominence as a self service channel for banking transactions in India. The services offered through ATM in India are different from bank to bank, location to location and from machine to machines. The main services offered through ATM counters in India are:

- Withdrawal of money from the account
- Checking account balance with or without receipt
- A mini statement of the last few transactions
- Deposit money (Some banks provides deposit facility at selected ATMs)
Deposit cheque
Transfer funds between accounts.
Regular Bills payment
Pre-paid Mobile recharge
Order a cheque book or account statement
Payment of Credit cards
Change PIN Number
Cheque Status enquiry
Institutional fee payment.
Request for Net banking password
Registration for Mobile banking etc.

Number of ATMs in India

The first Automated Teller machine in India was unveiled by Hongkong and Shanghai Banking Corporation (HSBC) in 1987. Over the last 27 years, the number of Automated Teller Machines in India has crossed 1.6 lakhs. According to the statistics of bank wise ATM for April 2014 published by the Reserve bank of India, the number of ATMs in India is 1,62,543.

<table>
<thead>
<tr>
<th>Category of Bank</th>
<th>Number of Automated Teller Machines in India (April 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Onsite</td>
</tr>
<tr>
<td>State Bank Group</td>
<td>28,926</td>
</tr>
<tr>
<td>Nationalised Banks</td>
<td>37,444</td>
</tr>
<tr>
<td>Other Public sector Banks (IDBI Ltd)</td>
<td>1,162</td>
</tr>
<tr>
<td>Old Private Sector banks</td>
<td>4,761</td>
</tr>
<tr>
<td>New Private Sector banks</td>
<td>12,546</td>
</tr>
<tr>
<td>Foreign Banks in India</td>
<td>295</td>
</tr>
<tr>
<td>Total</td>
<td>85,134</td>
</tr>
</tbody>
</table>

Source: www.rbi.org.in

From the above table we can infer that the State bank of India and its five associate banks own 31.8% of the total number of ATMs in India and 69.3% of the total number of ATMs is occupied by Indian public sector banks including the State bank group.

Service Charges

Data collected from the websites of almost all banks in India indicates that they do not charge their customers that use their own ATMs for cash withdrawals and balance enquiry. But while using the ATM of a bank other than the home bank, only five transactions per month are allowed at free of cost. However, some banks charges a small amount annually from the customer as transaction charge or annual maintenance fee for using their own ATMs. These charges levied on the customers vary from bank to bank and also vary according to the ATM network that is used for the transaction.
### ATM Charges of Selected Banks

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of Bank</th>
<th>Own Bank ATM</th>
<th>Other Bank ATM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>First 5 transactions in a month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Beyoned 5 transactions in a month (Service Tax extra)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Financial</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Non Financial</td>
</tr>
<tr>
<td>1</td>
<td>State Bank of India</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs.17 (Including ST)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs.6 (Including ST)</td>
</tr>
<tr>
<td>2</td>
<td>Canara Bank</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs.15</td>
</tr>
<tr>
<td>3</td>
<td>Federal Bank</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Free (Rs.20 + ST in Kerala)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Free (Rs.10+ ST in Kerala)</td>
</tr>
<tr>
<td>4</td>
<td>HDFC Bank</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs.8.50</td>
</tr>
</tbody>
</table>

**Note:** Charges may vary for privileged accounts/ Accounts other than SB/International transactions etc

**Source:** Website of respective banks – 1st July 2014

From the above table, it can be understood that the use of own bank ATM is free for all transactions irrespective of financial and non-financial. The other bank’s ATM can also be used by the customer for the first five transactions in a month at free of cost. Transactions beyond five in a month will be charged in between rupees 15-20 for financial transactions and rupees 5-10 for non-financial transactions.

### Maximum Limit of Withdrawal per day

The daily limit of Cash withdrawals is different from bank to bank and may vary according to the type of card.

#### Cash Withdrawal Limit of Selected banks in India (Selected Cards)

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Name of Bank</th>
<th>Daily Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Bank of India</td>
<td>40,000 (Classic Debit cards) Up to 1,00,000 (Higher Value cards)</td>
</tr>
<tr>
<td>2</td>
<td>Canara Bank</td>
<td>25,000 (Classic Debit card) 50,000 (Platinum Debit card)</td>
</tr>
<tr>
<td>3</td>
<td>Federal bank</td>
<td>30,000 (Master card Classic Debit card) 75,000 (Visa Gold Debit card) 1,00,000 (Master card Premium Debit card) 2,00,000 (Visa Platinum Debit card)</td>
</tr>
<tr>
<td>4</td>
<td>HDFC Bank</td>
<td>25,000 (Easy shop Debit card) 50,000 (Easy shop Titanium Debit card) 1,00,000 (Easy shop Platinum Debit card)</td>
</tr>
</tbody>
</table>

**Note:** Withdrawal limit may be higher for higher value cards.

**Source:** Websites of respective banks on 30th June 2014.

From the above table it can be inferred that the banks fix variable daily cash withdrawal limits on the basis of the value of various cards provided. While analysing the website data of banks, it can also be seen that the daily limit of purchase by using these cards are higher than the daily limit of cash withdrawal.

### Cash Deposit Machines

The Cash Deposit Machine (CDM) is a self-service banking terminal that allow the customers to make deposits by cash without any manual intervention. All successful transactions are immediately credited into the account and customers will be issued a slip confirming the transaction. In order to use the CDM, the customer needs to have the debit card of the respective bank or know the specified digit.
account number of the bank. The customer can deposit cash at any time of the day, even on Sundays and holidays. The daily deposit limit may vary from bank to bank. Generally, the deposit of cash for a value more than 49,900 is allowed by the bank only if the PAN number of the customer is recorded with the bank.

Initially, cash deposit facility was offered by many banks in India through its ATM counters. But it was an envelope based manual deposit system. This system was later replaced by automatic machines which have sensors to identify and count the notes. The instant credit of the amount in deposit accounts is also possible through this system.

**Self Service Terminal (SST)**

It is an electronic machine that facilitates a wide range of banking transactions but do not accept deposits and dispense cash. Access to an SST is generally offered through the bank card and a Personal Identification Number. This machine can be used to perform many banking transactions such as obtain account balance, obtain account statements, transfer funds, make third party payments, order cheque books, obtain information on bank charges and exchange rates etc. However, the modern Automated Teller Machines and Cash Deposit Machines are becoming self service banking terminals. Self service banking terminals are easy to use and cost effective than branch transactions.

**Importance of Self-service machines**

Any time banking: Self service machines provide banking services round the clock. Self service banking enables the customer to do banking transactions 24 hours in a day and 7 days in a week.

Easy and convenient to use: Since the self service machines are established inside and outside the bank branches and other public places, it is very convenient for the customer to use. Now a days, these machines are located convenient places such as airports, railway stations, shopping malls, hospitals, major and minor towns etc.

Faster service: Banking transactions at self service machines can be completed within seconds.

Lower cost: Through installing self service machines, the banks need not establish more physical branches and employees to expand its reach. As the machines are available at all towns and other major places, customers can access banking services with minimum cost.

Reduce the work load of bank staff: Self service banking machine reduce the work load of the bank staff and avoids the long queues in front of bank counters.

**Limitations of Self Service Machines**

Security issues: ATM units are not free from security issues such as physical attacks, hacking, skimming and other crimes.

Lack of Customised information: ATM services are offered in standardised form uniformly applicable to all types customers.

Restrictions to use by means of charges, daily limits etc: The banks put some restrictions on the usage of Automated Teller Machines by means of daily withdrawal limit, restrictions on the use of other bank ATMs, Annual maintenance fees etc.

Not available in remote Places: Self service kiosks are generally located at busy areas and the people in remote places cannot access the service in time.

Other problems: The customers may face other problems such as machine failure, lack money availability at all times, software issues etc.

**Latest Trends & Innovations in Financial Kiosks**

Self Service Machines with Bio-metric access: It is impossible to use a self service banking machine if the customer forget to bring the bank card or forget the Personal Identification Number. There are also
chances to create fake cards with the help of skimming machines and to withdraw money. Self Service Machines with Bio-metric access is the solution to the issue. Number of Automated Teller Machines have already installed by many banks in India with Bio-metric access. In future, all self service banking machines in India will be replaced by smart machines with facial or fingerprint recognition.

Floating Kiosks: Floating Kiosk is a self service machine established in a floating vessel. State Bank of India introduced the first floating ATM in India at Kochi, Kerala on 9th February 2004. It was established on a Jankar boat owned by the Kerala Shipping and Inland Navigation Corporation (KSINC) ferrying passengers and vehicles between Kochi and Vypeen islands.

Solar based Machines: These are banking kiosks working with the help of solar power. Now the banks and other financial institutions are more interested to establish Solar based machines especially in rural and mobile branches where there is a shortage of power supply.

Self Service Machines with Teller Head: The future Self service machines may be equipped with a screen showing the head of a bank teller and the customer can utilise the assistant of the teller if he wants to customise the service. The teller or the bank clerk can communicate with the customer from a remote locations connected through a web camera. Some biggest banks in America are now experimenting with this type of high tech self service machines.

CONCLUSION

Self service banking with self service machines has made a paradigm shift in Indian Banking industry. Number of Self service banking kiosks such as ATM, CDM etc has been installed by public sector, private sector and foreign banks in India. Banks and financial institutions are taking advantage of these machines to provide the customers with better service at lower cost. In addition to the basic banking services such as deposit and withdrawal, number of additional transactions and services are being offered through these machines. The services offered through these kiosks are provided either free of cost or at a nominal transaction charge. Even though it is not free from limitations, this industry has witnessed rapid growth in the past decade and is widely accepted among all categories of people in India.

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ABSTRACT
Every organisation has recognised the fact that they cannot exist, ignoring the interest of stakeholders. Earlier corporate was something expected voluntarily from the Companies. The principle behind CSR is very simple that every firm is operating in a social environment and it is its obligation to be responsible to the society where it is operating. A variety of terms are used interchangeably to denote CSR like corporate citizenship, corporate accountability, sustainability, philanthropy. The pattern of corporate social initiatives can be in the form of some contributions for the betterment of education, health care, protecting the environment, safety etc. We can see that the overall trend of CSR is changing. There is increased contribution from corporate and they have started to approach this as a strategy in place of obligation. “ Corporate social marketing is a means whereby a corporation supports the development and/or implementation of a behaviour change campaign intended to improve public health, safety, the environment, or community well-being”. In this process the behaviour change is given stress. Through Corporate social marketing a corporation supports the development and/or implementation of a behaviour change campaign intended to improve public health, safety, the environment, or community well-being. Indian Companies have also realised the potential of socially responsible practices to generate potential profit and goodwill to the company. Some Indian Examples of Corporate Social Marketing are Idea Cellular Limited, Hindustan Uniliver Limited, and ITC Limited etc. The paper deals with the concept of social marketing and how certain Indian Companies practice this concept.

Keywords: Corporate Social Responsibility; Corporate Social Marketing; Behavioural Change

INTRODUCTION
In recent years Corporate Social Responsibility has become a topic of interest in the business field. We being Indians are used to this and it is our legacy. The ancient literature is having proof for its existence among us even in early days. Now it is the talk of the time because the Ministry of Corporate Affairs of Government of India had taken initiatives for making CSR mandatory and the Companies Act of 2013 includes all necessary provisions for making it a necessary practice among Companies. Every organisation has recognised the fact that they cannot exist, ignoring the interest of stakeholders. Earlier CSR was something expected voluntarily from the Companies. The principle behind CSR is very simple that every firm is operating in a social environment and it is its obligation to be responsible to the society where it is operating. A variety of terms are used interchangeably to denote CSR like corporate citizenship, corporate accountability, sustainability, philanthropy.

The World Business Council for Sustainable Development describes CSR as “business’ commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life”
The pattern of corporate social initiatives can be in the form of some contributions for the betterment of education, health care, protecting the environment, safety etc. We can see that the overall trend is changing. There is increased contribution from corporate and they have started to approach this as a strategy in place of obligation. Along with this they are increasingly concentrating on reporting all these activities.

CSR commitments can be fulfilled by undertaking some effort to address social issues in the society they are operating.

"Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility”. There are several types of corporate social initiatives and one of them which have bought a major change in the marketing approach is Corporate Social Marketing. It has become an important marketing agenda of many reputed corporations.

“Corporate social marketing is a means whereby a corporation supports the development and/or implementation of a behaviour change campaign intended to improve public health, safety, the environment, or community well-being.”. In this process the behaviour change is given stress. It is the expected outcome of this social marketing process. Normally a company intending to carry out such a marketing process will have a well-defined marketing planning approach. They will conduct a situation analysis, and identify a target audience to address, then they will set the behaviour change objectives, identification of the barriers and benefits to behaviour change will be done and considering the barriers and benefits a suitable marketing mix will be formulated.

There are different types of corporate social initiative and it is the element of the’ behaviour change’ that make this initiative a different one.

Philip Kotler and Gerald Zaltmen launched social marketing as a discipline more than 25 years ago in a pioneering article in the Journal of Marketing. It is more recently described by Kotler, Roberto, and Lee as “the use of marketing principles and techniques to influence a target audience to voluntarily accept, reject, modify, or abandon a behaviour for the benefit of individuals, groups, or society as a whole”.

BACKGROUND OF THE STUDY

We are very familiar with different types of social marketing initiatives taken by the Governmental bodies stating ‘related to the protection of the interest of the common’ and all. They will be commonly related to issues concerning preservation of natural resources, petroleum, gas, saving electricity, educating children, against aborting girl child etc.

OBJECTIVES OF THE STUDY

The article focuses on different companies in India which practices corporate social marketing. Also the area in which they launch their campaign will also be identified.

REVIEW OF LITERATURE

The societal marketing concept calls up on marketers to build social and ethical considerations into their marketing practices. They must balance and juggle the often conflicting criteria of company profits, customer want satisfaction and public interest.

Corporate Social Marketing

Through Corporate social marketing a corporation supports the development and/or implementation of a behaviour change campaign intended to improve public health, safety, the environment, or community well-being. While engaged in corporate social marketing an organisation may develop and implement a behaviour change campaign for its own. The Corporate social marketing tries to specifically certain issues. According to Philip Kotler and Nancy Lee the following can be the specific issues addressed using corporate social marketing campaign.
Health issues including tobacco use prevention, second hand smoke, breast cancer, prostate cancer, physical activity, fetal alcohol syndrome, teen pregnancy, skin cancer, eating disorders, diabetes, heart disease, HIV/AIDS, and oral health

Injury prevention issues including traffic safety, safe gun storage, drowning prevention, suicide prevention, and emergency preparedness.

Environmental issues including water conservation, electrical conservation, use of pesticides, air pollution, wildlife habitats, and litter prevention.

Community involvement issues such as volunteering, voting, animal rights, organ donation, crime prevention, and blood donation.

The Corporation can think of initiating social marketing when the primary objective is to support the goals and objectives of the organisation and corporate giving and community involvement agendas. Also such an issue should have the potential to bring about a behaviour change. The financial resource to support such initiatives should come primarily from the marketing department and finally the company should be able to incorporate the behaviour change they are intending into the marketing mix of one or more corporate products.

How to Develop a Social Marketing Campaign Plan?

While launching a social marketing campaign selection of the issue is the biggest challenge before the corporations. Very often it will be connected with the core business of the company. The plan of initiating such a social campaign may be introduced by any of the staff who is in contact with consumer and public issues. Another possibility is that the corporation may be approached by any public organisations / non-profit organisations to partner with them in initiating this campaign.

A planned approach is key to the success, the following eight steps and principles are recommended for developing a strategic social plan.

If it is intended to partner with any organisation in implementing the campaign it is the first thing to be identified. According to Kotler, Roberto and Lee the following are the steps involved in developing a social marketing plan.

- Conduct a situation analysis
- Select target audiences
- Set behaviour objectives (the desired behaviour) and behaviour change goals.
- Determine barriers and motivations to behaviour change
- Develop the marketing mix
- Develop a plan for evaluation and monitoring
- Establish budgets and fund funding sources
- Complete an implementation plan

According to Kotler and Nancy lee the following are the potential benefit for a corporation by engaging in social marketing.

- Supporting Brand Positioning
- Creating brand preference
- Building traffic
- Increasing sales
- Improving profitability through reducing costs
Attracting enthusiastic and credible partners.

Having a real impact on social change

**METHODOLOGY OF THE STUDY**

Data will be collected from both primary and secondary sources. The advertisements in magazines, newspaper, TV advertisements will be observed and the news regarding these social campaigns and the official website of different companies will be relayed to obtain the data.

**Corporate Social Marketing in India**

Indian Companies have also realised the potential of socially responsible practices to generate potential profit and goodwill to the company. Some Indian Examples of Corporate Social Marketing are discussed here.

**Idea Cellular Limited**

Idea Cellular, part of the Aditya Birla Group which is India’s first truly global conglomerate, is one of the oldest players in the Indian telecom industry and has played a key role in the development of mobile telephony, particularly in rural India. Being a socially responsible corporation Idea is formulating its policies and strategies incorporating social economic and environmental considerations. This Company is committed to create a positive influence on the environment as well as society. Efficient power management, infrastructure sharing, use of eco-friendly renewable energy sources, leveraging the latest in technology to reach out to a large audience in most energy efficient manner such as video and teleconferencing, smart logistics, etc. are some of the best practices in idea’s network infrastructure and day-to-day business operations, to ensure a clean and green environment.

Idea Cellular had launched its USE MOBILE SAVE PAPER campaign in the year 2010. Speaking about this campaign, Mr. Pradeep Srivastava, Chief Marketing Officer, IDEA Cellular said, "Environment’ as a subject touches all, but gets attention only at strategic forums. The common man gets to contribute little towards the cause, due to lack of direction and ideas. Hence, IDEA Cellular has taken up the responsibility of educating the 500 million in the country. If they start using the mobile phone more judiciously, together we can make a significant contribution of saving paper, and therefore, the green cover necessary for the health of the planet” Along with this the company is going to launch value added services which will keep the customers informed about all the utility services provided by them thereby reducing the usage of paper. Through this campaign the company is attracting the attention of the customers regarding the alarming rate of deforestation happening around us. They through the ads is communicating how the use mobile phone as a efficient tool for managing many of our day to day chores.

**Colgate – Palmolive (India) Limited**

Colgate – Palmolive (India) Limited is the market leader in oral care. They in partnership with Indian Dental Association have launched the 10th Edition of the Oral Health Month 2013. The months selected are October and November. This Oral Health Month is focussing on educating the customers about the importance of oral care. Many celebrities have offered their helping hand for the promotion of Oral Health Campaign. Announcing Oral Health Month, Prabha Parameswaran, Managing Director Colgate-Palmolive (India) Limited, said, “As market leaders in Oral Care, Colgate has always been at the forefront of investing in initiatives that educate consumers on good oral hygiene practices. Oral Health Month is a unique, large scale initiative that reaches out to consumers nationwide. It offers an opportunity to people across the spectrum to avail of free dental check-ups either through free in-clinic visits or via the mobile dental vans that will be travelling to 45 cities covering schools and underprivileged areas as well. In 2013, Colgate aims to reach 5 million consumers. This would not be possible without the unstinting support of our valued partners the Indian Dental Association. ”

Dr. Ashok Dhoble, Hon. Secretary General, Indian Dental Association said, “It is indeed a privilege to partner with Colgate to spread awareness among consumers on the crucial need for maintaining good
oral hygiene. Over the years OHM has become one of India’s largest consumer contact programs in terms of scale and reach. Like all previous years, this year too every member of IDA has volunteered to take this initiative forward in an even bigger way.

This is the 10th year that Colgate and IDA jointly launches the Oral Health Month Campaign and it aims at highlighting the importance of maintaining oral health. The participation of over 30000 IDA affiliated dentists are ensured and this campaign intend to reach 5 million consumers across the country. The campaign will offer free in-clinic dental check-ups along with that mobile dental vans will travel across 45 cities covering under privileged areas and schools. Along with this many such initiatives will be launched to engage the customers.

Oral health Month 2013 is being supported by a fully integrated 360 degree marketing campaign encompassing print, outdoor, digital, mobile, radio, and on-ground activities. This is for ensuring the participation of families to take the Healthy Mouth Pledge

**ITC Limited**

Another important participant in the CSR initiatives from India is the Indian Tobacco Limited. ITC Limited or ITC is an Indian conglomerate headquartered in Kolkata, West Bengal. Its diversified business includes five segments: Fast Moving Consumer Goods, Hotels, Paperboards, Paper & Packaging and Agri Business. Through its diversified business categories ITC is initiating its CSR activities.

**ITC Hotels**

Launched in 1975, ITC Hotels, India’s premier chain of luxury hotels, has become synonymous with Indian hospitality. ITC Hotels pioneered the concept of ‘Responsible Luxury’ in the hospitality industry drawing on the strengths of the ITC groups exemplary sustainability practices. Responsible Luxury personifies an ethos that integrates world-class green practices with contemporary design elements to deliver the best of luxury in the greenest possible manner.

The Responsible Luxury commitment of ITC Hotels blends elements of nature to deliver a unique value proposition to guests, conscious of their responsibility to be planet positive. Today, these unique interventions have made ITC Hotels the greenest luxury hotel chain in the world with all its ten premium luxury hotels LEED (Leadership in Energy and Environmental Design) Platinum certified.

ITC Hotels are actively committed in the protection of the environment. WelcomEnviron is their vision for a green world. It is a multi-faceted programme for the propagation of environmental causes in the cities where ITC hotels are located. The guiding principle behind this is reduce, reuse and recycle. For this campaign each hotel has formulated its own programme and it ensures local participation and create awareness among employees. Also many energy saving gadgets and environment friendly material are used for ensuring internal conservation. The guests of the hotel are also made a part of the campaign. The message of ‘Give back as much you take from the environment’ is practiced as a part of the campaign.

**ITC’s WOW campaign:** ITC’s Paperboards and Speciality paper division, initiated a recycling programme – WOW or ‘Wealth Out of Waste’ - This campaign aims at inculcating the habit of recycling among school children, housewives, corporate employees and the general public as well as industries and business enterprises and reduce at least 15-25% of the garbage load through source segregation. Over 3 million citizens, 500,000 school children, 350 corporate, 1000 commercial establishments and about 200 industries support WOW. This campaign was successfully implemented in selected locations in South India and now they plan to extend it to other parts of the countries. As a responsible corporate entity, committed to positive environmental action,

**Sun feast Haro Banao Campaign:** Sun feast is an environment friendly brand of ITC limited which identified children as the ambassadors to advocate the cause of environmental issues and become the drivers for environmental advocacy. Sun feast aims to tap into the potential that school children
embody to convert them into agents for change. Sun feast through its extensive reach in this target
group is in a position to optimize the association to reap profits that are beneficial to the society at
large.

'An awareness programme on Climate Change, the Sunfeast Hara Banao campaign reaches out to
550 schools in 10 cities. Through teacher training workshops and a host of teaching aids such as a
film, posters, fact sheets and interesting project ideas, awareness on the issue is being created among
students between Std III - VIII in each of the project schools. Schools are encouraged to take up
projects and many inter-school competitions will be conducted through the course of the project.'

**ITC’s Education & Stationery Products Business:** ITC’s education & stationery products business
is rolling out its new 'Because you are one of a kind' campaign. This campaign targets school children
as well as parents and teachers, encourages children to nurture & celebrate their uniqueness towards
becoming successful to their own interests, talents and strengths.

Mr. CS Das, CEO, ESPB, ITC Limited says, "As a brand, Classmate believes in nurturing individual
strengths of each child and helping in their holistic development. The new campaign encourages
children to identify their inherent skills and interests and follow their heart's own calling. What's more,
the campaign also speaks to parents and teachers and asks them to recognize, support & nurture every
child's individual interests and inclinations. At the end, Classmate promises to support a child's dreams
with equally unique & capable set of stationery products like notebooks, writing, drawing, art and
math instruments. Classmate wants to become the one stop stationery brand for all of a child's
stationery product needs."

Classmate's 'Because you are one of a kind' campaign features shows the children pursuing their
talents in various curricular and extra-curricular scenarios. Also the ads portraits how the brand
recognizes the individuality & uniqueness of every child, encouraging them to be the first one in their
field of choice.

**Swasthya Chetna Campaign**

The Swasthya Chetna Campaign launched by Lifebuoy was the first single largest rural health and
hygiene program. Lifebuoy plan to make repeat contact in nearly 15000 Villages in 8 states across
Rural India. The Campaign aims to educate children and the community about the need for basic
hygiene practices and threat from unseen germs. Lifebuoy had already conducted pilot studies in
Madhya Pradesh, Chhattisgarh, Uttar Pradesh, West Bengal, Orissa and Bihar. This Campaign make
the people aware about the need to maintain healthy habits like washing hands

The Lifebuoy Swasthya Chetna campaign has been divided into various phases. In the initial phase the
Health Development Facilitator (HDF) and his assistant will initiate contact and interact with students
and the influencers of the community like the Sarpanch, medical practitioners, Panchayath members,
etc. A number of tools like a pictorial story in a flip chart format, the Glo-germ demonstration and a
quiz with attractive prizes to reinforce the message will be used to make the module interactive and
gain involvement from school children.

**Glo-Germ demonstration**

The Glo-Germ demonstration is a unique tool to make unseen germs visible and emphasize the need to
use soap to wash hands and kill germs. Through this interaction children will be sensitized about
germs, their harmful effects on health and simple methods to observe personal hygiene.

This interaction will then be replicated with the rest of the community and the key messages on
hygiene and health will be reinforced through subsequent contacts, thus preparing the community to
sustain and internalize the messages. In subsequent interactions the village children with the help of
the Health Development Facilitator (HDF) will expose parents to the health and hygiene
communication. The purpose is to present the activity as the villagers’ self-initiative, wherein the
Lifebuoy Swasthya Chetna HDF will be a facilitator and an influential personality from the village the chief guest. This will bring about an ownership of the program from the village community.

**Surf Excel ‘Dirt is good’ Campaign:** Detergent is a category where dirt and stains have always been portrayed as bad. The category has always harped on functional benefits, however, Surf Excel has been taking a different route by seeking to occupy the emotional space amongst consumers by playing on the paradox of dirt being good by showing children doing good deeds and getting dirty in the process for the last eight years.

**The Dirt is Good Campaign:** The ‘Dirt is Good’ campaign began with the famous puddle war commercial, where a brother is shown taking revenge on a mud pool for spoiling his little sisters clothes. The ‘Dirt is Good’ communication continued with a series are stories of children getting dirty while doing something good … and hence dirt is good… and moms can leave it to Surf Excel to deal with the dirt.

This commercial helped the brand build high salience amongst the target audience and was followed up by equally interesting executions over the years. The consistency and distinctiveness of the campaign has led to building differentiation for Surf Excel that has resulted in strong growth for the brand.

**Promoting Values:** Surf Excel’s latest campaign is a continuation of the same philosophy and brings the value of righteousness - the need to have the courage to stand up for what is right. The latest commercial shows a young kid standing up to the bullying kids by a mix of courage and quick thinking that ends up saving the day.

**Connecting with the target audience:** Surf Excel is loved by consumers in India and has a distinctive positioning in the minds of consumers driven by the ‘Dirt is good’ advertising. The brands emotional position has helped Surf Excel to differentiate itself from the other brands. It has also helped us build a deep emotional connect with our target audience i.e. mothers.

Corporate Social Marketing can be identified as an important way of initiating CSR as this will have reach to a large number of audiences. This will support brand positioning and in turn will increase the demand for the product also. Nowadays the public is becoming more and more aware about the need to conserve our environment; they are more and more health conscious. So Corporate Social Marketing serves as an important tool to reach large populations and to have an impact on social and environmental change.

**CONCLUSION**

Corporate Social Marketing can be identified as an important way of initiating CSR as this will have reach to a large number of audience. This will support brand positioning and in turn will increase the demand for the product also. Nowadays the public is becoming more and more aware about the need to conserve our environment, they are more and more health conscious. Today’s society focus on sustainability. The Indian Companies discussed in this paper are in some way are able to reach the public some good messages or behavioural change and it also help in promoting their products. So Corporate Social Marketing serve as an important tool to reach large populations and to have an impact on social and environmental change.

**REFERENCES**

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5. www.itcportal.com
7. www.hul.co.in/.../Surf-Excel-builds-an-emotional-connect-through-Dirt-
ABSTRACT

Competency Mapping is an important and an essential exercise for the sustenance and development of the organization. Every firm should have well defined roles and list of competencies required to perform each role effectively. Such list should be used for recruitment, placements and training needs identification, performance management, and promotions. In performing or carrying out work, it is essential that the required job skills sets first be articulated. This information not only helps to identify individuals who have the matching skills for doing the work but also the skills that will enhance the successful performance of the work. Yet often to perform well, it is not enough just to have these skills. It is also critical to complement the skills with the necessary knowledge and attitudes.

The intent of this project report is to understand the concept of competency mapping and its impact on HR practices, in particular and the organization as a whole in general.

Keywords: Competency Mapping; Skills; Knowledge; Job Element

INTRODUCTION

Definition of Competency

HAYES (1979)

“Competencies are generic knowledge motive, trait, social role or a skill of a person linked to superior performance on the job.”

Richard Boyatzis (1982) –

“A capacity that exists in a person that leads to behavior that meets the job demands within parameters of organizational environment, and that, in turn brings about desired results”

Spencer & Spencer (1993) defines competency as,

“An underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation.”

Underlying Characteristic: Means the competency is fairly deep & enduring part of a person’s personality and can predict behavior in a wide variety of situations and job tasks.

Causally related means, A competency causes or predicts behavior & performance.

Criterion-referenced: Means that the competency actually predicts who does something well or poorly, as measured on a specific criterion or standard. Examples of criteria are the rupee volume of sales for salespeople or number of clients who stay “dry” for Alcohol-abuse Counselors.
OBJECTIVES

1. To design a Competency Map for few middle level roles.
2. To progress towards a Competency based performance appraisal
3. To support building an inventory of competencies for future planning.

SCOPE OF THE PROJECT

Design a Competency Map for one Managerial Role for the Project & Delivery Management job tracks support function

METHODOLOGY

As per project guidelines;

Identification of a minimum of 3 positions, classify the roles/Jobs.
Write the Job description for each identified role/positions.

- For each role/positions., present the Job Element Analysis and write a complete job element analysis table, pinpoint the critical skills, knowledge and traits required.
- For each role/positions., list the competencies as selected from the JEA table / quancom or company values.
- BARS table for each competency analysed, for each of the roles.

Brief overview of findings

- Clarity in terms of level of performance expected from the considered roles.
- Supports employee learning and development by listing competencies that help focus deliberations on training performance, learning needs and career plans.

Importance

The reading and sample exercise on Competency Mapping helps the scholar to realize how a competency based culture may benefit the organization;

Improves internal communication

- More professionalism in the organization and better role to individual fitment.
- More focused development of individuals by identifying and building their competencies.
- Helps uplift competencies of critical groups of managers by providing them insights into their competencies and developmental opportunities.
- Create a competency based culture in the organization.
- Assessment gets extended to Individuals, Teams and Organization and leads to continuous development of the organization.
- Focuses attention of people on Job-specific behaviour’s and competencies.

To make faster, more confident decisions about:

- Bid pipeline management
- Customer & product profitability
- Market pricing
- Other high-impact choices
What is Competency?

Thus, the above definitions shows, Competencies are a combination of Knowledge, skills and attitudes required to do a job successfully.

- Competencies refer to skills and knowledge that leads to superior performance.
- Competencies provide a framework for distinguishing between poor performances to exceptional performance.
- Competencies can apply at organizational, individual, team, occupational and functional levels.
- Once the job requirements have been clarified, then competency interviewing helps interviewers look for evidence of those requirements in each candidate. For people already in jobs, competencies provide a way to help identify opportunities for growth within their jobs.
- Competencies are not “fixed” they can usually be developed with effort and support. Employees and their managers together can identify which competencies would be most helpful to work on to improve the employee’s effectiveness
- Competencies are not a tool to be used for evaluating people for layoffs.
- Competencies are not “fixed” they can usually be developed with effort and support.
- Criterion reference as mention in Spencer & Spencer’s definition is very critical to the concept of competence.

A characteristic is not a competency unless it predicts something meaningful in the real world.

As the famous psychologist William James said, the first rule for a scientist should be that-

“A difference that makes no difference is no difference”. Similarly, a characteristic or credential that makes no difference in performance is not a competency and should not be used to evaluate people.

The criteria most frequently used in competency studies are:

Superior Performance: Statistically defined as one standard deviation above average performance, it is roughly the level achieved by the top 1 person out of 10 in a given working situation.

Effective Performance: This usually means “minimally acceptable” level of work, the lower cut-off point below which an employee would not be considered competent to do the job.

Types of competencies

Core Competencies:

1. Internal capability that is critical to the success of the business.
2. Core competencies define what an organization values most in its people.
3. e.g., an organization might want its people to possess Teamwork, flexibility and communication skills.
4. Organizational competencies that all individuals are expected to possess.
5. Core competencies are not seen as being fixed, they must change in response to changes in the company’s environment.
6. They are flexible & evolve over time, as a business adapts to new circumstances & opportunities, so its core competencies will have to adapt & change.
Professional / Functional Competencies:

1. These competencies are grouped for each job within the organization. e.g., Competencies for H.R. Manager or Competencies for an Operations Manager.
2. The goal is to optimize performance by having the technical skills to perform a job.

Threshold Competencies:
The characteristics required by a job holder to perform a job effectively are called threshold competencies. It represents the essential characteristics, that everyone in a job needs to be at least minimally effective –
e.g., ability to read, but that does not distinguish between a superior performer & an average performer. E.g., Threshold competency for a sales person is knowledge of the product or ability to fill invoices.

Behavioural Competencies:
Refer to competencies required in terms of behaviour for a particular role.
e.g., Building & Maintaining relationships is an important behavioural competency for an IT Manager as the job requires developing constructive, cooperative working relationships with people at all levels.

Differentiating Competencies:
These competencies distinguish a superior performer from an average performer.
E.g., Achievement orientation expressed in a person’s setting goals higher than those required by the organization, is a competency that differentiates a superior sales performer from the other average sales persons in the organization.

Uses of Competency Mapping

- Using competency mapping allows companies to ‘raise the bar’ of performance expectations
- Teams and individuals align their behaviours with key organizational strategy
- Each employee understands how to achieve stated expectations
Competency based recruitment
- Competency based recruitment processes reduce the chances of a costly hiring mistake
- Increase the likelihood of identifying and selecting the right person for the right job

Competency based Training
- Opportunity to identify/develop specific training programmers
- Focused Training enabling improvement in specific technical and managerial competencies
- Better ROI on training

Competency based Performance Appraisal
- Establishment of clear high performance standards
- Collection and proper analysis of factual data against the set standards.
- Conduct of objective feedback meetings
- Direction with regard to specific areas of improvement

Competency based Pay
Provide an incentive for employees to grow and enhance their capabilities

Competency based Career Planning & Development
- Enhances the understanding of ‘development’ and the individual gets the necessary tools to take responsibility for their own ‘development’
- Give the managers a tool to empower them to develop people.

Competency based succession planning
- Helps assess employees readiness or potential to take on new challenges
- Determining the person’s job fit can be based on matching the competency profile of an individual to the set of competencies required for excellence within a certain position.
- Individuals would also know the competencies required for a particular position and therefore would have an opportunity to decide if they have the potential to pursue that position.

Measurement of competencies
- Competencies can be measured using a Behavioural-Anchored Rating Scales (BARS).
- In this system, all competencies are defined from levels in a competency framework.
- Each definition typically expresses the behaviour expected of the associates if he were to be rated at that level.
- The content of the BAR-scale is developed from a job analysis and is based on responses to critical job incidents or situations.
- The scale used is usually a 3-Point, 4-Point or 5-Point scale but could also be narrative if appropriate.

Experiment on developing a competency mapping prototype comprises of the following:
- Using already identified job description and studying them.
- Accordingly identify competencies for above mentioned roles.
Meeting various managers & function heads to gather further inputs on the role of a HR Manager, Solutions Delivery Manager & Solution Architect within XYZ Technologies.

Described each competency in detail and stating the definitions of a competency as per pre-existing Competency Dictionaries available online – Hay McBer, British Council Competency and UNIDO Dictionaries.

For the sample role in different “job tracks” I have indicated levels of specific effective & operative behaviours for each competency of the managerial band I have considered for the CPCD project report. The levels range from 1 “Lowest” to 4 “Highest”.

**Competency Mapping**

**Project & Delivery Management / Solution Delivery Manager**

Discuss the functional & behavioural competencies for a role within the Project & Delivery Management Track

**Job Description**

- This position is a part of the Professional Services Organization group.

- Solution Delivery Manager tracks, monitors and manages Solution Development and Implementation cycle.

**Key Duties and Responsibilities**

1. Oversees the technical staff, manages their objectives and responsible for the performance of the team.
2. Independently handles project proposal, estimation, planning and execution.
4. Establishes and maintains relationships with customers, quality control, and product development and solution development & implementation teams.
5. Establishes priorities, works independently, and proceeds with objectives without supervision.
6. Researches, reports and corrects any quality assurance issues.
7. Familiar with a variety of the field's concepts, practices, and procedures.
8. Supports new proposal efforts in scoping, estimation, project planning and SOW creation.
9. Has people responsibilities – performance appraisals, productivity improvement, punctuality and discipline, talent retention, career planning & development
10. High customer interaction on day to day basis. Meet the customer and get the initial requirements. Manages the entire middle level customer base. Need to keep good relationship with this base to bring in more business, Single point contact for the client for the entire project.
11. Project Accounting – Tracks/reports team hours and expenses, manages project budget, ensures timely & accurate invoicing, and monitors receivables for project. Analyses project profitability, revenue, margins, bill rates and utilization.
12. Responsible for meeting SLA’s and achieving customer satisfaction goals.
13. Performs other related duties as required.
## Job Elements Identification – Solution Delivery Manager

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Job Element</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Planning</td>
<td>Estimate the Scope of the Project, Establish Estimates of Work Product and Task Attributes, Define Project Lifecycle Phases, Estimate Effort and Cost, Establish the Budget and Schedule, Identify Project Risks, Plan Data Management, Plan the Project's Resources, Plan Needed Knowledge and Skills, Plan Stakeholder Involvement, Establish the Project Plan, Review Plans that Affect the Project, Reconcile Work and Resource Levels, Obtain Plan Commitment</td>
</tr>
<tr>
<td>2</td>
<td>Project Monitoring</td>
<td>Monitor Project Planning Parameters, Monitor Commitments, Monitor Project Risks, Monitor Data Management, Monitor Stakeholder Involvement, Conduct Progress Reviews, Conduct Milestone Reviews</td>
</tr>
<tr>
<td>3</td>
<td>Project Control</td>
<td>Analyze Issues, Take Corrective Action, Manage Corrective Actions</td>
</tr>
</tbody>
</table>

## Job Element Analysis – Solutions Delivery Manager

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Job Element</th>
<th>Knowledge &amp; Skills</th>
<th>Threshold Competency</th>
<th>Differentiating Competency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Planning</td>
<td>K Development of simple project plans including work breakdown structure.</td>
<td>Can oversee and manage Large, highly complex, diverse or strategic projects that impact the organization as a whole.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S Customer Service Orientation – discovers and meets underlying needs.</td>
<td>Analytical Skills – anticipating and planning for obstacles or seeing the implications or consequences of situations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>K Knowledge of Gantt charts</td>
<td>Identifying project slacks and critical parts in a Gantt chart.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S Contacts many different sources</td>
<td>Getting commitments to project plan from various stakeholders.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Project Monitoring</td>
<td>K Identifying project risks</td>
<td>Analysing risks and providing mitigation plans.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S Anticipating obstacles</td>
<td>Breaks problem apart systematically and makes logical conclusions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>K Generating project metrics</td>
<td>Analysing project metrics</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S Questions obvious</td>
<td>Challenges assumptions</td>
<td></td>
</tr>
</tbody>
</table>
mistakes and asks for clarification of unclear issues. and their underlying logic

<table>
<thead>
<tr>
<th>3</th>
<th>Project Control</th>
<th>K</th>
<th>Rework project schedule</th>
<th>Rework project schedule so as to avoid project slippages.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>S</td>
<td>Produces a workable solution that meets the immediate demands of the situation</td>
<td>Produces a range of workable strategies aimed at solving numerous, possibly related issues; considers the practical concerns regarding the implementation of a range of possible solutions.</td>
</tr>
</tbody>
</table>

|     |                 | K | Prepare impact analysis | Identification of root cause through impact analysis |
|     |                 | S | Recognizes that the solution to one issue may have an impact later on in a process. | Uses systems thinking to investigate the complex relationships between seemingly unrelated issues; Steps away from solving the immediate problem to place it into a wider context; Considers the whole system, not just one issue or a localized cluster of issues. |

**Behaviourally Anchored Rating Scale – Solution Delivery Manager Functional & Behavioural Competencies**

1. Conceptual Thinking
2. Planning Delivery
3. Customer Service Orientation
4. Holding People Accountable
5. Impact & Influence
6. Delegation

**Conceptual Thinking**

The ability to identify patterns or connections between situations that are not obviously related, and to identify key or underlying issues in complex situations. It includes using creative, conceptual or inductive reasoning.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses Basic Rules &amp; Sees Patterns</td>
<td>Applies Complex Concepts</td>
<td>Clarifies Complex Situations or Data</td>
<td>Creates New Concepts</td>
</tr>
<tr>
<td>Uses simple rules, common sense, and past experiences to identify problems. Recognizes when a current situation is exactly the same as a past situation.</td>
<td>Uses knowledge of theory or of different past trends or situations to look at current situations.</td>
<td>Makes complex ideas or situations clear, simple, and/or understandable.</td>
<td>Creates new concepts that are not obvious to others and not learned from previous education or experience to explain situations or resolve problems.</td>
</tr>
</tbody>
</table>
When looking at information, sees patterns, trends, or missing pieces. Applies and modifies complex learned concepts or methods appropriately; e.g., statistical process control, TQM demographic analysis, managerial styles, organizational climate etc. This is evidence of more sophisticated pattern recognition. Assembles ideas, issues, and observations into a clear and useful explanation. Restates existing observations or knowledge in a simpler manner. Putting together information from different areas.

Planning Delivery
 Defines tasks, milestones, establishes clear priorities and schedules activities to achieve objectives, while ensuring the optimal use of resources to meet those objectives. Constantly monitors performance against objectives.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Can do the job</strong></td>
<td><strong>Employee Plays by the rules</strong></td>
<td><strong>Employee Adapts Own Approach</strong></td>
<td><strong>Employee Adapts well to Organizational Strategy</strong></td>
</tr>
<tr>
<td>Identifies information required for the project and streamlines appropriate resources for allocation utilization</td>
<td>Most of the time meets deadlines.</td>
<td>Makes realistic estimates of the effort, resources &amp; time to complete Activities.</td>
<td>Defines tasks, milestones, establishes clear priorities and schedules activities to achieve objectives, while ensuring the optimal use of resources to meet those objectives.</td>
</tr>
<tr>
<td>Uses new planning tools and techniques accurately</td>
<td>Plan &amp; prioritize the work as per the deadline &amp; requirement.</td>
<td>Works efficiently &amp; effectively.</td>
<td>Constantly monitors Performance against objectives.</td>
</tr>
<tr>
<td>Effectively uses the resources &amp; keep members informed about the schedules</td>
<td>Keeps everyone focused on completing tasks by the due date.</td>
<td>Expert in time management &amp; finishes work ahead of schedule &amp; spares time &amp; resources for other activities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sets challenging, tangible goals, allows freedom but ensures accountability.</td>
</tr>
</tbody>
</table>

Customer Service Orientation
 Customer Service Orientation is the willingness and ability to give priority to customers, delivering high quality services which meet their needs.
<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Delivers a service</strong></td>
<td><strong>Employee Adds Value</strong></td>
<td><strong>Employee Addresses Underlying Needs</strong></td>
<td><strong>Employee Serves Long-Term Interests</strong></td>
</tr>
<tr>
<td>Keeps customers up to date and informed.</td>
<td>Thinks about the customer when undertaking day-to-day work.</td>
<td>Takes time to question and understand the real, underlying needs of customers, beyond those initially expressed.</td>
<td>Always works closely with customers, developing an independent view of their needs and acting in their long-term interest.</td>
</tr>
<tr>
<td>Acts promptly to ensure customer problems are resolved.</td>
<td>Questions &quot;how is this adding value for the customer?&quot;</td>
<td>Focuses resource without bias on priority areas and/or key customer groups.</td>
<td>Moves customer thinking forward, helping them understand issues beyond their day-to-day work.</td>
</tr>
<tr>
<td>Makes him- or herself available to the customer.</td>
<td>Makes decisions with the customer in mind.</td>
<td>Does not make assumptions about customer needs, but asks lots of questions to clarify them</td>
<td>Requests feedback from customers to ensure satisfaction, and shares the results.</td>
</tr>
<tr>
<td>Understands that each customer is different.</td>
<td>Takes pride in delivering a high quality product or service.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivers what is expected, not what they think the customer wants or needs.</td>
<td>Investigates service delivery and provides solutions to problems.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Holding People Accountable

Holding People Accountable involves the ability to be totally clear with others about what has to be achieved, to what standard, by when, within what budget, and then make clear their accountability for delivery.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Provides Direction</strong></td>
<td><strong>Employee Demands High Standards</strong></td>
<td><strong>Employee Holds People Accountable for Performance</strong></td>
<td><strong>Employee Addresses Longer Term Issues</strong></td>
</tr>
<tr>
<td>Gives clear instructions and lets people know what is expected of them.</td>
<td>Demands high performance or results from others by setting example.</td>
<td>Holds people accountable for their actions and performance.</td>
<td>Addresses longer term performance problems, removing poor performers from positions when necessary.</td>
</tr>
<tr>
<td>Accepts accountability for own actions and performance Sets limits for others’ behavior.</td>
<td>Monitors performance against clear standards or deadlines, providing appropriate feedback when required.</td>
<td>Challenges individuals openly and constructively about performance problems, adapting a firm but fair stance.</td>
<td>Clearly states consequences, e.g. ‘if you don’t achieve this goal, this is what will happen’</td>
</tr>
<tr>
<td>Does not bully or harass and does</td>
<td>Helps individuals to start again when</td>
<td>Allows others to take credit when deserved.</td>
<td>Provides guidance and support as well as</td>
</tr>
</tbody>
</table>
Impact and Influence

Imply an intention to persuade, convince, influence, or impress others, in order to get them to go along with or to support the speaker’s agenda. It is based on the desire to have a specific impact or effect on others where the person has his or her own agenda, a specific type of impression to make, or a course of action that he or she wants the others to adopt.

<table>
<thead>
<tr>
<th>Level 1</th>
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<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Takes an action to persuade</td>
<td>Employee Calculates the Impact of One’s Actions or Words</td>
<td>Employee Uses Indirect Influence</td>
<td></td>
</tr>
</tbody>
</table>

Delegation

Utilizes direct reports effectively by allocating decision-making and other responsibilities to the appropriate person to others to maximize the organization and individuals’ effectiveness.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives clear commands</td>
<td>Monitors assigned work</td>
<td>Encourages self-regulating work style</td>
<td>Addresses long-term work related anxieties</td>
</tr>
<tr>
<td>Gives clear instructions &amp; lets people know what is expected of them.</td>
<td>Assigned accountabilities are indicative of clear end results, not simply tasks to complete.</td>
<td>Encourages others to set own deadlines within time constraints of assignment and holds them accountable for meeting the deadline.</td>
<td>Asks employee for his/her plan to address issue to be delegated, allowing person to create and &quot;own&quot; the solution.</td>
</tr>
<tr>
<td>Accepts accountability for own actions &amp; performance.</td>
<td>Individualizes delegation to meet the needs and abilities of the individual.</td>
<td>Manages risks by making contingency plans with employee.</td>
<td>Provides the necessary guidance and resources when assigning work.</td>
</tr>
<tr>
<td>Sets limit for other’s</td>
<td>Demands high</td>
<td>Clearly communicates</td>
<td>Allows others to</td>
</tr>
</tbody>
</table>
SUMMARY

The intent of my project report is to touch the concept of competency mapping and its impact on HR practices and the organization as a whole. I have consequently understood that Competency Mapping can be used for great benefit in exploring where knowledge resides and how it is shared within an organization.

If chosen for implementation competency model can serve as an integrative frame-work for the organization’s entire HR system. It can help align the HR system vertically with the organization’s strategic objectives, or horizontally with other HR functions, to ensure harmony and consistency across the many facets of HR activities that impact human performance.

In today’s management world and especially in the Corporate realm, the term competency mapping has gained tremendous importance and popularity – and rightly so. Organizations are contending globally and they wanted to create a competitive edge over the other. Companies are investing tremendous amount of time and money to have competent employees or develop ordinary employees to extra-ordinary employees by developing distinguishable competencies. Service Delivery Managers and HR professional have realized the importance of competency mapping and they believe that, the future belongs to competent people and competency based organizations.

CONCLUSION

Competency Mapping is an important and an essential exercise for the sustenance and development of the organization. Every firm should have well defined roles and list of competencies required to perform each role effectively. Such list should be used for recruitment, placements and training needs identification, performance management, and promotions. In performing or carrying out work, it is essential that the required job skills sets first be articulated. This information not only helps to identify individuals who have the matching skills for doing the work but also the skills that will enhance the successful performance of the work. Yet often to perform well, it is not enough just to have these skills. It is also critical to complement the skills with the necessary knowledge and attitudes.

In today’s management world and especially in the Corporate realm, the term competency mapping has gained tremendous importance and popularity – and rightly so. Organizations are contending globally and they wanted to create a competitive edge over the other. Companies are investing tremendous amount of time and money to have competent employees or develop ordinary employees to extra-ordinary employees by developing distinguishable competencies. Service Delivery Managers and HR professional have realized the importance of competency mapping and they believe that, the future belongs to competent people and competency based organizations.

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ABSTRACT

Indian economy is a developing economy which develops at a very fast pace. Globally India is the fifth largest retail destination. The Indian retail industry has experienced tremendous growth over the last decade. It contributes about 14-15% of GDP. In ancient India there was weekly shops called HAAT. Where large no. of buyers and sellers meet for bartering. It takes a pretty long time to shape the modern retail sector. The recent years have witnessed the rapid transformation in Indian retail sector. This can be contemplated due to changing attitude of consumers and overwhelming acceptance to modern retail sector A vast majority of India's young population favours branded garments. With the influence of visual media and technology urban areas trends have spreads across the rural market. Till 2011 Indian central government does not allowed Foreign Direct Investment (FDI) in multi-brand Indian retail, convenience stores or any retail outlets, forbidding foreign groups from any ownership in supermarkets. To overcome the challenges specialised retail schools in the form of supporting infrastructure is developing in India. One such initiative has been taken by TKWs group. Its group has already providing training over a thousand students and retail professionals for different retail skills. In budget 2014 government has taken some precious steps for its betterment like There is positive impact on FMCG sector due to increase in discretionary income because deduction under section 80C has been enhanced, Imports in telecom sector will be reduced due to levy of 10% custom duty which will make imports dearer and this will be beneficial for the local retailers. On aerated drinks 5% excise duty will be levied due to which their demand will be reduced etc.

Keywords: Organised Sector; Unorganised Sector; Indian Retailers

INTRODUCTION

Indian economy is a developing economy which develops at a very fast pace. During past few decades Indian economy shows its glory to the whole world. Indian economy consists of different sectors and Retail sector has its own importance among them. It contributes about 14-15% of GDP. The Indian retail market, currently estimated at around US$ 490 billion, is project to grow at a compound annual growth rate (CAGR) of 6 per cent to reach US$ 865 billion by 2023. With 60 per cent share followed by the apparel and mobile segment food and grocery is the largest category within the retail sector.

*(1)*The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000 – March 2014 stood at US$ 106.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP).

OBJECTIVE

To study the organised and unorganised sectors of retail in India. Impact of its growth on Indian economy and which includes both positive as well as its negative impacts. Challenges and different issues related to it in India.
METHODOLOGY

This research is based on secondary data, while doing the findings proper care is given to the objective of the research, relevancy and time period of data collection is also kept in mind. Data used in this research is appropriate according to the need of the topic.

Review of Literature

Globally India is the fifth largest retail destination. The Indian retail industry has experienced tremendous growth over the last decade. It shift towards organised retailing format and development in Tier II and Tier III cities along with major cities and metros from unorganised sector. The overall retail market in India is likely to reach Rs 47 trillion (US$ 792.84 billion) by FY2017.*(1)

Great demand for real estate is being created as India’s retail industry aggressively expands itself. With the online medium of retail, domestic and international both sectors grows tremendously. Factors which will drive retail consumption in India are:

- Favourable demographics,
- Increasing urbanisation,
- Nuclear families
- Rising affluence amid consumers
- Growing preference for branded products
- Higher aspirations etc.

Both organised and unorganised retail are bound not only to coexist but also achieve rapid and sustained growth in the coming years.

Indian retail market can be divided into two sections called organised and unorganised.

Organized retailing In India refers to licensed retailers, which includes those who are registered for sales tax, income tax, etc. This sector mainly include supermarkets, hypermarkets and retail chains, and also the privately owned large retail businesses

Unorganized retailing In India, means low cost retailing pattern followed retailers, which basically includes the local corner shops, general stores, pan/beedi shops, local vegetable and fruit vendors, small road side shops, thela walas, convenience stores, hand cart and pavement vendors, etc.

Unorganised retail sector in India India is the only country having the highest shop density in the world. India started its Retail journey since ancient time. In ancient India there was weekly shops called HAAT. Where large no. of buyers and sellers meet for bartering. It takes a pretty long time to shape the modern retail sector.

Organised sector in India The recent years have witnessed the rapid transformation in Indian retail sector. This can be contemplated due to changing attitude of consumers and overwhelming acceptance to modern retail sector. A vast majority of India’s young population favours branded garments. With the influence of visual media and technology urban areas trends have spreads across the rural market.

Challenges No doubt in India retail sector shows a drastic change but still it faces some challenges which are:

- Global economic slowdown
- High real-estate costs
- Lack of basic infrastructure
- Supply-chain inefficiencies
Competition from the unorganised sector
Retail sector has no recognition as an industry
Challenges with respect to human resources
Margin Pressure

Till 2011 Indian central government does not allowed Foreign Direct Investment (FDI) in multi-brand Indian retail, convenience stores or any retail outlets, forbidding foreign groups from any ownership in supermarkets. The Central government announced in November 2011 the following:

* India will allow foreign groups to own up to 51 per cent in “multi-brand retailers”,

* Nearly a third of their goods from small and medium-sized Indian suppliers have to be sourced by both single and multi-brand stores in India.

* In 53 odd cities with a population over one million, out of some 7935 towns and cities in India it is necessary for all multi-brand and single brand stores to do their operations.

* At least half of the amount invested in back end infrastructure, including cold chains, refrigeration, transportation, packing, sorting and processing to considerably reduce the post harvest losses and bring remunerative prices to farmers is required for Multi-brand retailers must have a minimum investment of US$100 million.

* Actual implementation of policy will be within the parameters of state laws and regulations.

The first state in the country to stoutly resist MNC ‘invasion’ into the domestic re-tail sector was Tamil Nadu. On 19 Feb 2013, Rajasthan Government (Vasundara Raje as CM) reversed the earlier Government’s decision of allowing FDI in retail in the state. The sources of domestic retail are primarily local whereas international retail affects domestic manufacturing activity and hence reduces employment opportunities and this is the main reason behind that decision A Wall Street Journal article claims that fresh investments in Indian organized retail will generate 10 million new jobs between 2012–2014, and about five to six million of them in logistics alone; even though the retail market is being opened to just 53 cities out of about 8000 towns and cities in India. In this announcement, India requires single-brand retailer, with greater than 51% foreign ownership, to source at least 30% of the value of products from Indian small industries, village and cottage industries, artisans and craftsmen.*(2)

Mikael Ohlsson, chief executive of IKEA, announced IKEA is postponing its plan to open stores in India. He claimed that IKEA’s decision reflects India’s requirements that single-brand retailers such as IKEA source 30 percent of their goods from local small and medium-sized companies.*(2)

Indian retailers

Indian central government forbids Foreign Direct Investment (FDI) in multi-brand retail, convenience stores or any retail outlets till 2011. Only 51% ownership and a bureaucracy were allowed in single brand retail. In November 2011, India’s central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms makes a shining path for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement attacks a lot of discussion, both in opposition and in support of the reforms. Under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus in December 2011. In January 2012, India approved reforms for single-brand stores with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores.*(2) In 2014, The new NDA government has passed the new budget but due to lack of time to adjust all the sectors and solutions to all the problems they choose to provide an interim measure. If we studied the budget 2014 with view to know the segment wise effect of it on retail then following findings are there:
• There is positive impact on FMCG sector due to increase in discretionary income because deduction under section 80C has been enhanced.

• A price stability fund has been set up for agricultural produce.

• Enhance investment in processed foods by reducing excise duty on specified food processing and packaging machinery.

• Will enhance the structural programs already underway and benefit retail by generating more qualified manpower for the sector by SKILL INDIA initiative.

• Positive Impact on the consumption story.

• Neutral Impact on overall prospects for retail.

• Positive Impact on specific segments of retail like real estate developers, footwear, textiles, MSME suppliers, jewelry, electronics retailer

• Negative for manufacturer retailers of imported phones.

• Positive Impact on retail real estate.

• On packed food excise duty is reduced from 10 to 6 percent which will benefit the exporters of packed foods.*(3)

• On branded foot wears ranged from 500-1000 rs. excise duty will be reduced from 12 to 6 percent which is just half of the previous and this will helps the small footwear retailers a lot.*(3)

• Imports in telecom sector will be reduced due to levy of 10% custom duty which will make imports dearer and this will be beneficial for the local retailers.*(3)

• On aerated drinks 5% excise duty will be levied due to which their demand will be reduced.*(3)

Since government has allowed FDI in retail it shows following impact on it:

**Positive Aspect**

**Consumer savings increases:** Due to FDI good quality goods are available at cheaper rates which will increases the savings of the consumer.

**Farmers get more remuneration:** Due to FDI farmers get higher remunerations from MNC's and their produce will yield a great return. It will decrease the suicide attempts of the Indian farmers.

**Increase in employment opportunities:** Due to FDI employment opportunities will be increased around 3 to 4 million which contributes a lot in the GDP and country got a good sign of development.

**Government revenue increases:** Government revenue shows a tremendous increase which will help in development of Indians economy.

* Organized retail will need workers. The staffing level in Indian stores kept at the same level as in the United States stores, Walmart alone would employ 5.6 million Indian citizens.

*According to KPMG - one of the world's largest audit companies - in China, the employment in both retail and wholesale trade increased from 4% in 1992 to about 7% in 2001, post China opening its retail to foreign and domestic innovation and competition. In absolute terms, China experienced the creation of 26 million new jobs within 9 years; post China announcing FDI retail reforms. Additionally, contrary to some concerns in China, post retail reforms, the number of traditional small retailers also grew by 30% over 5 years.*
*The Indian economy is small, with limited surplus capital. The Indian government is already operating on budget deficits. It is simply not possible for Indian investors or the government to fund this expansion, job creation and growth at the rate India needs. Global investment capital through FDI is necessary.

* Over 350 global retail companies Walmart, Carrefour, Tesco, Target, Metro, and Coop are some of with annual sales over $1 billion. These retail companies have operated for over 30 years in numerous countries. So there is no danger of monopoly.

* 90% of Indian beverage market, with plenty of competing domestic brands and even European brands like Nestlé which is due to Indian consumers prefer milk-based, tea and coffee. The next most important market in India is bottled water, which outsells the combined soft drink sales of the Pepsi and Coca-Cola. Organized retail too will have numerous brands and strong competition. *(4)

* Global awareness and news media have also changed. So comparing the 21st century to the 18th century is inappropriate. Conditions today are different. India wasn’t a democracy then.

* Any profits of FDI retailers will be subject to taxes, and such taxes will reduce Indian government budget deficit.

* Indian small shops employ workers without proper contracts, making them work long hours. Many unorganized small shops depend on child labour. A well-regulated retail sector will help curtail some of these abuses.

* Organized retail has enabled a wide range of companies to start and flourish in other countries

*A study by Global Insights research* found that modern retailers such as Walmart create jobs directly, indirectly and by induced effects. In Dallas-Fort Worth area of the United States, with a population of about 2 million people, Global Insights found that Walmart alone had helped create about 6,300 new net jobs with an average salary of over $21,000 each.[69] For India's urban population of over 400 million, an average salary of less than $2,100 per year, this scales to over 12 million new jobs. Other multi-brand retailers, such as Mitsukoshi of Japan, employ a much higher number of sales support employee per store, than Walmart, to suit local consumer culture. The Global Insights study also found that the modern retail such as Walmart were a key contributor in creating new net jobs and maintaining low consumer price inflation rates from 1985 to 2005.

**Demerits of FDI**

**Endangered small scale retail sector:** Small scale sector retailers can't compete with these big competitors and can't provide all quality products at cheapest rates due to many reasons. That’s why they are in danger due to its approval in India.

**Decrease in jobs:** In many cities big stores like Easyday, Vishal mega mart, More etc. are opened but in reality they does not create or increase the jobs but they only shifts it from unorganised sector to organised sector and even reduces it.

**No real benefit to farmers:** FDI does not increase the remuneration of the farmers in reality but they will worsen the conditions of Indian farmers by endangering the small scale retailers who buy raw material from these Indian farmers.

**CONCLUSION**

Indian retail sector has two parts and both are incomplete with each other. Because raw material is supplied by unorganised sector and organised sector provide technology and vast market. To overcome the challenges specialised retail schools in the form of supporting infrastructure is developing in India. One such initiative has been taken by TKWs group. Its group has already providing training over a thousand students and retail professionals for different retail skills.
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MIDDLE CLASS CONSUMER AND THEIR IMPACT ON BUSINESS IN INDIA

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ABSTRACT

Indian society can be divided into various classes on the basis of income. Generally, the rich have the ability to purchase more consumer goods than those with less income. And these goods are of high quality mostly. There is also a distinction in the type of goods purchased. For example, the upper class tend to be the main buyers of fine jewelry and often shop at exclusive retailers. The lower class, in contrast, are much more concerned with necessities. Middle class lies between them who wants both necessities as well as luxuries but at reasonable rates. In India during last few years the National income and per capita income has been increases. Due to that the personal income also increases and it will lead to more shopping of goods by middle class consumers. Today Indian middle class consumer gives preference to features of a product rather than its brand name. In ancient India mostly families are joint families having one head as grand parents and other as family members. Most of the decisions was taken by the head of the family and their spendings are limited due to pressure of survival of lot of family members. But now this system almost comes to an end and nuclear families spend on luxuries more than on savings. To attract the middle class consumer companies offer various kinds of discounts like seasonal discount, festival discount, anniversary discount etc. this make luxury and dearer goods affordable for middle class consumers. Credit cards facilities and hire purchase system worsen it more. By these tools consumer is going to trapped in a vicious circle of debt which is very dangerous for both consumer and the country. Middle class does not emerge only as consumer class but majority of businessmen in India including Tata, Birla, Modi, Ambanis etc also belongs to the same class. Hence middle class is both the cause and effect of economic growth.

Keywords: Middle Income Consumer; Indian Economy; Buying Habits

INTRODUCTION

Social class—a status hierarchy by which groups and individuals are classified on the basis of esteem and prestige.—American Marketing Association

Indian society can be divided into various classes on the basis of income. On broader classification these are of three types which are:

- Upper
- Middle
- Lower

Upper class include those who have higher income and who uses a lot of luxuries and comforts as their basic needs. Middle class include those who are between upper and lower class in many basis like education, income, occupation etc. Poor class includes those who have very low or negligible income.
OBJECTIVE
In India consumerism changes a lot during last few years and it is due to middle class consumer's buying habits basically. This study is done to know the effect of emergence of middle class in the Indian society and markets.

METHODOLOGY
This research is based on secondary data. While doing the findings proper care is given to the objective of the research. Relevancy and time period of data collection is also kept in mind. Data used in this research is appropriate according to the need of the topic.

REVIEW OF LITERATURE
Generally, the rich have the ability to purchase more consumer goods than those with less income. And these goods are of high quality mostly. There is also a distinction in the type of goods purchased. For example, the upper class tends to be the main buyers of fine jewelry and often shop at exclusive retailers. The lower class, in contrast, is much more concerned with necessities. Middle class lies between them who wants both necessities as well as luxuries but at reasonable rates.

In recent few years middle class consumers shows a tremendous change in their purchasing habits. As per NCAER's Report, 1999 the cut off levels of household income for various years are as following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Income Group</th>
<th>Lower Middle Income Group</th>
<th>Middle Income Group</th>
<th>Upper Middle Income Group</th>
<th>Upper Income Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>upto 9000</td>
<td>9001-18000</td>
<td>18001-30000</td>
<td>30001-42000</td>
<td>above 42000</td>
</tr>
<tr>
<td>1988</td>
<td>upto 11000</td>
<td>11001-22000</td>
<td>22001-36000</td>
<td>36001-50000</td>
<td>above 50000</td>
</tr>
<tr>
<td>1990</td>
<td>upto 12500</td>
<td>12501-25000</td>
<td>25001-40000</td>
<td>40001-56000</td>
<td>above 56000</td>
</tr>
<tr>
<td>1992</td>
<td>upto 18000</td>
<td>18001-36000</td>
<td>36001-56000</td>
<td>56001-78000</td>
<td>above 78000</td>
</tr>
<tr>
<td>1994</td>
<td>upto 20000</td>
<td>20001-40000</td>
<td>40001-62000</td>
<td>62001-86000</td>
<td>above 86000</td>
</tr>
</tbody>
</table>

Source: Business Environment by Rosi Joshi and Sangam Kapoor

Emergence of Middle Class in India
In India the main reasons behind the emergence of middle class consumers in India are as following:

Increase in Income: In India during last few years the National income and per capita income has been increases. Due to that the personal income also increases and it will lead to more shopping of goods.

Spread of Education: Due to increase in education level people got employment and it also increases their knowledge regarding markets and benefits of good quality products. This will increase their demands and they become a major and important part of marketers study.

Working Women: Now in India women also contributes financially in their families. They are working now and it will leads to increase in family income and in result their spending as well as savings increases.

Breaking up of joint family system: In ancient India mostly families are joint families having one head as grandparents and other as family members. Most of the decisions was taken by the head of the family and their spending are limited due to pressure of survival of lot of family members. But now this system almost comes to an end and nuclear families spend on luxuries more than on savings.

Urbanisation: Due to urbanisation consumer wants more modern and luxury items. Their tastes and preferences have changed. like television is no longer a luxury but a necessity, fashionable and modern clothes becomes basic need of youngsters, simple food is no longer preferred but pizza and burger are food necessity.
Development of rural areas: In India rural sector shows a vast development and they tend to be more modern and this will lead to more demands and luxuries to compete with the lifestyle of urban areas.

Easier access to finance

From last few years financing facility has been increased at a very fast pace. Now credit is easily available on consumer goods also. Recently Muthoot finance has offered consumer credit against gold. Many other companies provide this facility and encourages the consumer to buy more than his income.

Geographic influences

The geographic location in which the consumer is located also speaks about the thought process of the consumer. In India consumer is affected by it more. For instance, villages in South India accept technology quicker than in other parts of India. Thus, HMT sells more winding watches in the north while they sell more quartz watches down south.

Changing middle class consumer's habits:

1) Indian middle class consumers have become value sensitive rather than price sensitive. They even buy high price products if they feel they are offering them high value.
2) The Indian consumers strictly follow their culture, tradition and values, as a result of which foreign companies were forced to give an Indian touch to them in order to succeed in India. McDonalds, MTV, Pepsi, Star TV, Coca Cola India and many more had to Indianise themselves to flourish in India.
3) Today Indian middle class consumer gives preference to features of a product rather than its brand name.
4) Indian companies and brands are doing very well even after liberalization. It is clearly evident from the fact that despite many foreign brands being sold in India, Raymond is still India’s largest textile company and Haldiram is doing well despite the presence of McDonalds and Pizza Hut.
5) The middle class consumers today are not confined to a single brand and prefer change.
6) A new emerging trend in India is the use of credit card for shopping
7) The Indian middle class consumers are going to shopping malls where a shopping, entertainment and better facility is all available under one roof.
8) There is a stiff competition in the Indian market today and it has become a buyer’s market from seller's market. Customers are the ultimate beneficiary of the fierce competition in the market. Competition has reduced prices to a great extent and has forced the manufacturer to maintain product quality to sustain in the highly competitive market.

Changing Business strategies

Credit Financing: Now consumer does not consider credit purchase as shameful. So companies offer hire purchase system, 0% finance etc schemes to the consumers these companies tempt the consumers to buy more by extensive advertising.

Cash Discounts: To attract the middle class consumer companies offer various kinds of discounts like seasonal discount, festival discount, anniversary discount etc. this make luxury and dearer goods affordable for middle class consumers.

Gifts and Presents: Companies offer gifts and presents to lure the customer like free gift coupon worth 1000 rs. On the purchase of 1500 rs. or more, pen free with tea, mug free with coffee etc. Middle class consumer attracts towards it easily.
**Modifications:** Companies having luxury or dearer items also wants to attract the major part of the consumers which is middle class. So they modify their products according to them like small sachets of famous shampoos, low range android phones etc

**Exchange Offers:** Every consumer wants to upgrade their durables but also want good exchange value for the old ones. Companies attracts them by offering exchange offers at good prices. Like exchange old refrigerator with new one and get upto 30% discount etc.

**After Sales Services:** Middle class consumer wants fuller utility of money. So now companies pay attention towards After Sales Services. By this they win the loyalty of the consumer

**Changed focus:** Since purchasing power of middle class consumers has increased, the companies have started shifting their focus towards these Indian consumer to capture untapped market. This has reaped huge benefits for companies like in cases of PepsiCo, Coca Cola India and other FMCG companies.

**Fall in prices:** Due to cut throat competition in the electronics market and consumer's willingness to purchase hi-tech products the rates of LCD and plasma TVs have been slashed by 25%-30%. Through this strategy electronic companies received very good response from the consumers in the recent past and were able to build a considerable market for their products.

**Eco-friendly Products:** The environmental awareness in India has started affecting marketing of products based upon their eco-friendliness. In general, Indian consumers are likely to buy environmentally responsible products and packs. The future key for marketing could be to select more ethical and ecological responsible products and packaging, which is also convenient for consumers, thus, balancing environmental concerns with commercial considerations. Consumers in India are taking lead in prompting manufacturers to adopt technologies to produce eco-friendly products.

**Challenges and Way Forward**

The Indian middle class is growing at a very fast pace and their consumption patterns are changed. Which diversifying towards discretionary expenditure over a limited income. As their disposable income increases their brand consciousness and demand for luxury products will also increases. The growing middle class will not only have a higher standard of living but will also invest more on housing, health care, transportation and education etc in future

This will lead ultimately to economic development. But with all these positive sides it has a dark side also like rise in demand for new services and innovative products will fuel consumerism, higher expenditure on education will expand the Indian human capital pool. These issues must be considered while discussing about benefits of this class's high expenditure.

In the past two years, annual household income of the Indian middle class has been rising but there has been high inflation, especially food inflation, which decreases the real disposable income. To curb inflation, the government increased interest rates which had a recessionary impact on consumer goods sectors like the car industry and even slowed down the GDP growth rate. The GDP growth rate declined from 7.8 percent in 2010-11 to 6.9 percent in 2011-12. This can have an adverse impact on the per capita income and consumption of the middle class.

Good quality and innovative products are now demanded by the middle class consumers. Middle class consumer is now dissatisfied with poor quality infrastructure and poor delivery of services. To fill this gap between demand and supply, the service providers in the public and private sectors need to understand the growing and changing tastes and preferences of the Indian middle class consumers. To give an example, quality of education and employability of the Indian labor force is a growing challenge. Our education system is faulty because it only provides theoretical knowledge and not providing on job skills among educated people. that's why educated people are large in number but they are unemployed despite of large number of free posts vacant in many jobs. Secondly, since the rising demand for education has not been matched by the limited supply of government-run institutes.
and universities, there has been an upsurge of private educational institutes and universities. Middle class consumer wants good quality of education so that they can earn more and reaches in high income group. For this they even ready to pay more but still not got education of that level which will help them in finding good job opportunities.

Incidence of corruption and bribery is high in India. The middle class who is educated and aware wants transparency and good governance. This class is more receptive towards reforms. Today, the low-income groups form the majority of households and they are the majority of the voters. The high-income group are the influential class but the middle class is virtually ignored. But now with the rise in middle class, in future their demands cannot be ignored in a democracy like India. Now government should start to focus on the needs and wants of the middle class consumer.

If Indian government wants to stop brain drain and attract more foreign investment in our Indian markets then they have to pay attention towards these issues Indian marketers and brands are not at front foot in foreign markets because government only focuses on becoming manufacturing hub and did not pay attention towards famous Indian brands. Indian manufacturers need to be encouraged to produce superior quality products according to the global standards. This will increase the demand in the global market and as well as in domestic market.

Government needs to invest in supply chain management to bring down the inflationary spirals. The quality of education should improve. And to improve the standard of education in India some strict rules and regulations for public as well as for private institutes must be framed. Also, there is need for setting up vocational training centers for imparting specialized skills required in sectors such as IT, healthcare, etc. Strengthening the governance mechanism is a prerequisite for equitable growth and development. Attention is also to be paid towards retail sector because it will affect the middle class in many ways.

Although in India’s economic development the Indian middle class has an important role to play and in the future it will be the largest section of the population, It is important for the Indian government to have regular survey-based studies to analyze the consumption pattern of this class. Since India is not a homogenous market, the study should have pan-India coverage to capture more variations in consumer's shopping behaviors and perceptions across different regions of India.

CONCLUSION

Every coin has two sides and so has impact of changing habits of middle class consumers on markets. There was a time no longer ago that Indians follow 'No Borrow, No Lending' theme. But now middle class consumers show a drastic change in their buying habits. The purchasing power of middle class consumer, their aspirations, high savings, underplay wealth, etc has laid a lot of impact on their buying behaviour. Most of the middle class people are salaried employees and they have secured source of income which motivates high spending. Its all good till it is within limit but now the consumer prefers two in the bushes than one in the hand. Credit cards facilities and hire purchase system worsen it more. By these tools consumer is going to trapped in a vicious circle of debt which is very dangerous for both consumer and the country.

Middle class does not emerged only as consumer class but majority of businessmen in India including Tata, Birla, Modies, Ambanis etc also belongs to the same class. Hence middle class is both the cause and effect of economic growth.

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GENESIS AND GROWTH OF INDIGO AIRLINES AS AVIATION LEADER - CHALLENGES AND OPPORTUNITIES FOR INDIAN AVIATION SECTOR
A CASE STUDY ON INDIGO AIRLINES

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ABSTRACT
Indian Aviation Industry has emerged as one of the fastest growing airline industries in the world in the recent years. Indigo Airlines, stunned many in a manner unusual for an earnings broadcast. Aviation has always been a thorny industry, but Indian aviation has stood out as notoriously brutal owing to high taxes and costly airport charges. The case study of Indigo begins with a profile of Indian Aviation Industry and moves to explore the reasons for this unique performance. Further, this airline consistently reported profits from its third year of operations supported by Inter firm Comparison with financial performance indicators provided by Ministry of Company Affairs (MCA). In the conclusion, it forays the emerging scenario and lessons from the above Case study for Indian Aviation.

Keywords: Indian Aviation Sector; Ministry of Civil Aviation; Ministry of Company Affairs; Indigo; Initial Public Offer

INTRODUCTION

Financial Management - Inter firm Comparison

LEARNING OBJECTIVE
To evaluate the rise and growth of Indigo Airlines in Indian Aviation Sector through burgeoning challenges and opportunities for the players in the sector

Profile of Indian Aviation Industry

Indian Aviation Industry is one of the fastest growing airline industries in the world. The history of Indian Aviation Industry started in December 1912 with its first domestic air route between Karachi and Delhi. It was opened by the Indian Air Services in collaboration with the UK based Imperial Airways as an extension of London-Karachi flight of the Imperial Airways. Tata Sons Ltd., the first Indian airline, started a regular airmail service between Karachi and Madras three years later without any backing from the Indian government. Indian Aviation Industry has been one of the fastest-growing aviation industries in the world with private airlines accounting for more than 75 % of the sector of the domestic aviation market. With a compound annual growth rate (CAGR) of 18 % and 454 airports and airstrips in place in the country, of which 16 are designated as international airports. In 2009 with increase in traffic movement and increase in revenues by almost US$ 21.4 million, the Airports Authority of India set better margins in 2009-10, as per the latest estimates released by the Ministry of...
Civil Aviation. Passenger output rose from 73 million in FY 2006 to 144 million in FY 2011. The high growth path can be credited to the 11th Five Year Plan (2007–2012). This period saw the completion of four international airport projects through the public–private partnership (PPP) mode, and also witnessed five Indian carriers functioning on international routes. Air transport in India presently supports 56.6 million jobs and generates over US$ 2.2 trillion of the global gross domestic product (GDP). Air passenger traffic is also growing at a rapid pace, a development driven in no small part by modern infrastructure and facilities. India’s airline industry is estimated to have lost a combined $1.95 billion (around Rs 12,226 Crore) in 2012-13 on revenue of $9.5 billion, according to the consulting firm Centre for Asia Pacific Aviation. Rapidly expanding air transport network and opening up of the airport infrastructure to private sector participation have fuelled the growth of the air traffic in the country. India is likely to be the fastest growing aviation market in the world in the next 20 years. Indian airport system is poised to handle 336 million domestic and 85 million international passengers by 2020, from the current level of 121 million domestic and 41 million international passengers, making India the third largest aviation market. According to International Air Transport Association’s (IATA) Airline Industry Forecast 2012-2016, India's domestic air travel market would be among the top five globally, experiencing the second highest growth rate at CAGR of 13.1%. The second phase of growth in Indian aviation is expected to come from Tier-II and Tier-III cities. The non-metro airports presently account for only about 30% of the total air traffic, which is expected to rise to 45% in the next few years, representing vast untapped future market potential. With smaller cities set to lead the air traffic growth in the country, the government is planning to build nearly 200 low-cost airports in the next 20 years to meet the demand for air travel.

Indian airport system is poised to handle 336 million domestic and 85 million international passengers by 2020, from the current level of 121 million domestic and 41 million international passengers, making India the third largest aviation market. According to Mr KN Shrivastava, India’s Civil Aviation Secretary. The sector is projected to be the third largest aviation market globally by 2020. Currently, India’s aviation market caters to 117 million domestic and 43 million international passengers. Over the next decade that market could reach 337 million domestic and 84 million international passengers. Air transport (including air freight) in the country attracted foreign direct investment (FDI) worth US$ 456.84 million in the period April 2000–July 2013, according to data released by Department of Industrial Policy and Promotion (DIPP). Through this case study we have made an attempt to identify some of the key factors which has contributed to success of Indigo as a profitable airline. (Tables 1, 2 & 3)

Common challenges faced by the Aviation Sector

The year 2013 was significant in the sense that passenger throughput grew by around 6 to 8 per cent. This growth is commendable given various challenges such as slowdown in the economy, devaluation of the rupee, increase in ATF prices, austerity measures by corporate sector and subdued demand from the tourist sector, said experts. Indian carriers have already lost about $ 1.6 billion in the financial year ended March 31, 2013. The year also witnessed Kingfisher reporting all time high losses, and reaching a stage of no return

1. Rising cost of aviation turbine fuel - The rising cost of aviation fuel continued to pose challenges for the sector in 2013

2. Industry mounted with debt - Industry debt increased 8-9% in FY2013 to USD14.5 billion. India’s airlines have an estimated combined debt of approximately USD14.5 billion (with additional vendor-related liabilities of around USD 2 billion), compared with an average cash position of just USD 500-550 million. Air India holds just over 60% of that debt, with full service carriers combined accounting for close to 90%, although the Jet Airways Group reduced its debt position from USD 2.62 billion to USD 2.25 billion during FY2013.

The Strategy of Indigo - Has it been the Harley Davidson of Indian Skies?

Arrival of Air Asia India and Tata-SIA would shake the domestic market, bringing in more competition. The increased competition would boost regional and international connectivity, improve services and bring down fares. The sector has been going through a turbulence facing multiple
headwinds which hindered its projected growth. Increase in oil prices, decline in passenger traffic and liquidity constraints jeopardised the finances of some airlines and drained their limited financial resources. Will the strategy and key differentiators of Indigo help the airline to maintain its leadership model? Arrival of Air Asia India and TATA-SIA would shake the domestic market, bringing in more competition? The increased competition would boost regional and international connectivity, improve services and bring down fares. The sector has been going through a turbulence facing multiple headwinds which hindered its projected growth. Increase in oil prices, decline in passenger traffic and liquidity constraints jeopardized the finances of some airlines and drained their limited financial resources.

**Tall targets & Stiff Challenges**

**Target 1: 30% lower fares**

**Challenges:**
1) Competitors will not only match those fares but slash it further
2) Fuel accounts for nearly 50% of the operating cost of Indian Carriers
3) Airport charges are exorbitant in India

**Target 2: Average aircraft utilization rate of 16 hours a day with 20 minute turnarounds.**

**Challenges:**
1) It would involve operating red eye domestic services previously unsuccessful in India.
2) The Indian airport environment not suitable for 20 minute turnarounds.
3) Possible to achieve at non-metro stations but challenging at congested metro Airports

**Target 3: Break-even in 4 months**

**Challenges:**
1) Air Asia has faced a year long delay in launch, so it has been paying salaries and Overheads
2) Its ultra-low-cost model with no refunds for cancellations and charges for check-in luggage might take time to gain acceptance from travellers
3) India is a tough aviation market and few airlines in the world have achieved such a Quick break-even!

**Inter firm Comparison**

In comparison to other airlines Indigo has been able to fly large number of seat capacity per week. While other airlines are bleeding into losses, during financial year 2012-13 Indigo Airlines reported a Total Revenue of Rs. 94.5 billion, Operating Income of Rs. 9.93 billion and Net Income of Rs. 7.8 billion. Indigo’s closest low-fare rival Spice Jet Ltd reported a loss of Rs.191 Crore for 2012-13 compared with a loss of Rs.606 Crore in 2011-12. While other airlines are bleeding into losses, during financial year 2012-13 Indigo Airlines reported a total Revenue of Rs. 94.5 billion, Operating Income of Rs. 9.93 billion and Net Income of Rs. 7.8 billion. Indigo’s closest low-fare rival Spice Jet Ltd reported a loss of Rs.191 Crore for 2012-13 compared with a loss of Rs.606 Crore in 2011-12. This, however, is only half the story. An analysis by ET Magazine of the airline's books reveals that it is indeed sale-and-leaseback transactions that helped Indigo record higher profits. In some cases, these transactions turned losses into profits as it happened in fiscal 2011. Financial documents that InterGlobe filed with the Ministry of Company Affairs (MCA) also show that the seven-year old airline consistently reported profits from its third year of operations. Of course, it’s not as simple as that. Three accounting experts that ET Magazine approached say the transactions done by Indigo adhere to Accounting Standards, and one of them called these accounting entries as financial
engineering to drive more value out of investment. The combination of operational performance and financial engineering has amplified Indigo’s valuation. From an initial investment of around Rs 100 Crore as equity capital by promoters, the airline today can be valued at Rs 12,200 Crore ($2 billion) depending on "how investors treat the sale-and-leaseback model", says Kapil Kaul, CEO of CAPA South Asia. Indeed, analysts linked Indigo’s decision to finally publicize its annual results as a gamble to attract investor interest and list on bourses. In September, Ghosh denied any such plan, saying the results were announced to end the "bizarre interpretations" people draw from the one or two sheets that are leaked every year when Indigo makes regulatory filings. "So I thought [it is] best to be transparent and take the mystery out of it."(Tables 4 &5, Diagrams /graphs)

Initial Public Offer

Low-cost airline Indigo is planning to launch an initial public offering (IPO) to raise $250-300 million, an investment banker familiar with the development said. At least 13 investment banks have pitched for the mandate, said the banker, who didn’t want to be identified. He added that HSBC, Citigroup, Morgan Stanley, JM Financial, Kotak Investment Banking, CLSA, Barclays and Deutsche Bank have made presentations to the Indigo management. By the time of going to press, it couldn’t be ascertained if these banks had made any presentations. The no-frills carrier, which is currently in the process of finalising a banker to handle the mandate, will take 3-4 months to file the issue prospectus with SEBI, one of the persons quoted earlier said. When contacted, an Indigo spokesperson said he wasn’t aware of the company’s plans to float an IPO. The airline, India’s largest with a 31.6% domestic share, is run by Rakesh Gangwal and Rahul Bhatia. Indigo is expected to be the only profitable airline in FY15, according to a July 1 report by Centre for Asia Pacific Aviation. The same report says that Indian airlines are expected to post a combined loss of $1.3-1.4 billion in the same fiscal. “The time is approaching to leverage this achievement and an IPO is likely in FY15, possibly in the third quarter,” the CAPA report says. CAPA estimates Indigo to raise $350-400 million through the IPO. “If it proceeds it is expected to be the largest ever aviation IPO in India.” “While the country’s aviation industry is facing headwinds, with most airlines posting huge losses last fiscal, Indigo has bucked the trend and done well,” said Amrit Pandurangi, senior director at consulting firm Deloitte Touché Tohmatsu.

Its bonanza time for air travellers, with Air India, Indigo and Go Air today joining the latest war over airfares, launched by Spice Jet which had earned the wrath of DGCA for offering one rupee air fares two days ago. Air India launched a short-term ‘Monsoon Bonanza’ scheme under which tickets on 40 select domestic sectors can be bought till Saturday for travel till September 30. A spokesperson for the national carrier said the scheme covers 108 flights, including select domestic legs of international flights. The tickets under the scheme are priced at a flat rate of Rs 1,499 plus applicable taxes. No-frill carrier Indigo also announced discounted ticket prices on several sectors, provided they are booked at least 90 days before the travel date. The discounted fares start at Rs 1,389 for a one-way ticket, the airline said in a letter to travel agents, adding these fares were available only on direct flights on Indigo’s network. While the airline was silent about by when a passenger has to book a ticket to get these low fares, it said only a limited number of seats were being offered under the scheme and travel has to be between July one and September 30. Travel agents, requesting anonymity, said Rs 1,389 price was the lowest on Indigo’s network and valid for a one-way travel between Delhi and Lucknow. A Delhi-Mumbai ticket can be bought for a little over Rs 2,400.

The actual fare would be more as a flyer would also have to pay for passenger service fee, User Development Fee and other taxes, they said. GoAir also started a 48-hour sale till tomorrow, offering 30-40 per cent discount, for 90-day advance booking valid for travel between July and September, they said. This is the fourth time this year that a fare war has been initiated, particularly by the no-frill carriers. Spice Jet’s rupee one offer had attracted a mad rush of passengers with its website crashing on Tuesday. Within hours, aviation regulator DGCA came down heavily on it, terming the offer as “predatory” and a “malpractice” and asking it to stop it immediately. India's domestic air traffic between January and May was almost three per cent higher than the same period last year as Indigo led
the market share flying almost 32 per cent of passengers last month. All Indian carriers flew 60.22 lakh passengers in May compared to 57.10 lakh in April, while the January-May figure stood at 267.22 lakh as against 260 lakh in the same period last year recording a 2.78 per cent growth, latest official air traffic data showed. Indigo continued to dominate the scene in terms of market share cornering 31.7 per cent in May, followed by Jet Airways-JetLite combine with 21 per cent, Air India with 18.6 per cent, Spice Jet 17.9 per cent and Go Air 9.8 per cent. Data for seat factor showed full-service Air India leaving Jet Airways behind and catching up with no-frill carriers like Indigo, Go Air and Spice Jet. Seat factor or passenger load factor (PLF) of an airline is a measure of how much of an airline’s passenger carrying capacity is used or the average percentage of seats per aircraft filled.

The PLF for Indigo, Go Air, Spice Jet and JetLite was 82 per cent, 81.8 per cent, 81.3 per cent and 80 per cent respectively, which was closely followed by Air India with 79.5 per cent while Jet Airways recorded 75.2 per cent, the data showed.

Indigo continued to dominate the scene in terms of market share cornering 31.7 per cent in May, 2014.

CONCLUSION

Road Ahead for Indian Aviation and lessons from Indigo

The potential of the Indian aviation industry is enormous. The market already has about 150 million travellers passing through its airports, with the capacity to grow further. By 2020, traffic at Indian airports is projected to touch 450 million. Furthermore, India’s aviation industry supports about 0.5 per cent of the Indian GDP and close to 1.7 million high-productivity jobs. The annual value added by an employee in air transport services in the country is nearly 10 times greater than the Indian average. The country had the potential to become the third-largest aviation market in the world by 2020 and the largest by 2030, given the large untapped potential for growth, as access to aviation was still a dream for 99.5 per cent of its population.

The report, which puts the size of the Indian civil aviation industry at around $16 billion, said the next generation of aviation growth in India will be triggered by regional airports. There are 450 unused or abandoned airports and airstrips across the country. Many states, especially in the east, have started initiatives to promote air connectivity, it said.

“Indian aviation offers significant long-term opportunities for global aviation players. The Indian government and industry are already working together closely,” said Siddhartha Birla, President of FICCI. Stating several Tier-II and Tier-III cities were still unconnected or underserved, the report said a lot more needed to be done. These include relaxation of regulations, revising the security requirements, allowing domestic code sharing, providing free or discounted utilities and connecting infrastructure. With innovative strategies adopted for substantial in the capital and operating expenditure has to certain extent led to emergence of a profitable airline – Indigo. The airline industry has long way to go.

ASSIGNMENT QUESTIONS

1. Trace the major problems of Indian Aviation Sector
2. Indicate the cornerstones of Indigo Case
3. Do you think IPO of Indigo can succeed?
4. What lessons can you draw from the Indigo case?

REFERENCES

ANNEXURE

Table 1. Inter firm Comparison

<table>
<thead>
<tr>
<th>Airline</th>
<th>Net Revenue (Rs.Cr.)</th>
<th>Profit /Loss (Rs. Cr)</th>
<th>Aircrafts</th>
<th>Destinations</th>
<th>Flight per day</th>
<th>Load Factor (FY 2013)</th>
<th>Load Factor (2012)</th>
<th>Market Share % (FY 2013)</th>
<th>Market Share % (FY 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigo</td>
<td>9,458</td>
<td>787</td>
<td>70</td>
<td>34</td>
<td>447</td>
<td>80.8</td>
<td>82</td>
<td>29.1</td>
<td>20</td>
</tr>
<tr>
<td>Spice Jet</td>
<td>5,714.55</td>
<td>-191</td>
<td>55</td>
<td>54</td>
<td>370</td>
<td>74.31</td>
<td>75</td>
<td>17.2</td>
<td>15</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>17,070</td>
<td>-480</td>
<td>120</td>
<td>75</td>
<td>620</td>
<td>78.8</td>
<td>78</td>
<td>25.1</td>
<td>19</td>
</tr>
<tr>
<td>Air India</td>
<td>16,130</td>
<td>-5,198</td>
<td>108</td>
<td>95</td>
<td>400</td>
<td>64</td>
<td>64</td>
<td>19.9</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: MCA, Department of Industrial Policy & Promotion and Annual Reports of various aviation companies

Table 2. Capacity per Week

<table>
<thead>
<tr>
<th>Carrier Name</th>
<th>No of Seats (31 March 2013) (Capacity per week)</th>
</tr>
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<tbody>
<tr>
<td>Indigo</td>
<td>500580</td>
</tr>
<tr>
<td>Air India</td>
<td>442828</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>413303</td>
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<tr>
<td>Spice Jet</td>
<td>375833</td>
</tr>
<tr>
<td>Go Air</td>
<td>129240</td>
</tr>
</tbody>
</table>

Source: MCA, Department of Industrial Policy & Promotion and Annual Reports of various aviation companies

Table 3. Revenue and Net Income Data

<table>
<thead>
<tr>
<th>Carrier Name</th>
<th>FY2012 Revenue</th>
<th>FY2012 Net Income</th>
<th>FY2013 Revenue</th>
<th>FY2013 Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air India</td>
<td>2.6 bn</td>
<td>(1.4 bn)</td>
<td>3.0 bn</td>
<td>(950 mn)</td>
</tr>
<tr>
<td>Go Air</td>
<td>278 mn</td>
<td>(24 mn)</td>
<td>375-400 mn</td>
<td>(14-16 mn)</td>
</tr>
<tr>
<td>Indigo</td>
<td>1.0 bn</td>
<td>23 mn</td>
<td>1.5-1.6 bn</td>
<td>100-110 mn</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>2.7 bn</td>
<td>(226 mn)</td>
<td>3.0bn</td>
<td>(87 mn)</td>
</tr>
<tr>
<td>Jet Konnect</td>
<td>340 mn</td>
<td>(33 mn)</td>
<td>387 mn</td>
<td>(3 mn)</td>
</tr>
<tr>
<td>Kingfisher</td>
<td>1.0 bn</td>
<td>(423 mn)</td>
<td>91 mn</td>
<td>(500-520+ mn)</td>
</tr>
<tr>
<td>Spice Jet</td>
<td>720 mn</td>
<td>(109 mn)</td>
<td>1.0 bn</td>
<td>(34 mn)</td>
</tr>
</tbody>
</table>
Note: Data for unlisted carriers Air India, Go Air and Indigo are CAPA estimates. Final results for these carriers may vary.

Source: CAPA (Centre for Aviation), CAPA Research and company filings.

Table 4. Comparison of Cost of peer set group of Airlines

<table>
<thead>
<tr>
<th>Airline</th>
<th>Total Expense to Income Ratio (%)</th>
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<tbody>
<tr>
<td></td>
<td>2007</td>
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<tr>
<td>Spice jet</td>
<td>109</td>
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<tr>
<td>Kingfisher</td>
<td>119</td>
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<tr>
<td>Jet Airways</td>
<td>100</td>
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<tr>
<td>Go Air</td>
<td></td>
</tr>
<tr>
<td>Air India</td>
<td>115</td>
</tr>
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Note: Due to one-off accounting adjustments*

Source: MCA and Annual Reports of various aviation companies

Table 5. Comparison of Cost of peer set group of Airlines

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<td>Air India</td>
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</tr>
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</table>

Source: MCA and Annual Reports of various aviation companies

Diagrams / Graphs

Source: MCA and Annual Reports of various aviation companies
IndiGo has made profits for five successive years while Jet and SpiceJet have lost money

Source: MCA and Annual Reports of various aviation companies

IndiGo's borrowings are much lower than rivals'

Source: MCA and Annual Reports of various aviation companies

Meanwhile, IndiGo's fleet has grown faster than rivals'

Source: MCA and Annual Reports of various aviation companies