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BIG DATA ANALYSIS POTENTIAL TO ACHIEVE BUSINESS SUCCESS IN RETAIL INDUSTRY

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ABSTRACT

In the recent years Customer Insights are driving the whole lot of Retail Trends into a new business excellence by unleashing the hidden potential in a Big Data with the help of analytical tools. New technological tools are essentially aligned to update business standards by introducing new protocol on business floor. By leveraging big data analytics, businesses create the potential to better understand, manage, and strategically exploiting the complex dynamics of customer behavior. Analytics in a Big Data World reveals how to tap into the powerful tool of data analytics to create a strategic advantage and identify new business opportunities. Big data can generate value in each. For example, a retailer using big data could increase its operating margin to a greater and amazing percentage. Harnessing big data in the public sector has enormous potential, too. Retailers using big data creatively and effectively to drive efficiency and quality, could create a huge value every year. To address the hidden values in a Big data various activities need to be planned and the requisite talent is required to be established.

Keywords: Big Data; Values; Analytics; Consumer

INTRODUCTION

Retail Sector today is maintaining a data at various levels. More and more information is recorded and same is growing at a pace consuming more storage space, with a difficulty to manage the same as and when required. The data stored is indifferent forms may be like consumer talks, their pictures, a kind of product oriented seminars, Consumer inputs about the existing market strategies etc. However recording& preserving this data has always been a tough task and creates a challenge before management. Changes in the technology have helped a mankind to reproduce the data at times needed. It has widely been observed that, such technology is developing and is nothing but a Big Data Analytics.

Effective utilization of the collected big data and the successful implementation of analytics enables organizations to analyze a mix of structured, semi-structured and unstructured data in search of valuable business information and insights. Big data analytics is the process of examining large data sets containing a variety of data types i.e. to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful business information. The analytical findings can lead to more effective marketing, new revenue opportunities, better customer service, improved operational efficiency, competitive advantages over rival organizations and other business benefits.
OBJECTIVES OF STUDY

1. To study the growth and development trends of retail sector in India.

2. To look at the applicability and benefits of analytics in retail, with emphasis on predictive analysis.

3. To identify on the basis of data analysis the key areas and shortcomings to focus in order to improve the performance of organized retail business.

4. To analyse impact of Insights and Customer values in generating Competitive Advantage.

The competitive environment has forced the retail industries to employ technology in order to improve ways of targeting consumers and retaining increasing market share. Retail Industry is one of the fastest growing industries in India. The total growth expected is from US$330 billion to US$620 billion by 2015. The exploration of ever increasing retail Organisations information needs to be predicted & analysed effectively by way of robust and scalable tools to identify market trends and new patterns, opportunity and threats, forecast future performance, streamline operations and optimize decisions. This metadata gathered is analysed to implement the sustainable and effectively implementable policies to achieve superiority. Collecting the Customers huge data is not an easy task. To have loyal customers with defined satisfaction can only be possible only after doing the necessary data analytics. This analysis will guide how to create a loyal customer base to enhance business transactions on a longer run. Customers play a decisive role in directing a future of Retail Organisations. Retail Organisations are consistently developing the capacity to gain an accurate and deep understanding of customers about the products. Customer insight and its impact on changing market conditions decide the company strategy. It is always preferred to have repeat customer than to develop a new customer.

Big Data Is the New Competitive Advantage

The use of Big Data is becoming a crucial way for leading companies to outperform their peers. In most industries, established competitors and new entrants alike will leverage data-driven strategies to innovate, compete, and capture value. Big Data will help to create new growth opportunities and entirely new categories of companies, such as those that aggregate and analyse industry data. Many of these will be companies that sit in the middle of large information flows where data about products and services, buyers and suppliers, consumer preferences and intent can be captured and analysed. Forward thinking leaders across Retail sectors should begin aggressively to build their organization’s Big Data capabilities.

Widely used new tools in Retail analytics can help retailers break-down and assimilate information collected and provide better insights into customer tastes and preferences as well as back-end processes. Big data refers to the huge and increasing volume of the data available and the ways it can be processed. Big data which admittedly means many things to many people is no longer confined to the realm of technology. While big data is the convergence of more data from more sources than we have ever seen, it also represents a cultural shift in the way retailers connect with consumers in a meaningful way. This bottom-line impact of big data is what makes it a business imperative and why retailers around the world are leveraging it to transform their processes, their organizations and, soon, the entire industry.

How to Leverage Big Data

Big data is new technological tool that is widely being used in the last decade for improved business performance and customer satisfaction. Big Data can unlock significant value by making information transparent. s organizations create and store more transactional data in digital form, they can collect more accurate and detailed performance information on everything from product inventories to sick days and therefore expose variability and boost performance. In fact, some leading companies are using their ability to collect and analyse big data to conduct controlled experiments to make better management decisions.
It plays a major role in today’s business, simply not utilizing information technology techniques. But it helps and allows ever-narrower segmentation of customers and therefore much more precisely tailored products or services. Sophisticated analytics can substantially improve decision-making, minimise risks, and unearth valuable insights that would otherwise remain hidden. As long as companies and governments understand the power of Big Data to deliver higher productivity, better value for consumers, and the next wave of growth in the global economy, there should be a strong enough incentive for them to act robustly to overcome the barriers to its use. By doing so they will unleash avenues to new competitiveness among companies, higher efficiency in the public sector that will enable better services, even in constrained fiscal times, and enable firms and even whole economies to be more productive. In the business world Big Data is all about the opportunity. Retail organisations are managing to collect huge data and leverage Big data technologies on a daily basis to extract value from them.

**Building an Analytics Foundation**

Big data and analytics are making retailers more customer-centric than ever. Technology is big data and analytics are making retailers more customer-centric than ever. Technology is playing a major role to provide the retailers data profiling and visualization. Retailers can easily identify their business needs from the data available with the help of analytics. For ages retailers across the globe have been focused on their customer base, aiming to satisfy them with their products and services. Retailers today have to face a new breed of empowered customers who are always connected and have more information on products than sometimes even the retailers do. Being customer-centric is the new competitive differentiation for retailers today. Retailer should understand the principle of changing the culture as per changing time, i.e. wearing different hats in different seasons or occasions. Every retailer is required to adopt new technology and change the business culture so as to enhance customer centricity. A retailer is required to become flexible to accept that market is growing with a customer centric approach. Every organisation has to take a step ahead to gather necessary big data, understand the risks involved. Organisation should know what they want and what is needed to get it. But as stated above one needs to be flexible because adventure will undoubtedly take some unforeseeable turns.

**Benefits of Customer Data Integration**

- Complete Customer real time view, across business channels
- Variety products and Customer approach.
- Repetitive customer behavior and business orientation.
- Integrity and Customer business satisfaction
- Successive Business data maintenance and integrity
- Improvisation in business costs and customer satisfaction.
- Scalability and new data inclusion.
- Web services and effective customer utilization

**Big Data Key Retail Applications**

- Improved business performance and revenue.
- Support to develop Private label sales improving benchmarking & product scoring etc.
- Increased customer performance, adopting customer centric business modules.
- Improved product life cycle suitable to local marketing conditions.
- Adopting Customer driven marketing strategies.
Retail Big Data Challenges

Even though in a developed competitive scenario retailers are facing challenges in delivering the reporting functionality that business users need to enable data-driven decision making, they are optimistic about big data’s ability to provide breakthroughs in analysis capabilities across a number of retail processes.

- Managements approach on Big Data collection and its implementation to be augmented.
- Conservative approach of the organisations to adopt new business strategies, state of the art infrastructure, analytical capabilities, skilled manpower, changing market conditions etc.
- Poor implementation & execution of data analytics technique to sustain competitive advantage.
- Hesitation to adopt new techniques adhering to old business styles in the developed marketing conditions.
- Poor data integration to achieve business goals.
- Employee resistance to upgrade their knowledge as deemed feet to adopt new theologies.
- Solutions Cost The cost of implementation of new technology to collect Big Data is comparatively high. Managements are not ready to share their profit to procure new systems.
- Unwilling to create and maintain Data ware houses required for Big data

CONCLUSION

Big data has an enormous potential to unleash the poor business issues, those were becoming an hindrance in the successful growth of the industry. Appropriate implementation of the data analytics has shown a remarkable growth in the Retail Industry on global basis. Retailers are able to use data to effectively reach consumers through a variety of effective means and are able to generate a more sophisticated class of new customers and finding it easy to retain them. As the technology is new and availability of skilled manpower is comparatively low, some of the organisations still are unable to reach the success as desired. This is mainly due to conservative approach and poor partnering to adopt new technological trends to achieve business success.

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ABSTRACT

Marketing strategy is one the most important areas that needs to be carefully examined by the policy makers of banks. This stems from the need to improve the performance and ensure sustainable growth of banks as competition in the banking industry intensifies. A sound marketing strategy becomes imperative for banks. It not only operate in an environment where service quality and financial returns are perceived as the essential criteria from customers’ viewpoint, but they must also compete with conventional banks which are known to have better experience and expertise in the banking business. Banks now have a firm belief that effective marketing strategies applied in the bank reducing the cost of services provided to customers, and raise the quality of banking services provided, and to influence the response to the client alone can assure the future of banking business. Marketing strategies of banking sector revealed that banks can base their marketing strategies on various parameters which are broadly in terms of 7Ps of marketing viz., Product, Place, Price, Promotion, People, Physical Evidence and Processes. The present study is based on a survey on 6 randomly selected private and public sector banks in Berhampur to identify the marketing strategies they follow at present. The study finds that marketing strategies adopted by these banks to market their products are not well designed and incomplete to some extent. The study also finds that there is a need to develop more effective marketing strategies suitable for long-term growth of these banks.

Keywords: Bank Marketing; Marketing Strategies; 7Ps of Marketing

INTRODUCTION

Indian banking is at cross roads today. With the deregulation and liberalization process in full swing, the consequent policy changes introduced in the Indian financial system in general and banking in particular are effecting unprecedented changes in its functioning. With the emerging changes did spring up new challenges of commercial viability, cost effectiveness and effective marketing strategy etc. The role of marketing strategies in the banking industry continues to change. For many years the primary focus of bank marketing was public returns. Then the focus shifted to advertising and sales promotion vis-a-vis the customer orientation is quite evident in today’s banking activities. Consumers are the key factor in the market. The dictum “as the bank exists because of its customers. Thus, marketing constitutes the key strategy for banks to retain good customers and also anticipate their future demands. Many banking organizations are today applying effective marketing strategies to achieve organizational success for long time survival.

Banks are now required to cope with stiff competition in business and also the complex regulatory norms regarding capital adequacy and provisioning. Thus, banks are forced to adopt various marketing techniques and strategies. Marketing in banks can be stated as a new phenomenon that is shaping well over the past few decades. This can be firmly said that well-designed marketing strategies are very important to promote banking services effectively. The role of the banking marketing strategies is to
achieve competitive characteristic in banks as an important pillar for achieving the goals and success of these banks. The higher rates of knowledge to the marketing strategies of the human race have increased banks have elements of tangible and intangible assets that enable them to excel on banks that do not bother them and become the owner of the leadership in achieving competitive characteristics that wants to clients. Thus the orientation of banks should be with a much wider focus in relation to consumer and market needs, and the consequent marketing strategies. While formulating marketing strategy, a bank should focus attention on (i) consumer sovereignty, (ii) attitude, (iii) responsiveness and personal skills of bank staff, (iv) revitalizing the marketing department, (v) top management support to the marketing department, (vi) participation of marketing personnel in key bank decisions (Kumar, A. 1991).

OBJECTIVES OF THE STUDY

1. To know about the various marketing strategies adopted by selected Private and Public sectors banks in Berhampur.
2. To make a comparative analysis of customers' perception for marketing strategies of private and public sector banks in Berhampur.
3. To find out the key bank marketing strategies on the basis of customers' responses.

REVIEW OF LITERATURE

A number of studies have been conducted both in India and abroad over a period of time regarding the marketing strategies applicable in the banking sector. Followings few of the studies are reviewed hereunder in the subsequent paragraphs as they would facilitate a clear backing for carrying out the present study.

Jha, S.M. (1982); in his book “Services Marketing”, deals with bank marketing, marketing research, market segmentation, marketing mix for banking services, bank marketing in Indian environment. The author feels that despite the existence of commercial banks, which were established to make available timely and adequate services to the customers. Banks suffered due to lack of adequate and appropriate strategies for marketing their financial services. He explained the marketing mix strategies such as product mix, place mix, promotion mix, price mix, people mix, physical evidence mix and processes mix for the service sector.

Levitt, T. (1974); explains that all the techniques and strategies of marketing are used so that ultimately they induce the people to do business with a particular bank. To create and keep a customer means doing all those things so that people would like to do business and continue to do it with a particular bank rather than with the competitors. A business is not a business if it cannot stay in business. It cannot stay in business if it does not attract and hold enough customers, no matter how efficiently it operates.

Ravisankar, T.S. (1985); in a study on ‘Marketing Strategies and Planning for Business Growth in Banks’ says that the marketing plan for banking services should be supported by appropriate marketing strategies. He suggests that marketing strategy for banks must be oriented towards customers-current and potential as well.

Radhakrishnan, S.(1987); conducted a study on ‘Marketing of Banking Services, Constraints, Challenges and Strategy’ and found that mixed banking, complaints from customers about bank charges, competition from non-banking financial companies and growing investment consciousness of the public are some of the impediments to bank marketing. It is suggested that the branch manager can design appropriate marketing strategy through identification of customer needs and service efficiency with appropriate differentiation by understanding customer behavior.

Talwar, R.K. (1975), Chairman of ‘Working Group on Customer Service in Banks’ noted that there was considerable ignorance about the facilities and services offered by banks and the roles they were required to play. Most bank customers are unaware of various schemes and services offered by banks.
The group recommended educational campaigns to be carried out by banks illustratively and every customer of bank should be provided a booklet containing the range of services offered by banks. The survey conducted by the working group pointed out that by and large less educated people and females are far away from the banks. The study observed that developing banking habits is not only a strategy for social uplift only but is equally important a strategy for bank marketing in the long run.

**METHODOLOGY**

Data Sources: The present study is descriptive in nature, which is based on empirical evidences in the form of primary and secondary data.

**DATA COLLECTION METHOD**

Primary Data regarding the banks’ service marketing strategies have been collected through guided interviews of the respective banks’ executives. In order to collect the necessary data, the researcher visited the concerned banks and administered the questionnaire personally to the respondents.

Secondary Data have been collected from different text on Marketing, Financial Products Marketing as well as from the Brochures & reports of the selected banks for this paper.

**Sample Plan & Size**

The study includes six leading banks out of which 3 from public sector (SBI, PNB and IOB) and 3 from private sector banks (ICICI, HDFC and AXIS) available in Berhampur as sample on the basis of convenience for the questionnaire survey to find out the marketing strategies. It was planned to select 30 bank personnel from each bank making a total of 180 bank officials as sample by making personal visit to the respective branches of banks.

**DATA ANALYSIS AND INTERPRETATION**

The analysis is done on the basis of review of existing literature and with personal contact and informal interview with the personnel of the private and public sector banks. Data has been analyzed and interpreted with the help of necessary tables along with relevant explanations of each form of marketing strategy.

**Product Strategy**

In the highly regulated banking industry all offered the same type of products. Actually the bank takes little time and no additional investment to develop a financial product or service. Thus it is better to focus on some selected ideas relating to products, which have immediate operational utility as well as feasibility on banks. So, the banks are required to devise suitable market strategies to augment the volume of business level, and focus on few potential customers with customized products and services rather than serving all customers with universal products. Using Customer Relationship Management (CRM), appointment of young employees with fresh and creative minds with expertise in latest technology, as a matter of choice is desirable to survive in the globalised market. Keeping this in view the bankers were asked to provide opinion about some of the product strategy followed by their branch are tabulated in Table- 1.

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Online Banking</td>
<td>17</td>
<td>18.89</td>
</tr>
<tr>
<td>Focus on Customers</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Advertisement</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>28</td>
<td>31.11</td>
</tr>
<tr>
<td>Value- Added Services</td>
<td>15</td>
<td>16.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
As can be seen from the table 1, the responses of the sample bankers with regards to product strategies adopted are varied and well dispersed. However, the major strategy adopted by the public sector bank is product innovation (31.11%). Because, public sector banks have a very wide customer base belonging to various segments of society, whereas only 13.33% response of sample bankers was on wideness of their product for market coverage. More specifically, public sector banks also focus on customers (20%) followed by online banking (18.89%) and value-added services (16.67%). Only a small percentage of public sector banks (13.33%) are giving more priority to Advertisement.

Whereas, majority of private sector bankers thrust upon focus on Customers (25.56%) due to facing the heat of competition, which is followed by Advertisement (18.89%). The Bank seek to enhance its profile by using alternative advertising media such as direct e-marketing to potential customers and web advertising. 22.22% of sample private sector bankers response is that, they have perfectly adopted to online banking. As compared to their counterparts in the public sector, private sector bankers seem to be ahead towards customer needs and tried to provide effective promotional strategies for the online banking in order to create more awareness among the customers.

Another strategy on which private sector bankers are giving more emphasise is that value added services (20%) as compared to public sector banks (16.67%). Various Ancillary or value added services are provided by private sector banks for capturing the major portion of market. Such as, extended working hours and single window service like that. Only a small percentage of private sector banks (13.33%) are giving more priority to product innovation.

### Place Related Strategy

The place part of the marketing mix is where the customer receives the product or service. Place in case of services determine where is the service product going to be located. Suitable place of the bank branch remains the cornerstone in garnering business. Therefore management always attempts to locate the branch at the most suitable place, since an away location is considered as unsuitable from business point of view. The selection of an appropriate place for the establishment of a branch is important with the viewpoint of making places accessible. Keeping this in view the bankers were asked to provide opinion about the type of strategies they are emphasized more on marketing point of view, which are tabulated in Table- 2.

**Table 2. Place strategy used for Marketing of Financial Products**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Physical ambience</td>
<td>20</td>
<td>22.22</td>
</tr>
<tr>
<td>Location strategy</td>
<td>16</td>
<td>17.78</td>
</tr>
<tr>
<td>Easy Availability of ATM</td>
<td>26</td>
<td>28.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Table 2 depicts the status of place related strategies followed by sample bankers from business point of view. Good premises for bank branches are essential for smooth operation of banking business. The responses of bankers regarding physical facilities available inside the bank premises and its impact on their marketing strategies are presented in above table. More than 28% of private sector bankers and 22% of public sector bankers are following this strategy. Because, absence of parking place, uncomfortable sitting place, dingy bank premises, improper bank layout are some of the hall marks of public sector banks.

When the private banks were compared with public banks, all the private banks have excellent locations from business point of view compared to public banks. More than 17 percent of public sector and nearly 28 percent of private sector bankers expressed their satisfaction regarding their branch location which is, Convenient to both the parties, such as the users and the bankers. This indicates that the bank authorities might have taken enough care to locate the branches in the most convenient locations from the business point of view. However, unsuitable bank locations as perceived by bankers
need to be relocated as they remain as a continuous hurdle to banking business growth.

Due to easy availability of ATM network, 28.89% public sector bankers and 22.22% of private sector bankers are giving more focus on this strategy.

**Pricing Strategy**

The settlement of a correct price, both for the market and the competition, is a significant element for the sector of financial – banking services. As the competition in the financial – banking services has intensified, the settlement of correct prices has become an essential element for the marketing strategy. Nevertheless it is important to remind that the price is not a central element. In the formulation of marketing mix, the pricing decisions occupy a place of outstanding significance. Pricing decisions are found an instrumental in motivating or influencing the target market. The views of the sample bankers with regards to pricing strategies are presented in the following Table 3.

Table 3. Pricing strategy used for Marketing of Financial Products

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Strategic pricing</td>
<td>30</td>
<td>33.33</td>
</tr>
<tr>
<td>Market based Approach to price</td>
<td>26</td>
<td>28.89</td>
</tr>
<tr>
<td>Cost based Pricing</td>
<td>14</td>
<td>15.56</td>
</tr>
<tr>
<td>Price Privileges</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>Price Discrimination</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

From the analysis of surveyed data it can be said that majority of the public sector bankers are adopted strategic pricing (33.33%), which builds volume and market share of the banks followed by Market based Approach to price (28.89%) for their various services. 15.56 percent of the public sector banks use cost based pricing strategy for analysis of cost structure from time to time. Only a small percentage of public sector banks are following price privileges (12.22%) and Price discrimination (10%).

More than 33 percent of private bankers are following cost based pricing strategy for serving dual purpose. Estimating cost of each activity on the one hand and providing quality service at reasonable price on the other. Similarly, private sector banks are also following certain price privilege strategy (18.89%) to their high value clients, followed by price discrimination (17.78%) according to varied situation. Whereas, a small percentage of private bankers response was they are adopting strategic pricing strategy (15.56%) and Market based Approach to price (14.44%).

**Promotion Strategy**

The complexity in the banking services is also an issue of vital importance. This is the time when banks are offering new and innovative services; frequently in the market. The content of promotional tools should help the customer in making most valuable decision. This can be firmly said that well designed promotional strategies are very important to promote banking services effectively. The banking sector seems to have displayed a half-hearted approach towards promotion strategies. The views of sample bankers regarding the various promotion strategies adopted to promote their products are presented in Table 4.

Table 4. Promotional Strategies used for Marketing of Financial Products

<table>
<thead>
<tr>
<th>Promotional Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Advertising</td>
<td>20</td>
<td>22.22</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Personal selling</td>
<td>11</td>
<td>12.23</td>
</tr>
<tr>
<td>Public Relations</td>
<td>30</td>
<td>33.33</td>
</tr>
</tbody>
</table>
Table 4. Promotional Strategies used for Marketing of Financial Products (Contd….)

<table>
<thead>
<tr>
<th>Promotional Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Table 4 shows that the promotional strategies adopted by both private and public sector banks. The majority of the public sector bankers (33.33%) focus on Public relation, as it is a service entity approved by govt., whereas only 12.23% of private sector bankers giving emphasis on this strategy.

Public sector banks are not much adopting the strategies of promotion as personal selling and direct marketing; on the other hand same strategies are adopted by private sector bankers. The reasons for this are high reliability and less profit orientation of public sector banks. Public sector banks do not go for innovative strategies of promotion, however they go for interactive marketing through internet but that is not promoted so much like private sector banks. Thus, only 12% of the public sector banks use the personal selling and direct marketing strategy to market their products, whereas 15.56% in case of direct marketing and 14.44% in case personal selling of sample private bankers are following this. However, 23.33% of public sector bankers and 20% of private sector bankers are adopting the sales promotion strategy.

Thus, it is evident from the proportion of banker’s responses on promotion being the potent marketing tool for attracting new business is comparatively higher in case of private sector banks than the public sector.

People related strategies

Employee plays an important role in the marketing operations of a service organization. Customers’ perceptions of the performance of service employees play an important role in customers’ evaluations of service quality. In the case of banking, the service employee is often the primary contact point for the customer whenever the customer interacts with the employee. Therefore, the bankers’ attention should be focused on employee service quality and to develop of their services skills consistently. More specially, it includes attitude, behaviour, expertise, condense, courtesy, and willingness to help of the employees toward customers. Table 5 presents the views of bankers regarding people related strategies of banking services in attracting new business.

Table 5. People related strategies used for Marketing of Financial Products

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Bankers</td>
<td>Percent</td>
</tr>
<tr>
<td>Professional and Dynamic staff</td>
<td>16</td>
<td>17.78</td>
</tr>
<tr>
<td>Willingness to help the customer</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>Providing Training to staff on new products</td>
<td>25</td>
<td>27.78</td>
</tr>
<tr>
<td>Polite Behaviour of staff</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>Customer friendly staff</td>
<td>13</td>
<td>14.45</td>
</tr>
<tr>
<td>Action oriented staff</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

It is evident from Table 5 that the majority of the public sector bankers (27.78%) focus on Providing Training to staff on new products. Since, public sector banks are a Government entity, it invests heavily in their employees through training on creating an awareness regarding job activities. 17.78% public sector bankers response was towards professional and dynamic staff of their banks. However, 14.45 percent of the public sector bankers are following customer friendly staff, followed by Willingness to help the customer, Polite Behaviour of staff and Action oriented staff of each 13.33% respectively.
While, for the private banks the major focus on Professional and Dynamic staff (20%). Private sector banks recruit their staff with utmost care and diligence. Every effort is made to appoint those who are efficient well qualified and are well versed with the latest in the market. However, 17.78% bankers’ views were they are following customer friendly staff strategy to grow their business, which is followed by Polite Behaviour of staff (16.66%), Willingness to help the customer (15.55%) and Action oriented staff (15.55%). A small percentage of bankers are following Providing Training to staff on new products (14.44%) due to insufficient fund.

Physical Evidence Strategies

Services are often intangible, and customers cannot assess their quality well. So customers use the service environment as an important proxy for quality. Service environments, also called services cape or physical evidence, relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites. The physical evidence is also important for banks because it conveys to the customers an external image of the service package. If a bank wants to have user friendly, hi-tech and efficient image, the branch infrastructure will have a comfortable seating, pleasant lighting and temperature, computer systems with advanced technology and network connectivity. Table 6 presents the some of physical evidence strategies followed by both public and private sector banks for marketing their products.

**Table 6. Physical evidence strategies used for Marketing of Financial Products**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate Floor Space</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Sufficient No. of Computers</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>More Counters</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Adequate Waiting Space with comfortable sitting.</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Comfortable Air Cooling/Conditioning</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>

Most of the bankers of both public and private sectors are of the opinion that the branches under study have adequate floor space, airconditioned premises, adequate waiting space, more counters etc. More or less bankers in both the sectors expressed their overall satisfaction regarding the physical facilities available in their respective branch premises.

Process Related Strategies

Process describes the method and sequence in services and creates the value proposition that has been promised to customers. The well designed process assures service availability, consistent quality, total ease and convenience to the customers. For service industries, such as banking, process is an important way of creating better value-in-use. The availability of advanced self-service technologies within the industry has changed the way of banks service their customers. Banking customers today can access a variety of services from their home, office or elsewhere. But the processes involved in the banking services should be easy and smooth, fast and accurate, and customer friendly. Followings are some of the process related strategies followed by both public and private sector banks are presented in the Table 7.

**Table 7. Process related strategies used for Marketing of Financial Products**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flow of activities</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Standardisation</td>
<td>18</td>
<td>15</td>
</tr>
</tbody>
</table>
As can be seen from the table, the responses of the sample bankers with regards to strategies adopted are varied and well dispersed. However, the major strategies adopted by the banks are flow of activities, standardization, customization, convenient services and simplicity.

Flow of activities has emerged the cornerstone of the marketing strategy for both public and private sector banks. Because all the major activities of banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly. Here, about 23.33% of the public sector bankers and (22.22%) of the private sector banks are giving more focus on this strategy. As public sector banks are government entity, they are adopting more as compared to private sector.

More specifically, public sector banks focus on Standardisation (20%) as compared to private sector banks (16.67%). Public sector banks have got standardized procedures and got typical transactions. Each of the banks has its standard forms, documentations, which saves a lot of time behind individual transaction. Customization is one of the important marketing strategies for both public and private sector banks. More than 18 percent of public sector and more than 17 percent of private sector bankers are giving more focus on this strategy. Public sector banks have specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives.

Convenient services are another important marketing strategy for banks. Whereas, majority of the private sector bankers have perfectly adapted by this strategy for business point of view. It is observed from the Table 7 that a majority of the private bankers (more than 25 percent) and (more than 17 percent) of public sector bankers are following this strategy. However, nearly 20 percent of the public sector and more than 17 percent of the private sector bankers are giving more priority on simplicity. This makes procedures not only simple but consume less time. Thus banks need to build an innovation strategy completely around making banking easy and saving people time.

CONCLUSION

Marketing Strategy in bank is a plan for action that determines how a bank can achieve its goals and objectives in the light of the existing pressures exerted by competition and other non-controllable variables on the one hand, and its limited resources on the other. It should be a strategy to enhance the bank's strength in the market place and the banks have been achieving this through a process of performance budgeting. This paper is focused on the marketing strategies of financial products in Private and public sector banks in Berhampur with a view to identify how marketing mix (7 p') is most important for a bank. Marketing is being practiced by the banks is not so much structured. The research shows that there is a great potential in marketing of financial products which will make the banking sector more effective. The changing environment is creating a changing demand for marketing strategies and by developing an effective marketing strategy banks can retain market shares and profitability as well as competitive advantages.

The above study reveals that Public sector is more reliable but not so good in the quality and innovativeness. Private sector is not considered so reliable, there may be hidden charges in the services and false and misleading information in the advertising but they are better in the service quality. Private sector banks must be more true and reliable first. They have to win the hearts of the customers, after that they will be able to win minds as well. Private Sector banks are adopting more push
strategies to attract and catch the customers. This creates the difference between marketing strategies adopted by Public and Private Sector Banks.

REFERENCES


FEMINISM AND THE WORKING WOMAN

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ABSTRACT

Progress is being made in overcoming deep seated biases that have bedeviled the life of women over centuries. The reasons may be the economic pay offs but the accompanying improvements in the quality of women is undeniable. Feminism seeks to define, establish and defend equal rights for women. Similar to their feminist counterparts all over the world, Feminism in India is the pursuit of women’s rights within the society of India Modern day feminism has focused on fair treatment of women through the stages of girl child, married women and mother. Despite the progress made by Indian feminist movements, women living in modern India still face many issues of discrimination. A slow but inexorable change is taking place as work life balance in dual career families propels and spreads the ideas driven by feminist concepts.

Keywords: Women; Feminism; Work Life Balance; Dual Career Family

INTRODUCTION

Feminism seeks to define, establish and defend equal rights for women. This equality is sought to be obtained in political, economic, cultural and social context. It attempts to obtain equal rights for women in education and employment.

Human rights in contract law, property and voting are sought to be obtained for women on an equal footing. They hope to obtain personal freedom and control over their reproductive rights. They protest domestic violence, sexual harassment and sexual assault. They demand rights in the place of work, including maternity leave and advocate against forms of discrimination against women. These are revolutionary demands and have changed the society in so far as they have been able to obtain them.

Oppression of any individual or group is not recognized as a social problem until society collectively defines it as such. Sociologist Herbert Blumer postulates that regardless of its objective situation, a malignant condition in society remains ignored until it is defined by and conceived in society as problematic. An injustice generates an automatic action but in such cases as the injustice is not recognized there is no remedy. The injustices against women have now been recognized, as a consequence of feminist activity. For example, domestic violence occurred for centuries; yet, it was not seen as a social problem worth addressing until the early 1970’s. The question then becomes how we make society aware of oppression and other crises.

India is ranked 132 out of 148 countries on Gender Inequality Index as per the 2013 Global Human Development Report.

Like their feminist counterparts all over the world, Feminism in India is the pursuit of women’s rights within the society of India. Feminists in India seek gender equality. Indian feminists also have fought against culture-specific issues within India's patriarchal society, such as laws regarding inheritance and in earlier times, sati. The abolition of sati should be regarded as the earliest victory for feminism. Gandhiji’s incorporation of women in the freedom struggle brought them out into the world.
Modern day feminism has focused on fair treatment of women through the stages of girl child, married women and mother.

Despite the progress made by Indian feminist movements, women living in modern India still face many issues of discrimination. India has a patriarchal culture. This has made the process of gaining land-ownership rights and access to education a difficult challenge. An indication of the reaction of society to the progress of feminism is the pernicious practice of sex selective abortions.

Feminist movements in India has been criticized for taking up the cause of women who have obtained many rights whilst neglecting women’s rights if they are poor or belong to the disadvantaged sections of society. Consequently, the access of women particularly those belonging to weaker sections including Scheduled Castes/Scheduled Tribes/ Other backward Classes and minorities, majority of whom are in the rural areas and in the informal, unorganized sector – to education, health and productive resources, among others, is inadequate. Therefore, they remain largely marginalized, poor and socially excluded. Feminism in our country has a long way to go.

OBJECTIVE OF THE STUDY

Feminism as revealed in literature does not consider the effects that the normal economic process has in forwarding its cause. The objective of this article is to define the various strands of feminism and show how economic issues which led to the double income family is forwarding the cause of feminism.

Patriarchy

Indian women find it necessary to challenge the age old system of patriarchy which is embedded in India. Patriarchy is a social system in which society is organized around male authority figures. Patriarchy demands that fathers have authority over women, children, and property. It implies the institutions of male rule and privilege. The corollary is that females are regarded as subordinate.

This idea has led to opposition on the grounds that it is contrary to traditional values or religious beliefs. Some people believe that social acceptance of divorce and non-married women are wrong and harmful. They argue that men and women are fundamentally different and thus their different traditional roles in society should be maintained. Others oppose women's entry into the workforce, political office, and the voting process, as well as the lessening of male authority in families. These are the entrenched values that Indian feminists have to move against.

Advances Made By the Indian Women

The government has accorded high priority to the advancement of women. Our laws, development policies, Plans and programmes have been geared towards fulfilling the cause of welfare of women. The Five year plans have been worked keeping in mind advancement of women. The National Commission for Women was set up in 1990 with the purpose of safeguarding the rights and entitlements of women. To facilitate the participation of women in politics, the Constitution was amended in 1993 for reservations of seats in local bodies and municipalities. This will aid in the decision making at the local level. India has also ratified various international conventions and human rights instruments committing to secure equal rights of women.

Women in Agriculture

Agriculture is the mainstay of the vast majority of the world’s poorest. Women do the majority of the agricultural work across India. However women do not enjoy equal access to information and farm supplies. The land worked by women yield lower returns than those done by men- as much as 40% lower.

The current trends in agricultural market liberalization are redefining the links between gender and development. The proportion of women in agricultural production and postharvest activities ranges from 20% to 70%. The increase in productivity, which these developments have brought about is
associated with a growing demand for female labor. The seasonal increase for the demand in labor has led to the migration of families in search of work.

These developments have brought benefits, in general. However, the largest proportion of rural women worldwide continue to face deteriorating health and work conditions. They have limited access to education and control over natural resources. Their employment is seasonal and insecure. The wages are low. This situation is due to a variety of factors. There is a growing competition for agricultural markets due to globalization. This increases the demand for cheap and flexible labor. Sustainability issues are leading to a growing pressure on and conflicts over natural resources. The claims on government expenditure are not growing. Other factors include increasing exposure to risks related to natural disasters and environmental changes, increasing occupational and health risks.

The critical role of women in agriculture is now being recognized. It is necessary to reach them the benefits of training in soil conservation, social forestry and dairy development. They could benefit from understanding occupations like horticulture, live stock and small animal husbandry, poultry and related activities. Such training has started but needs to be expanded.

**The Way Forward**

Where their role in industry is concerned they should be given comprehensive support in terms of labor legislation, social security and other support services to participate in various industrial sectors. Women at present cannot work in night shifts even if they wish to. Suitable measures, including security should be taken to enable the women to work on the night shift in factories. There has to be a provision for support services for women, like child care facilities, including crèches at work places and educational institutions and home for the aged and the disabled.

**Education**

Equal access to education for women and girls should be ensured. There is a need to sensitise people about the need for education for women. Proper training gives women an edge in agriculture, this converts to a better life for family. Special measures will have to be taken to eliminate discrimination, universalize education, increase enrollment and retention rates of girls. This will improve the quality of education to facilitate life-long learning as well as development of occupation/vocation/technical skills for women.

**Health**

A holistic approach has to be taken towards women’s health which includes both nutrition and health services. It is necessary to adopt and give special attention to the needs of women and the girl at all stages of the life cycle. The reduction of infant mortality and maternal mortality is a matter of national pride.

The women have special nutritional needs. They suffer the highest risk of malnutrition and disease during infancy, adolescence and child bearing. This becomes important when we realize that the health of the women will affect the health of the child.

The vast majority of rural women still depends on the locally available non-commercial sources of energy such as animal dung, crop waste and fuel wood. In order to ensure the efficient use of these energy resources in an environmental friendly manner it is important to help in training and participation of women in environmental programmes.

Active involvement in SHGs has enabled women to have a voice in the community affairs and they have been able to tackle problems such as a lack of drinking water and electricity, access to health services and children’s education. Nonetheless various constraints like discriminatory practices in labour, low level of skills etc. operate to contract a woman’s potential for empowerment. It may be comparatively easier to ensure material change than to cause a change in power structures and the ideologies and attitudes which accompany them. The recommendations for a way forward include ensuring a proactive involvement of women in the various programs, changing social norms and
perceptions and engaging with wider movements of social change.

**Women and Microcredit**

The access to micro credit of women has to be enhanced. This will lead to greater consumption and production. There is need for strengthening the existing mechanisms and encouraging newer ones. Such credit will have the greater impact if it is directed towards those women who are below the poverty line.

A NGO which deserves special mention is the Self Employed Women’s Association (SEWA). Its micro finance arm, the SEWA Bank, provides loans, arranges safety nets in case of unemployment and support for the poor and needy working women. SEWA has touched the lives of more than half a million women by ensuring financial security. This has increased the self esteem and confidence of women and made them better problem solvers at home and society.

The organization started work in the seventies when economic growth opportunities were limited. It took the help of the government and other institutions to further its objectives. The success of this institution served as a model for other institutions and inspired the growth of such N.G.O.s.

In developing the organization, the founder Ela Bhat realized that a poor women’s economic possibilities have the following characteristics. They will make a substantial contribution when activities have the following characteristics: the participant is not obliged to be far from home. The work is relatively monotonous and do not require rapt concentration. The work should not be dangerous. The work can be performed in spite of interruptions, and is easily resumed once interrupted. An innate understanding of these principles allowed SEWA members to accept a lot of work which was available.

The reality of what employee’s experience, specifically in regards to work-life balance, is a direct result of power operating covertly through ideological controls. Work–life balance is a concept which includes proper ordering between "work" (career and ambition) and "lifestyle" (health, pleasure, leisure, family). These ideological controls are expressed through the patriarchal attitudes of society. These attitudes affect her education, health and her opportunities in the workplace.

Every individual will have concerns regarding jobs, family relationships, community activities, health care etc. All these concerns require time and energy if they are to be met adequately. A balance life is necessary for the mental, psychological and emotional well being of the person. One aspect of the woman’s working world is the work life balance of the working women. Her work life is affected by her personal life. To carry out her domestic work and balance it with her obligations as an employee is demanding. She needs the support of her immediate family and her co-workers at her work place. The issues involved can be captured by analyzing the work life balance of working woman.

A large number of employees state that their jobs are "very" or "extremely" stressful. Those in high-stress jobs are three times more likely than others to suffer from stress-related medical conditions and are twice as likely to quit. The study states that women, in particular, report stress related to the conflict between work and family. In a study in the U.S., researchers found that with an increased amount of negative spillover from work to family, the likelihood of reporting stress within the family increased by 74%, and with an increased amount of negative spillover from family to work the likelihood to report stress felt at work increased by 47%.

There is the ideological norm of the "ideal worker." Many organizations view the ideal worker as one who is "committed to their work above all else". "Ideal workers" are those that demonstrate a desire for extra responsibility behaviors, which are seen as positive attributes.

Alternatively, those who are perceived as having to divide their time (and their commitments) are seen not as dedicated to the organization. As research has shown, a manager’s perception of a subordinate’s commitment to the organization is positively associated with the individual’s career assessment.

Often, these perceptions are placed on the female worker. Managers who perceived their female
employees of maintaining high work-family conflict were presumed as not as committed to the organization, therefore not worthy of advancement. This negatively impacts working mothers as they may be "inaccurately perceived to have less commitment to their organizations than their counterparts. Working mothers often have to challenge perceptions and stereotypes that evolve as a working woman becomes a working mother. Working mothers are perceived as less competent and less worthy of training than childless women. The moment when she becomes a mother, a working woman is held at a completely different norm than her childless colleagues. In the same Cuddy et al. (2004) study, men who became fathers were not perceived as any less competent, and in fact, their perceived warmth increased.

Today there are many young women who do not want to just stay at home and do house work, but want to have careers. The number of women joining the workforce increases as the youngest child increases in age, indicating that the majority of women with dependent care responsibilities cannot or do not wish to give up careers. While women are increasingly represented in the workforce, they still face challenges balancing work and home life. Both domestic and market labor compete for time and energy.

In India there is a great change in the attitudes towards working women. Economic stress/requirements have led to dual career families becoming increasingly acceptable. There are studies which indicate that change is occurring in society which is going past traditional beliefs. A study in India has found that a majority of working women (80%) agree that their husbands are keen to see her rise in her career. The reaction to this development is indicated by 8% of the women who complain that their husbands are not willing and enthusiastic for their rise in career.

Majority of the women accept that their husbands appreciate that the respondents are holding dual responsibilities—home and office. Almost half (48%) of the respondents agree that their husbands share household responsibility with them.

However, the percentage of women who complain of tiredness is 49%. They reduce stress by music, yoga, TV etc. The study reveals that men are overcoming biases with regard to the role to be performed by women and are being supportive of their spouses.

CONCLUSION

Feminism remains a controversial issue. Even the ideas which constitute feminism is debated. When it comes to the directions which a society should take, the consensus breaks down.

Progress is being made in overcoming deep seated biases that have bedeviled the life of women over centuries. The reasons may be the economic pay offs but the accompanying improvements in the quality of women is undeniable. Thus education is sought to be given to women to prepare them for life in the workplace. A greater concern for her health and nutrition accompanies the realization that she has a great untapped potential to contribute to society as an economic agent. This change has reinforced her traditional role as the person who runs the house and increased her effectiveness. A slow but inexorable change is taking place as work life balance in dual career families propels and spreads the ideas driven by feminist concepts. Thus unnoticed by many commentators, a huge shift is taking place, in albeit a small section of society where feminist issues are being aced and resolved.

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COMMERCe EDUCATION: ISSUES AND CHALLENGES

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ABSTRACT
Commerce Education is very important for us. Now a day, it is very useful for us in day to day business. From a single calculation to all big business dealings, commerce education plays an important role. Individuals are members of the society and whatever they do, their action affect the society in any manner, whether favourably or unfavourably. Commerce carefully studies these actions that are harmful to the society as a whole and recommends the methods of their prevention. Certain issues related to money like, protection, import-export, the development of agriculture, incidence of taxation, industries and the like affect the whole society. Commerce education helps to study these problems very carefully and gives its biased opinion. Future of growth and stability of every economy depends on the ability of the system of education that prevails in the society. Commerce includes all those human activities which are undertaken with the object of earning one's livelihood is called economic activities. Economic activities include any professions, employment and business. Business is an economic activity which includes production, purchase and sale of goods undertaken with the object of earning profits. And Commerce faculty provides complete knowledge with good business. With business, one can achieve any goal. It has the capacity to satisfy almost any desire of an individual. The development in the business is directly related to the urge in people to give the best to the society. Earning profit with consumer satisfaction is one of the main aim of today’s business.

Keywords: Commerce Education; Business; Economy; Manpower

INTRODUCTION
To support the growing manpower needs of business enterprises, commerce education has been developed a lot in our country. The education imparted to the commerce students provides them specialised knowledge and skills that is helpful in different functional areas like trade, commerce and industry. Continuous supply of quality manpower is necessary for the growth of industrial sector. In India, Commerce education started in 1886. It was started to fulfil the requirement of manpower for the whole industrial world. So we can say that it is the back bone of every business.

Meaning
According to Paul S. Lomex (1928),"Commercial Education is fundamentally a programme of economic education that has to do with the acquirement, conservation and spending of wealth.”

Commerce education includes a wide range of branches like Accountancy, Business studies, Finance, Income Tax, E-commerce, and Economics etc. In the fastest growing economy in the whole world, India is at 3rd place. Commerce education is taking global dimension in the present scenario.

Commerce Education: An Overview
At the time of origin, Commerce education seems to be related with the term,’ business activity’. It includes all those activities that take place in business only, like book keeping, accountancy, costing, finance, transportation, marketing advertisement etc. Also it deals with other related aspects like E-
commerce, business organisation and human resource. At the time of origin of commerce education, their goals were not properly highlighted. But today’s commerce education has three different segments-

1) Under graduate programme
2) Post-graduate programme
3) Research programme

The first stage is of basic knowledge, it does not includes any specialisation in particular field. Some people opts for some professional course at this level to acquire specialised knowledge and strong base for future.it includes C.A, I.C.W.A, and C.S etc. The next level is post graduate programme, which includes M.com, MBA etc. Here, at this stage they opt some specialised field like, marketing, finance, HR, etc. the final stage is then, research programme where students go for deep study and apply research skills in a particular area.

Commerce Education is multi-dimensional. It includes wide range of subjects like Accountancy, Cost Accounts, Financial Management, HRM, Economics, Taxation, etc. The students having aim of high achievement go for research programme. Due to rapid technological changes and globalisation, it becomes very difficult to survive in this competent world. As a result of which commerce education plays an important role, which helps the business to survive. Various fields of commerce helps to tackle the problems faced by a businessman in his business. In brief, we can say that commerce education plays a vital role in today’s business and the dynamic environment. Commerce education also plays an important role in school education, as school education provides the base to students and helps in shaping the future of commerce students. It also enables the students to face challenges in the upcoming business world.

OBJECTIVES

The objective of this study is-

1. To find out various issues and challenges faced by commerce education in the present scenario.
2. To find out the reasons why commerce education is lagging behind.
3. To find out scope of commerce education.

Weakness of Commerce Education

To meet the growing needs of the society and economic development, it is important to develop commerce education in the universities. From the time of origin to present scenario, commerce education has developed itself a lot. But due to rapid technological changes and globalisation, this change is not enough. A strong education system of commerce is required for the survival in this dynamic global business world.

One of the challenges is related with E- Commerce. Anything that involves an outline transaction is known as E- commerce which provides so many benefits to the consumers in form of availability of goods at low prices. It provides wide range of choices and helps in saving time. But knowledge and education of E-commerce also faces the problem. Generally there are two parts of E-commerce.

(1) E- Merchandise and
(2) E-Finance

1) E- Merchandise - E-Merchandise means selling goods and services electronically. It includes selling items through distribution channels. Like Telephone, Fax, E-payment – Online Money Transfer System, and Internet shopping for groceries, tickets, clothes, and foot wears, or gifts.
2) **E-Financing** – E-Finance means with online businesses like providing financial services, travel, entertainment and groceries are all likely to grow. But it can be affected from economic, political and, cultural factors and supranational institutions. It can also be affected by Banking, Insurance, debit cards, smart cards, and on-line services.

Another challenge is Craze for other fields among students like Medicine, Engineering, Management and IT courses.

(3) Students believe that commerce is not gaining any popularity at competitive exams. The present courses provided to them are not enough for preparing for competitive exams.

(4) For teacher training courses like B.Ed., Commerce students are not eligible in many states. Arts and Science students get preference for such courses.

(5) Commerce education is not imparted properly to students at school level, so that they lack adequate knowledge and skills.

(6) Lack of proper infrastructure.

(7) Student teacher ratio is very low, Number of students are high where as teachers are low.

(8) No reservation to commerce graduates in professional courses like, C.A, CWA, and CS etc.

(9) Lack of teaching aids in schools and colleges like computer labs, CTV-Video films etc.

(10) Syllabus of commerce stream is content oriented. It lacks practical knowledge and skills.

(11) Additional costs and efforts due to poor teaching facilities provided in schools and colleges, which makes students to search for extra tuitions, which in turn results in extra cost.

(12) Lack of well trained teachers for commerce.

(13) Syllabus or Content of commerce is not up-to-date with latest scenario, availability of E-finance, etc. A commerce graduate sometimes lacks communication and decision-making skills.

(14) Knowledge of teachers regarding skills of teaching and commerce must be improved time to time.

(15) Govt. should give proper funds for improvement in commerce education from time to time. Recruitment policy of teacher’s should be made strict to norms so that efficient and skilful teacher should be appointed, who imparts proper knowledge and skills to commerce students, which inturns provides strong base to commerce students.

(16) Defective admission policy, due to which sometimes a non-deserving candidate gets admission in commerce.

(17) Only general education is provided to student in name of commerce education, which is not sufficient

### Factors Affecting Global E-Commerce

<table>
<thead>
<tr>
<th>Stage</th>
<th>Economic and infra-structure</th>
<th>Socio cultural factors</th>
<th>Political legal factors</th>
<th>Supranational institutions</th>
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<tr>
<td>Internet adoption</td>
<td>Per capita GDP</td>
<td>Literacy rate and computer skill</td>
<td>The internet’s democratic nature incompatible with authoritarian political structures</td>
<td>UNDP-introduction of the internet in many countries.</td>
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<tr>
<td>Availability of telephone and computer</td>
<td>English language skill</td>
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<td>GATS-competition in telecom sectors</td>
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<tr>
<td>Pricing structure</td>
<td>Viewed as a</td>
<td>Tariff and non-</td>
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<td>ITA-reducing</td>
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Factors Affecting Global E-Commerce

**E-Financing** – E-Finance means with online businesses like providing financial services, travel, entertainment and groceries are all likely to grow. But it can be affected from economic, political and, cultural factors and supranational institutions. It can also be affected by Banking, Insurance, debit cards, smart cards, and on-line services.

Another challenge is Craze for other fields among students like Medicine, Engineering, Management and IT courses.

(3) Students believe that commerce is not gaining any popularity at competitive exams. The present courses provided to them are not enough for preparing for competitive exams.

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(5) Commerce education is not imparted properly to students at school level, so that they lack adequate knowledge and skills.

(6) Lack of proper infrastructure.

(7) Student teacher ratio is very low, Number of students are high where as teachers are low.

(8) No reservation to commerce graduates in professional courses like, C.A, CWA, and CS etc.

(9) Lack of teaching aids in schools and colleges like computer labs, CTV-Video films etc.

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(13) Syllabus or Content of commerce is not up-to-date with latest scenario, availability of E-finance, etc. A commerce graduate sometimes lacks communication and decision-making skills.

(14) Knowledge of teachers regarding skills of teaching and commerce must be improved time to time.

(15) Govt. should give proper funds for improvement in commerce education from time to time. Recruitment policy of teacher’s should be made strict to norms so that efficient and skilful teacher should be appointed, who imparts proper knowledge and skills to commerce students, which inturns provides strong base to commerce students.

(16) Defective admission policy, due to which sometimes a non-deserving candidate gets admission in commerce.

(17) Only general education is provided to student in name of commerce education, which is not sufficient

### Factors Affecting Global E-Commerce

<table>
<thead>
<tr>
<th>Stage</th>
<th>Economic and infra-structure</th>
<th>Socio cultural factors</th>
<th>Political legal factors</th>
<th>Supranational institutions</th>
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<tbody>
<tr>
<td>Internet adoption</td>
<td>Per capita GDP</td>
<td>Literacy rate and computer skill</td>
<td>The internet’s democratic nature incompatible with authoritarian political structures</td>
<td>UNDP-introduction of the internet in many countries.</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>Availability of telephone and computer</td>
<td>English language skill</td>
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<td></td>
<td>GATS-competition in telecom sectors</td>
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<td>Pricing structure</td>
<td>Viewed as a</td>
<td>Tariff and non-</td>
<td></td>
<td>ITA-reducing</td>
</tr>
<tr>
<td>Buying / selling online</td>
<td>Availability of credit</td>
<td>Intellectual property protection</td>
<td>Redress mechanisms in case of problems in online transactions</td>
<td>UNCITRAL model law</td>
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<td>------------------------</td>
<td>------------------------</td>
<td>----------------------------------</td>
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<td>--------------------</td>
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<tr>
<td>Advertising and searching phase</td>
<td>Operating speed of computer and modern size</td>
<td>Influence of language and symbols used on site visited and purchase decision</td>
<td>Ban on some website in authoritarian regimes</td>
<td>Products can be advertised and searched globally on GTPN of UNCTAD</td>
</tr>
<tr>
<td>Payment phase</td>
<td>Penetration rate of credit cards</td>
<td>Forms of payment: check, wire transfer, cash on delivery etc.,</td>
<td>Governments’ concern on the outflow of foreign currency.</td>
<td>UNCTAD smart card</td>
</tr>
</tbody>
</table>

**Source:** REVITALISING COMMERCE EDUCATION, Vidyasagar University, Journal of Commerce

### Status of Commerce Education

After the inducement of commerce education, over hundred and twenty years ago. Commerce education has recorded a tremendous growth. Since independence to its present position, it has changed a lot. There is an increase in no. of commerce students from about 0.35 lakhs in 1950-51 to around 13.8 lakhs in 1993-94 to 25 lakhs now. Number of girls students also increased from 1950-51 to present position. Near about 90% students stop their enrolment to higher classes after graduation, but now this percentage has been decreasing continuously.

### Number of Commerce Students: State-Wise

<table>
<thead>
<tr>
<th>No.</th>
<th>STATE</th>
<th>1970-71 Rank</th>
<th>1999-2000 Rank</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Arunachal Pradesh</td>
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<td></td>
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<tr>
<td>3</td>
<td>Assam</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Bihar</td>
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<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Goa</td>
<td>19</td>
<td>6,938</td>
</tr>
<tr>
<td>6</td>
<td>Gujarast</td>
<td>3</td>
<td>26,450</td>
</tr>
<tr>
<td>7</td>
<td>Haryana</td>
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<td>15,690</td>
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<tr>
<td>8</td>
<td>Himachal Pradesh</td>
<td>21</td>
<td>5,972</td>
</tr>
<tr>
<td>9</td>
<td>Jammu &amp; Kashmir</td>
<td>4</td>
<td>188</td>
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<tr>
<td>10</td>
<td>Karnataka</td>
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<td>76,581</td>
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<tr>
<td>11</td>
<td>Kerala</td>
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CONCLUSION

Commerce education plays a significant role in shaping personnel’s with the emerging trends of commerce skills to face the challenges of this changing business world. Opting for commerce stream is a good option for future. There are many trades in commerce that gives you a good career break, for students who are having good command over accounting, they can go for CA, so also is ICWA. For those students who are interested in company’s stock listing, legal stuff etc., they can go for CS, students who are interested in investment can choose CFA, and for students who are interested in management part of a business can go for MBA. So many fields are there in commerce, with the help of which a commerce student can make their future bright and secure., and important part is that, students can do most of these courses along with their degree.

Commerce education itself provides employment opportunities, but due to lack of competent employees, we are lacking behind. So there is a need of re-structuring commerce education. Some vocational and job-oriented courses should be included in the subject content of commerce education.

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IS TECHNOLOGY INEVITABLE IN AGRICULTURE? - A CONCEPTUAL STUDY

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ABSTRACT
Agriculture covers something more than the mere operation on a farm. Today, marketing, processing, distributions of agricultural products etc. all are accepted as a part of modern agriculture. Agriculture being a biological activity is totally influenced by nature. The vagaries of weather like erratic rainfall, temperature etc blunt the efforts of farmers to derive expected results. Given the influence of vagaries of nature, the farmer has hardly any control over results of his efforts. Consider the basic premise of biotechnology: the least expensive and most renewable source of energy on Earth is the sun and the most abundant and predictable mechanism to convert the energy from the sun to useable energy is photosynthesis -- biotechnology has enabled methods to direct abundant natural energy to new more efficient or unique food products. In this paper author would like to compare traditional and modern agriculture.

Keywords: Agriculture; Marketing; Biological; Biotechnology; Photosynthesis

INTRODUCTION
Agriculture, for decades, had been associated with the production of basic food crops. Agriculture in its widest sense is the cultivation and / or production of crop plants or live stock products. Agriculture and farming were synonymous. At present agriculture besides farming includes forestry, fruit cultivation, dairy, poultry etc. Agriculture covers something more than the mere operation on a farm. Today, marketing, processing, distributions of agricultural products etc. all are accepted as a part of modern agriculture. Agriculture being a biological activity is totally influenced by nature. The vagaries of weather like erratic rainfall, temperature etc blunt the efforts of farmers to derive expected results. Given the influence of vagaries of nature, the farmer has hardly any control over results of his efforts. The production of agricultural commodities and their varieties are limited by the specificity of the season. Paddy is grown in early kharif, late kharif, and rabi seasons. Wheat is confined to rabi season only. Ground nut is cultivated both in kharif and rabi. Green gram is grown in kharif and rabi. Fruits are seasonal in nature and so also certain vegetables. Production of agricultural commodities is not uniform throughout the year. The storage period of farm commodities ranges from few hours as in the case of flowers to few days in respect of fruits and vegetables and few years for cereals, pulses, oilseeds etc. These characteristics of the farm products results in price variations in the same day, in the same season and among the different seasons in a year. To produce agricultural products, the farmer has to use a number of inputs such as seeds, fertilizers, pesticides, labour, machinery, irrigation etc. Underutilization of resources or misutilization of resources may result in high cost of production and thus lower the efficiency of agriculture.

In the last ten decades, agriculture means only producing goods or commodities with human efforts. Human beings prepare the land, sowing the seed, manures and fertilizer application, weeding, irrigation, threshing, winnowing and other activities. They produce with their own efforts either for
their own use or for selling in local markets. Traditional Agriculture comprises of families with older couples and children living on farms. Although over-represented in having children aged from 5 to 14, the most common family structure in Traditional Agriculture is for married couples without children. Many households provide accommodation for farm labourers and seasonal workers. Although mid-range household incomes are common, Traditional Agriculture are also likely to report a nil or negative income, and females are likely to perform domestic duties at home. Traditional Agriculture includes the property owners along with farm workers and labourers. The owners classify themselves as managers or small business owners. They have business and public liability insurance to cover their large investments and valuable assets, and self-managed superannuation is common. While they find it difficult to get to many forms of entertainment, Traditional Agriculture enjoy going to the racetrack and betting through bookmakers. Other pastimes include gardening and dressmaking. They prefer traditional meals at home as opposed to going out to restaurants. They are generally light spenders however have high grocery bills. People found living in this segment are generally not fashion conscious. Although largely limited to dial-up Internet, they do like to get onto the Internet a few times every month, where they often check weather conditions. They prefer to read regional newspapers and tabloids, and magazines about gardening and country lifestyle, as well as magazines such as their life. They tend to watch television programs targeted to country viewers, such as Landline, as well as shows about gardening, current affairs and mysteries. When listening to the radio, they tend to listen to ABC Radio National. These households will generally read addressed mail from retailers and political parties, in the form of a magazine and catalogue.

OBJECTIVES OF THE STUDY

1. To understand the importance of technology in agriculture.
2. To compare traditional agriculture and modern agriculture.

Traditional Agriculture

Traditional agriculture means production of agricultural commodities for self sufficiency and not for sale. In traditional agriculture there is no any technologies are used, mainly depend on human beings or animals for production.

Advantages of Traditional Agriculture

- Use of production for self sufficiency as farmers do not export their crops to markets, if they do, it is in small quantities.
- A gradual degradation of natural resources.
- Inefficiency of rural markets and lack of access to crop price information
- The absence of machinery, most chores are performed by hand or by animals, increasing the probability of low productivity
- Farm ownership, organization, and production is organized at tribe or familial level i.e., work is performed by multiple parties, by women in particular.
- Use of poly-culture, to enable the production of various products and various types of crops to meet the needs of the family or group.
- Extensive but not intensive agriculture
- Lack of modern technical and practical knowledge on the part of farmers.

LIMITATIONS OF TRADITIONAL AGRICULTURE

1. Take long time for harvest the products
2. The products produced are of low quality
Plants may not appear healthy due to the use of pesticides. They mainly rely on rainfall to water the plants, so draught was a common problem.

Modern Agriculture

Modern agriculture is a term used to describe the wide majority of production practices employed by America’s farmers. More than 90% of farmers today embrace using the most innovative practices and growing techniques to produce enough food, fuel and fiber for a growing world, while minimizing their environmental footprint at the same time. The term “modern agriculture” depicts their commitment to innovation, stewardship and meeting the global food challenge all at once – there is nothing conventional about that. In light of this challenge, modern agriculture enables farmers to utilize new innovations, research and scientific advancements to produce safe, sustainable and affordable food. Intensive scientific research and robust investment in modern agriculture during the past 50 years has helped farmers double food production while essentially freezing the footprint of total cultivated farmland. This allows for responsible food production: new technologies help farmers use precise applications and fewer inputs, leading to increased productivity and higher yields, and creates an affordable supply of nutritious food and produce for those who need it most.

Classifications of Modern Agriculture

Modern agriculture may be classified into:

1. Agribusiness: in agriculture, agribusiness means the business of agricultural production. It includes crop production, seed supply, agrichemicals, farm machinery, distribution, processing, marketing and retail sales. Examples of agribusiness include seed and agrichemical producers Dow AgroSciences, DuPont, Monsanto Company.

2. Industrial Agriculture: Industrial agriculture treats the farm as a factory, with "inputs" (pesticides, fertilizers) and "outputs" (crops). The end-objective is increasing yields while controlling costs — usually by exploiting economies of scale i.e. making a lot of one thing, or "monocropping", and by replacing solar energy and manual labor with machines and petrochemicals like pesticides and fertilizers.

3. Intensive farming: intensive farming means agricultural production system and the high use of inputs such as capital, labour or heavy use of pesticides and fertilizers relative to the land area. The methods of modern intensive farming include innovations in agricultural machinery and farming methods.

4. Organic farming: Organic farming is a form of agriculture that relies on techniques such as crop rotation, green manure, compost and biological pest control. Organic farming uses fertilizers and pesticides which include herbicides, insecticides and fungicides but excludes or strictly limits the use of manufactured fertilizers, pesticides plant growth regulators such as hormones etc.

5. Sustainable agriculture: Sustainable agriculture is the act of farming using principles of ecology the study of relationships between organisms and their environment. It Enhance environmental quality and the natural resource base upon which the agricultural economy depends.

Advantages of Modern Agriculture

- Modern agriculture was very successful in meeting a growing demand for food by the world's population.
- Yields of primary crops such as rice and wheat increased dramatically
- The price of food declined
- The rate of increase in crop yields generally kept pace with population growth
The number of people who consistently go hungry was slightly reduced.
Large numbers of irrigation systems are constructed.
Developed new crop varieties.

Disadvantages of Modern Agriculture

- Excessive reliance on monoculture farming and agro industrial inputs, such as capital-intensive technology, pesticides, and chemical fertilizers, has negatively impacted the environment and rural society.
- A number of ecological diseases have been associated with the intensification of food production.
- Chemical fertilizers can also become air pollutants, and have recently been implicated in the destruction of the ozone layer and in global warming.
- Their excessive use has also been linked to the acidification/salinization of soils and to a higher incidence of insect pests and diseases through mediation of negative nutritional changes in crop plants.
- Use of fertilizers can alter the biology of rivers and lakes.

FINDINGS OF THE STUDY

- Technology has/will increase agricultural productivity.
- Technology development has/will be sustainable.
- Technology is, therefore, the basis for Sustainable Agriculture.

CONCLUSION

Food is subject to the economic principles of scarcity. Unlike the artificial value of scarce items such as gold, an adequate supply of food is paramount to population survival and skill diversification, making agriculture a first level priority. Technology has enabled human civilization to leave the "Hunter / Gatherer" paradigm of existence and concentrate labor and land to the sole purpose of food production on an ever-increasing scale. These early applications of technology have not only increased food production in real terms, but have dramatically reduced the number of individuals directly involved in food production/processing -- enabling the diversification of society to address social issues not directly related to "survival", but generally seen to increase the quality of life. To a large extent, the rate of technology development and the degree of innovation in future technologies will greatly influence the stability, and certainly the productivity, of agriculture Technology, in the classical sense, includes the development and use of nutrients, pest control products, crop cultivars, and farm equipment; but it also includes the vision of genetically modified crops providing greater nutritional efficiency (more calories per yield, or more yield), manipulation of natural pest control agents, and use of farm management techniques that focus on whole-farm productivity over time, not just annual production per hectare. Consider the basic premise of biotechnology: the least expensive and most renewable source of energy on Earth is the sun and the most abundant and predictable mechanism to convert the energy from the sun to useable energy is photosynthesis -- biotechnology has enabled methods to direct abundant natural energy to new more efficient or unique food products.

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PROFITABILITY PERFORMANCE: A STUDY OF SMALL SCALE INDUSTRIES IN BANGALORE URBAN DISTRICT OF KARNATAKA

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ABSTRACT
Small scale industries are small by name; they play a significant role in the process of economic growth in developing countries like India. These are looked upon as potent instruments of economic decentralization, employment generation and dispersal of industries over different regions. Small Scale Industries have been empirically proved all over the world that these are generating national income in more efficient and equitable manner among the various participants in the process of good production than their medium or larger counterparts. This paper consists of Category wise principal characteristics and structural ratios of sample SSI units in connection with investment, production, employment and profitability in Bangalore Urban District of Karnataka. This paper also concentrated on Category-wise and Activity-wise profitability and overall profitability of sample small scale units.

Keywords: SSIs; Profitability; Bangalore Urban District

INTRODUCTION
Small scale industries are small by name; they play a significant role in the process of economic growth in developing countries like India. These are looked upon as potent instruments of economic decentralization, employment generation and dispersal of industries over different regions. Small scale industries play a vital role in India’s economy through Employment Generation, Optimization of Capital, Balanced Regional Development, and Mobilization of local Resources, Foreign Exchange Earnings, and Feeder to Large Industries, Consumer Surplus Social Advantage Seeded of Entrepreneurship. Small scale industries function as ancillaries to large scale industries. They produce parts, components and accessories required by large scale industries. The small scale industries like handicrafts have occupied a prominent place in our country. Such small scale industries not only generate more employment opportunities, they are also instrumental in removing imbalance in the distribution of wealth amongst the people particularly the rural mass. From the points given above, we can conclude that small scale industries which have been the backbone of the economy of our country need greater emphasis.

REVIEW OF LITERATURE
Azad and Usha Arora (1988) discussed the problem of small scale industrial sector even after good amount of financial assistance rendered in their opinion, small scale industry suffered from high rate of interest, blockage of capital, dependence on unorganised sources, delay in payment of bills and lengthy
procedures of financial institutions, hampered growth or this sector. The study recommended that the borrowings should be made cheaper by lowering the rate of interest on lending of commercial banks especially for short term loans.

According to Kalchetty Eresi (1998), “small scale industries have come to occupy a pivotal role in the industrialization of the economy”. They serve as harbingers of economic progress and act as catalytic agents for the transformation of traditional society into a modern one. The success depends upon the person running the show. A good entrepreneur can make a sick unit viable where as an incompetent one can make even a successful unit sick. It is, therefore, suggested that management development programmes be organised by the district industries centre (DIC). Such programmes would prevent sickness and ensure growth of small scale units, on a stable basis”.

According to Lucken and Stares (2005) many developing countries see small and medium sized Enterprises (SMEs) that exporters themselves are facing a dilemma. They do not know how to respond to the rising social and environmental requirements of global buyers and supply chains.

Saxena (1987) in his study on “Regional Input-Output modes for SSIs,” observes that the sectors that create more value added per rupee of output also create more wage incomes and generate more output. Similarly sectors that create more employment per rupee of increased output also generate more wage incomes. But such a significant correspondence was not observed between the sectors inducing more employment and sectors generating higher output or value added therefore conclusion upholds the thesis that the net surplus crated by the small scale industries is not encouraging. A strong correlation was observed between the various types of linkage multipliers. That is the sectors that generate more output through their linkages also induce larger employment wage and income gains along with the higher generation of income.

According to Veena Bhatnagar (1995), “The importance of SSI have undergone a change with the expansion of small-scale enterprises in all areas- the traditional industries, modern manufacturing, electronics and service sectors”. Growth of the SSEs in the latter two categories is indicative of coming of age of the economy as also the emergence of a skilled and educated entrepreneurial class. The new concept is the establishments of SSEs not as competitors with the large scale enterprises but as supplementary ancillary supporting units. Thus we see the emergence of a section of SSEs which have the patronage of large scale enterprises and yet have a rationale for their independent existence.

OBJECTIVES OF THE STUDY

1. To examine the performance of small scale industries in Bangalore Urban District.
2. To study the capital and labor productivity of small scale industries in Bangalore Urban District.
3. To know the category-wise and activity-wise profitability of small scale industries in Bangalore Urban District.
4. To assess the overall profitability of select sample SSI units in Bangalore Urban District.

METHODOLOGY

The empirical data have been collected for analyzing profitability performance of small scale industries in Bangalore urban district of Karnataka by conducting a survey by using an interview schedule. The primary data are used mainly for evaluating the profitability performance of small scale industries in Bangalore urban District. The SSI units registered with District Industries Centre in Bangalore Urban district during 1997-98 are listed out as per the industrial category. From this list, a sample of 5 per cent of units is drawn covering all the categories of industrial units using Simple Random Sampling without Replacement (SRSWOR). The sample consists of 148 units in Bangalore Urban District (BUD). The period of study pertains to 10 years from 1997-98 to 2006-07. Secondary data were collected from published and unpublished sources. They are collected from books, journals,

Tools for Analysis

In order to examine the “Profitability Performance of Small Scale Industries in Bangalore Urban District of Karnataka”, the data collected in this regard is analyzed by using the different statistical tools and techniques. The statistical tools like simple percentages, averages, Linear Growth Rates, and ratio analysis are used to evaluate the Profitability Performance in terms of investment, production and profitability of the selected sample units.

DATA ANALYSIS

Small Scale Industries may sound small but actually plays a very important part in the overall growth of an economy. Small Scale Industries have been empirically proved all over the world that these are generating national income in more efficient and equitable manner among the various participants in the process of good production than their medium or larger counterparts. This study examines the performance of sample small-scale industries in terms of capital productivity, labor productivity, production, employment and category-wise, activity-wise and overall profitability of select Small scale industries in Bangalore Urban District.

Capital Productivity and Labour Productivity

Table 1 provides details of quantum of capital employed, production, employment and ratios among them in Bangalore Urban District. As noted already the total investment in the district grew from Rs. 6037.48 lakhs to Rs. 9595.23 lakhs displaying a linear growth rate of 5.81 per cent between 1997-98 and 2006-07. During the same period total production grew from Rs. 3412 lakhs total Rs. 6995 lakhs registering a growth rate of 10.21 per cent per annum. The employment in these industries grew at a higher rate of 14.58 per cent per annum during the period under study. From the ratios presented in the table, it could be seen that the capital per unit of labour employed was Rs. 2.221 lakh in the year 1997-98. Thanks to the relatively higher growth rate of employment than capital, the K/L ratio considerably falls to Rs. 1.396 lakh per unit of labour in the year 2006-07. Thus the capital intensity of the small scale units in the district came down steeply during the period under study.

The table also furnishes the ratio of output per unit labour employed. The output per unit of labour employed was Rs. 1.255 lakh in the year 1997-98. The O/L ratio, however, fluctuated to a certain extent, between or low value of 1.018 and high value 1.397 of during the period under study in the year 2006-07. To be more specific, the O/L ratio fell from 1.255 to 1.018 between 1997-98 and 2006-07. This implies that the productivity of labour declined steeply in the study units during the period under study. The dealing labour productivity need to be viewed seriously. The tables also provide the reciprocals of K/L ratio, O/L ratio and L/O ratios. The output per unit of capital viz., the productivity of capital rose from 0.797 to 0.982 respectively.

Table 1. Principal characteristics of Sample SSI units and its structural ratios Bangalore Urban District

<table>
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<tr>
<th>Year</th>
<th>Investment (K) (Rs. in lakh)</th>
<th>Production (O) (Rs. in lakh)</th>
<th>Employment (L)</th>
<th>K/L</th>
<th>O/L</th>
<th>L/O</th>
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<td>2.221</td>
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<td>2802</td>
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Table 1. Principal characteristics of Sample SSI units and its structural ratios Bangalore Urban District (Contd….)

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<thead>
<tr>
<th>Year</th>
<th>Investment (K) (Rs. in lakh)</th>
<th>Production (O) (Rs. in lakh)</th>
<th>Employment (L)</th>
<th>K/L</th>
<th>O/L</th>
<th>L/O</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>8997.54</td>
<td>6118</td>
<td>5275</td>
<td>1.705</td>
<td>1.159</td>
<td>0.862</td>
</tr>
<tr>
<td>2006-07</td>
<td>9595.23</td>
<td>6995</td>
<td>6870</td>
<td>1.396</td>
<td>1.018</td>
<td>0.982</td>
</tr>
<tr>
<td>LGR</td>
<td>5.81</td>
<td>10.21</td>
<td>14.58</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey

Table 2 categories-wise principal characteristics and structural ratios of sample units in 2006-07 in Bangalore Urban District. The capital output ratio provides the amount of capital required to produce one unit of output. As could be seen from the table K/L ratio was the highest at Rs 2.604 lakh. It indicates that in Leather & leather products units, more capital were required in order to produce one unit of output. Next Automobile Units the K/L ratio was highest at Rs 2.222 lakh and Textiles and Garments Units it was the lowest ratio at Rs 1.213 lakh.

Another important structure indicator was output labour ratio. The output labour ratio O/L gives that value of output per unit of labor or the productivity of labor. It could be seen from the table that output labour ratio was highest at Rs 1.500 lakh in glass and ceramics and it was lowest at Rs 1.001 lakh in textiles and garments units. In other words a unit of labor in glass and ceramics units produced output worth of Rs. 1.500 lakh where as textiles and garments units of labor produced output worth of Rs 1.001 lakh. In other categories of units the amount of output of labour varied between Rs 1.001 lakh and 1.500 lakh.

The table also gives the reciprocals of K/L ratio, O/K ratio and O/L ratio. The O/K ratio indicated the amount of output produced per unit of capital. The O/K ratio was the highest at 0.825 in the Textile and Garments units and it was lowest at 0.530 chemicals units. Similarly the L/K ratio reveals the amount of labour required per unit of capital. From the value given in the table it can be seen the textiles and garments units required lowest at 1.213 units of labor per unit of capital. This reiterates that rubber and plastic units were highly capital incentive units and basic metal and wood based units were relatively labor incentives units in the Bangalore Urban District in the year 2006-07.

Table 2. Category-wise principal characteristics and structural ratios of sample units in 2006-07 Bangalore Urban District

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Units</th>
<th>Investment (K) (in lakh)</th>
<th>Output (O) (in lakh)</th>
<th>Employment (L)</th>
<th>K/L</th>
<th>O/L</th>
<th>O/K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverages</td>
<td>7</td>
<td>95.12</td>
<td>60</td>
<td>55</td>
<td>1.729</td>
<td>1.090</td>
<td>0.630</td>
</tr>
<tr>
<td>Textile and Garments</td>
<td>25</td>
<td>2070.03</td>
<td>1709</td>
<td>1706</td>
<td>1.213</td>
<td>1.001</td>
<td>0.825</td>
</tr>
<tr>
<td>Wood based</td>
<td>7</td>
<td>96.09</td>
<td>62</td>
<td>56</td>
<td>1.715</td>
<td>1.107</td>
<td>0.645</td>
</tr>
<tr>
<td>Printing Stationary</td>
<td>11</td>
<td>995.07</td>
<td>574</td>
<td>589</td>
<td>1.689</td>
<td>1.008</td>
<td>0.596</td>
</tr>
<tr>
<td>Leather &amp; leather products</td>
<td>4</td>
<td>65.12</td>
<td>35</td>
<td>25</td>
<td>2.604</td>
<td>1.400</td>
<td>0.537</td>
</tr>
<tr>
<td>Rubber and Plastic</td>
<td>6</td>
<td>82.14</td>
<td>51</td>
<td>49</td>
<td>1.676</td>
<td>1.040</td>
<td>0.620</td>
</tr>
<tr>
<td>Chemicals</td>
<td>5</td>
<td>79.23</td>
<td>42</td>
<td>39</td>
<td>2.031</td>
<td>1.076</td>
<td>0.530</td>
</tr>
<tr>
<td>Glass and Ceramics</td>
<td>1</td>
<td>20.40</td>
<td>15</td>
<td>10</td>
<td>2.040</td>
<td>1.500</td>
<td>0.735</td>
</tr>
</tbody>
</table>
Table 2. Category-wise principal characteristics and structural ratios of sample units in 2006-07 Bangalore Urban District (Contd….)

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Units</th>
<th>Investment (K) (in lakh)</th>
<th>Output (O) (in lakh)</th>
<th>Employment (L)</th>
<th>K/L</th>
<th>O/L</th>
<th>O/K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Metal</td>
<td>6</td>
<td>85.50</td>
<td>53</td>
<td>48</td>
<td>1.781</td>
<td>1.040</td>
<td>0.619</td>
</tr>
<tr>
<td>General and Engineering</td>
<td>13</td>
<td>1050.04</td>
<td>697</td>
<td>680</td>
<td>1.544</td>
<td>1.025</td>
<td>0.663</td>
</tr>
<tr>
<td>Electrical and Electronics</td>
<td>25</td>
<td>2671.01</td>
<td>1729</td>
<td>1700</td>
<td>1.571</td>
<td>1.017</td>
<td>0.647</td>
</tr>
<tr>
<td>Automobile</td>
<td>5</td>
<td>80.02</td>
<td>45</td>
<td>36</td>
<td>2.222</td>
<td>1.250</td>
<td>0.562</td>
</tr>
<tr>
<td>Misc. Products</td>
<td>18</td>
<td>1545.06</td>
<td>1091</td>
<td>1075</td>
<td>1.437</td>
<td>1.014</td>
<td>0.706</td>
</tr>
<tr>
<td>Other Services</td>
<td>15</td>
<td>1260.40</td>
<td>812</td>
<td>802</td>
<td>1.571</td>
<td>1.012</td>
<td>0.644</td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>9595.23</td>
<td>6995</td>
<td>6870</td>
<td>24.47</td>
<td>15.64</td>
<td>9.145</td>
</tr>
</tbody>
</table>

Source: Field Survey

Activity –Wise Profitability

Having discussed value of total production and cost of production in different categories of small scale units in Bangalore Urban District, it would be logical to analyse the profitability of the units. Table 3 furnishes the net profits of different categories of small scale units in the districts during the years 1997-98 to 2006-07. It could be seen from the table that the total profits of all units amounted to Rs. 4425.36 lakhs in the year 1997-98 and over the years the profits of the units more than doubled to reach level of Rs. 6290.64 lakh in the year 2006-07. In other words the net profits of all the units registered a growth rate of 4.04 per cent per annum during the period under study. The higher growth rate of profit registered in the district might be due to relatively lower growth rate of cost of production. Among different categories of small scale units Glass and Ceramics, Leather & leather products, Rubber and Plastic, and Chemicals industries performed excellently with an average annual growth ratio of 11.79 per cent, 9.81 per cent, 9.38 per cent, and 9.29 per cent in profits respectively. The Textiles and Garments units are less performed with an average annual growth ratio of 2.40 per cent. The other categories of units that have put up very good performance during the year under the study were wood based units and Basic Metal units. There units respectively achieved average annual growth the rate of 7.22 per cent and 7.61 per cent. The rate of growth of profit was very less in Electrical units, perhaps due to higher profit base of 950.16 lakh in the year 1997-98. In other categories of units the profit bases were very less than 10.61 lakhs. In short, by and large all the categories of units registered very good profit levels during the period under study due to fall in the cost of production.

Table 3. Activity-wise profitability of sample units during 1997-98 to 2006-07 Bangalore Urban District (Rs. in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Food</th>
<th>Textile</th>
<th>od</th>
<th>Printing</th>
<th>Leather</th>
<th>Rubber</th>
<th>Chemicals</th>
<th>Glass</th>
<th>Basic Metal</th>
<th>Engineering</th>
<th>Electrical</th>
<th>Automobile</th>
<th>Misc</th>
<th>Other Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>113.29</td>
<td>912.1</td>
<td>110.11</td>
<td>321.22</td>
<td>30.32</td>
<td>83.42</td>
<td>61.72</td>
<td>10.61</td>
<td>81.32</td>
<td>420.2</td>
<td>5100.16</td>
<td>65.32</td>
<td>715.42</td>
<td>530.15</td>
<td>4425.36</td>
</tr>
<tr>
<td>1998-99</td>
<td>140.3</td>
<td>940.42</td>
<td>120.42</td>
<td>342.3</td>
<td>36.4</td>
<td>89.49</td>
<td>69.79</td>
<td>12.4</td>
<td>86.36</td>
<td>455.29</td>
<td>969.1</td>
<td>69.55</td>
<td>730.44</td>
<td>549.92</td>
<td>6432.58</td>
</tr>
<tr>
<td>1999-00</td>
<td>100.21</td>
<td>982.29</td>
<td>130.44</td>
<td>355.04</td>
<td>69.92</td>
<td>95.45</td>
<td>72.4</td>
<td>13.61</td>
<td>89.42</td>
<td>490.29</td>
<td>948.45</td>
<td>75.42</td>
<td>745.35</td>
<td>553.81</td>
<td>8034.73</td>
</tr>
<tr>
<td>2000-01</td>
<td>189.49</td>
<td>971.21</td>
<td>150.21</td>
<td>390.2</td>
<td>72.4</td>
<td>100.12</td>
<td>79.62</td>
<td>20.42</td>
<td>94.24</td>
<td>499.25</td>
<td>995.12</td>
<td>78.12</td>
<td>739.61</td>
<td>797.4</td>
<td>4945.44</td>
</tr>
<tr>
<td>2001-02</td>
<td>191.21</td>
<td>982.41</td>
<td>151.42</td>
<td>379.4</td>
<td>80.42</td>
<td>115.49</td>
<td>84.32</td>
<td>24.9</td>
<td>93.25</td>
<td>520.62</td>
<td>1010.49</td>
<td>85.4</td>
<td>789.61</td>
<td>589.92</td>
<td>5104.86</td>
</tr>
<tr>
<td>2002-03</td>
<td>205.6</td>
<td>993.19</td>
<td>169.24</td>
<td>384.2</td>
<td>94.22</td>
<td>135.3</td>
<td>96.3</td>
<td>25.4</td>
<td>100.49</td>
<td>545.62</td>
<td>1150.16</td>
<td>89.92</td>
<td>792.15</td>
<td>796.64</td>
<td>5778.54</td>
</tr>
<tr>
<td>2003-04</td>
<td>304.12</td>
<td>1050.1</td>
<td>174.27</td>
<td>396.15</td>
<td>100.11</td>
<td>140.92</td>
<td>99.62</td>
<td>26.9</td>
<td>115.42</td>
<td>560.15</td>
<td>1264.92</td>
<td>99.64</td>
<td>799.05</td>
<td>650.62</td>
<td>6886.07</td>
</tr>
<tr>
<td>2004-05</td>
<td>220.15</td>
<td>910.14</td>
<td>190.21</td>
<td>395.56</td>
<td>115.4</td>
<td>151.62</td>
<td>116.14</td>
<td>27.42</td>
<td>189.21</td>
<td>579.91</td>
<td>1351.69</td>
<td>100.42</td>
<td>810.41</td>
<td>649.24</td>
<td>3991.52</td>
</tr>
<tr>
<td>2005-06</td>
<td>231.16</td>
<td>1099.99</td>
<td>205.42</td>
<td>415.49</td>
<td>120.4</td>
<td>180.4</td>
<td>130.21</td>
<td>28.42</td>
<td>125.92</td>
<td>589.1</td>
<td>1381.91</td>
<td>115.42</td>
<td>813.21</td>
<td>6813.19</td>
<td>5119.39</td>
</tr>
<tr>
<td>2006-07</td>
<td>254.32</td>
<td>1135.4</td>
<td>210.42</td>
<td>430.21</td>
<td>125.21</td>
<td>185.29</td>
<td>145.13</td>
<td>39.39</td>
<td>145.21</td>
<td>580.81</td>
<td>1409.24</td>
<td>120.49</td>
<td>815.32</td>
<td>6852.32</td>
<td>5260.64</td>
</tr>
<tr>
<td>LGR</td>
<td>7.27</td>
<td>2.4</td>
<td>7.22</td>
<td>2.92</td>
<td>9.81</td>
<td>9.38</td>
<td>9.29</td>
<td>11.79</td>
<td>7.01</td>
<td>3.61</td>
<td>3.06</td>
<td>6.8</td>
<td>1.58</td>
<td>3.06</td>
<td>4.04</td>
</tr>
</tbody>
</table>

Source: Field Survey
Having discussed the profits of different categories of units in absolute terms, it would be useful to discuss the share of profit to the total value of production. Table 4 contains the relevant information. It could be seen from the table that in the year 1997-98, profits of all the units constituted about 319.03 per cent of total value of production, over the years there was gradual rise in the proportion of profits earned by the study units. Among different categories of small scale units, the proportion of net profit was very low at 10.61 per cent in glass and ceramics units in the year 1997-98. But over the years the proportion of net profits to total value of production gradually increased and reached the level of 36.33 per cent in food and beverages units and 45.42 per cent in textiles and garments units. Similarly, in textile and garments, electrical and electronics units the net profit constituted about 30 per cent of total value of production in the year 1997-98 and these gradually rose about 40 per cent in these two categories of units in the year 2006-07. In electrical and misc products categories of units the level of net profit seem to be very high when compared to other types of units in the district to be more specific in electrical units, the proportion of net profit in the total value of proportion was 319.03 per cent in the year 1997-98 and it gradually rose to 512.90 per cent in the year 2006-07.

In short, even though the units belonged to different categories, the cost of production was by and large equal and hence the profits were also by and large equal for different categories of small scale units in the district during the year 2006-07.

Table 4. Activity-wise percentage of net profit to total production of sample units Bangalore Urban District (Rs. in lakh)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>25.48</td>
<td>27.55</td>
<td>29.91</td>
<td>32.87</td>
<td>35.97</td>
<td>39.08</td>
<td>42.13</td>
<td>45.19</td>
<td>48.26</td>
<td>51.32</td>
</tr>
<tr>
<td>Textile</td>
<td>15.73</td>
<td>17.20</td>
<td>18.63</td>
<td>20.51</td>
<td>22.63</td>
<td>24.77</td>
<td>27.81</td>
<td>29.87</td>
<td>31.93</td>
<td>33.99</td>
</tr>
<tr>
<td>Wood</td>
<td>29.20</td>
<td>31.15</td>
<td>32.33</td>
<td>33.52</td>
<td>34.49</td>
<td>34.92</td>
<td>36.01</td>
<td>36.32</td>
<td>37.57</td>
<td>39.11</td>
</tr>
<tr>
<td>Printing</td>
<td>12.58</td>
<td>14.10</td>
<td>15.74</td>
<td>17.48</td>
<td>18.85</td>
<td>20.11</td>
<td>23.96</td>
<td>25.49</td>
<td>26.43</td>
<td>28.85</td>
</tr>
<tr>
<td>Leather</td>
<td>13.90</td>
<td>14.92</td>
<td>15.90</td>
<td>16.69</td>
<td>19.24</td>
<td>22.57</td>
<td>23.49</td>
<td>25.27</td>
<td>30.06</td>
<td>30.88</td>
</tr>
<tr>
<td>Engineering</td>
<td>32.32</td>
<td>35.02</td>
<td>37.71</td>
<td>38.42</td>
<td>40.04</td>
<td>41.97</td>
<td>43.09</td>
<td>44.60</td>
<td>45.31</td>
<td>45.46</td>
</tr>
<tr>
<td>Electricals</td>
<td>38.00</td>
<td>38.76</td>
<td>39.41</td>
<td>39.81</td>
<td>40.42</td>
<td>40.01</td>
<td>52.07</td>
<td>54.26</td>
<td>57.03</td>
<td>58.82</td>
</tr>
<tr>
<td>Automobiles</td>
<td>13.06</td>
<td>13.91</td>
<td>15.08</td>
<td>15.76</td>
<td>17.08</td>
<td>17.98</td>
<td>18.93</td>
<td>20.08</td>
<td>23.08</td>
<td>24.09</td>
</tr>
<tr>
<td>Misc. Products</td>
<td>39.74</td>
<td>40.49</td>
<td>41.41</td>
<td>42.20</td>
<td>43.86</td>
<td>44.06</td>
<td>44.44</td>
<td>45.02</td>
<td>45.28</td>
<td>45.85</td>
</tr>
<tr>
<td>Other Services</td>
<td>35.34</td>
<td>36.66</td>
<td>37.04</td>
<td>38.62</td>
<td>39.33</td>
<td>38.78</td>
<td>42.04</td>
<td>43.28</td>
<td>45.94</td>
<td>46.19</td>
</tr>
<tr>
<td>total</td>
<td>319.03</td>
<td>335.59</td>
<td>351.36</td>
<td>381.55</td>
<td>401.12</td>
<td>424.78</td>
<td>447.17</td>
<td>470.18</td>
<td>494.68</td>
<td>512.90</td>
</tr>
</tbody>
</table>

Source: Field Survey

Table 5 reveals that overall profitability of sample units in Bangalore urban district. It could be seen from the table that production/sales total cost and net profit in the year wise 1997-98 to 2006-07. Total production has increased of Rs.3412 lakh to Rs.6995 lakh from 1997-98 to 2006-07. These ratios were derived from the basic variables like, extent of employment, total investment and total production. A cursory glance at the table clearly indicates that the net profit of all the units increased steadily to reach Rs. 785 lakh registering a negative growth rate of -7.62 per cent per annum. Net profit per unit was Rs. 0.254 lakh in the year 1997-98. Net profit per unit showed fluctuations to some extent. Nevertheless, they exhibited decreasing trend over the years to reach the level of Rs. 0.112 lakh in the year 2006-07.

Similarly, profit per unit of labour averaged to Rs. 0.320 lakh in the year 1997-98. Net profit per employee also fluctuated to a certain extent and averaged to Rs. 0.114 in the year 2006-07. The net profit per unit of return on capital was Rs.14.41 lakh in the year 1997-98. The net profit per unit of total investment is also known as rate of return on capital investment. As could be observed from the table the rate of return on capital invested gradually decreased over the study period to reach the level of 8.18 lakh in the year 2006-07.
FINDINGS OF THE STUDY

1. It is observed that the total investment in sample SSI units in Bangalore Urban district grew from Rs. 6037.48 lakhs to Rs. 9595.23 lakhs displaying a linear growth rate of 5.81 percent between 1997-98 and 2006-07.

2. During the same period total production grew from Rs. 3412 lakhs, total Rs. 6995 lakhs registering a growth rate of 10.21 per cent per annum.

3. Categories-wise principal characteristics and structural ratios of sample units in 2006-07 in Bangalore Urban District could be inferred that K/L ratio was the highest at Rs 2.604 lakh. Next to it was automobile Units at Rs 2.333 lakh and Textiles and Garments Units was the lowest ratio at Rs 1.213 lakh.

4. The activity-wise profitability of sample units during 1997-98 to 2006-07 of Bangalore Urban District, it can be inferred that the total profit of all units amounted to Rs. 4425.36 lakh in the year 1997-98 and over the years the profits of the units reached a level of 6290.64 lakhs in the year 2006-07.

5. The Textiles and Garments units are less performed with an average annual growth ratio of 2.40 per cent. The other categories of units that have put up very good performance during the year under the study were wood based units and basic metal units.

6. Overall profitability of sample units in Bangalore Urban District shows details of net profits, profit per unit, profit per employee and profit per unit of capital employed. Net profit per unit was Rs. 0.254 lakh in the year 1997-98. Net profit per unit shows fluctuations to some extent and gradually decreased during the study period. Nevertheless, they exhibited decreasing trend over the years to reach the level of Rs. 0.112 lakh in the year 2006-07.

CONCLUSION

The study highlights the suitability and relevance of small scale industries in India’s economic development in the context of resource constraints, particularly capital resources. The small scale industries are less capital intensive and labour absorbing. The findings of the study have demonstrated that there has been development of small scale industries in terms of increase in production, profitability and capital output ratio. Based on the study it is identified that due to the high cost of production the return on capital is decreased during the period. As the SSI sector braces up for the new entrants, there are growing challenges and problems that the sector faces which relate to credit,
infrastructure, technology, marketing and capacity building. The government has to provide adequate financial as well as infrastructural assistance to promote SSI units to a great extent.

REFERENCES


AN EMPIRICAL STUDY OF TAX REVENUE AND ITS IMPACT ON INDIAN ECONOMY

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Email: annakkdi@gmail.com

ABSTRACT
The broad objectives of the study refers to analyzing the impact of introducing comprehensive Corporation tax, Customs Duty, Excise Duty, Income and Goods and Services Tax (GST) on economic development and international trade; changes in rewards to the factors of production; and output, prices, capital, employment, efficiency and international trade at the sectoral level. Analysis in this study indicates that implementation of a comprehensive GST in India is expected to lead to efficient allocation of factors of production thus leading to gains in GDP and exports. The study shows that there is a significant positive impact of taxation on economic development of India with Income tax being least effective. Services tax apart from other taxes was found to be one of most productive in such a shorter extent of time since its obligation.

Keywords: Custom Duty; Corporation Tax; Excise Duties; Income Tax; GST

INTRODUCTION
Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. The Tax has everlastingly driving energy of the economy however since the times past of mankind. The same holds true yet for all the developed and developing economies including India. India has got some major taxes in the form of Corporation tax, Customs Duty, Excise Duty, Income and Services tax which form the major source of its revenue. The study shows that there is a significant positive impact of taxation on economic development of India with Income tax being least effective.

However there is difference of opinion among the economists on the impact of taxation on economic development in the economy. Taxes are important for expenditure of government to manage, redistribute income among people and different sectors of the economy, market regulation, inflation control, and so forth. India has collection of direct taxes as a big contribution of total tax revenues at centre, while indirect taxes have low level of revenues for government as it has failed to collect taxes from every sector calling forth for the need of increasing the tax base. However, there is a good amount of indirect tax being collected at the state level. According to P. Chidambaram (June 6, 2013) only 2.89 percent of the Indians (near about 36 million people) pay income tax. Most of the evasion occurs because of corruption, bribes and false assessments by the tax collectors as Income Tax Department lists among the most corrupt departments of the country. The tax to GDP ratio in India is even somewhat low at 17.7 % in FY 2013-2014 which is 30 % for developed economies.

OBJECTIVES OF THE STUDY

1. To study the Indian tax revenue systems and its structural changes in India
2. To examine the effect of tax revenue and its impact on Indian economy

IMPORTANCE OF THE STUDY

In India, the meager are distressed more from the burden of taxes as indirect taxes on basic necessities is rising because of inelastic demand compared to tax rate on luxury goods, which sounds regressive, where rich are paying less than poor as compared to their tax to income ratio. The tax system is designed by the elite class including the politicians and bureaucrats who are part of policy formulation to have a clear way for tax evasion and corruption. This has shifted the tax burden from rich onto the poor which results in utilization of their income on basic consumption and with very little or no saving of the masses. Optimal tax rate is necessary in both direct and indirect taxation to reduce market distortions and inefficiency along with high revenues for public expenditures. This will decrease burden on both the consumers and producers. The aim of this present empirical analysis is to seek the reply for the same query of association among tax and economic growth. The GDP growth rate and the major taxes of India is deliberate from the period 2011-12 to 2014-15. The lesson would have been extended much below to 2011 but since one of the major significant taxes i.e. Service tax was obligatory for the ultimate in 2011.

India’s Tax Regime

Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavor to generate tax revenues to support government expenditure on public services and infrastructure development. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This analysis can be extended to international competitiveness of the adversely affected sectors of production in the economy. Such domestic and international factors lead to inefficient allocation of productive resources in the economy. This results in loss of income and welfare of the affected economy.

For a developing economy like India it is desirable to become more competitive and efficient in its resource usage. Apart from various other policy instruments, India must pursue taxation policies that would maximize its economic efficiency and minimize distortions and impediments to efficient allocation of resources, specialization, capital formation and international trade. With regard to the issue of equity it is desirable to rely on horizontal equity rather than vertical equity. While vertical equity is based on high marginal rates of taxation, both in direct and indirect taxes, horizontal equity relies on simple and transparent broad-based taxes with low variance across the tax rates.

Receipts

Tax Revenue Receipts

Tax Revenue receipts of the Centre comprising net tax revenue were estimated at ` 11, 89,763 crore in BE 2014-15 reflecting a growth of 17.2 per cent over PA of 2013-14. Growth in total revenue receipts during the H1 of 2014-15 is 7.2 per cent over the corresponding period in 2013-14 and in terms of quarterly outcome (year-on-year Y-O-Y) continued to reflect uneven growth. Y-O-Y quarterly growth in Net tax revenue receipts during 2012-13, 2013-14 and 2014-15 is shown in Table.1.

| Table 1. Total Tax Revenue of the Government of India (April–September) (Crore) |
|---------------------|---------------------|---------------------|---------------------|
| **2011 -12**       | **2012 -13**       | **2013 - 14**       | **2014 - 15**       |
| Tax Revenue (Net)  | 254731             | 293812              | 307389             | 323191            |
| Corporation Tax    | 127375             | 142965              | 153728             | 162269            |
| Taxes on income other than Corporation Tax | 66249 | 82598 | 97773 | 109412 |
| Other Taxes        | 2999               | 2509                | 2740               | 3730              |
| Total Direct Taxes | 196623             | 228072              | 254241             | 275411            |
| Customs            | 74808              | 78557               | 83027              | 87408             |
Table 1. Total Tax Revenue of the Government of India (April–September) (Crore) (Contd.…)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Excise Duties</td>
<td>59315</td>
<td>67424</td>
<td>61928</td>
<td>60547</td>
</tr>
<tr>
<td>Service Tax</td>
<td>37049</td>
<td>49103</td>
<td>57102</td>
<td>65201</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>1558</td>
<td>1740</td>
<td>1874</td>
<td>2051</td>
</tr>
<tr>
<td>Total Indirect Taxes</td>
<td>172730</td>
<td>196824</td>
<td>203931</td>
<td>215207</td>
</tr>
<tr>
<td>Total Gross Tax Revenue</td>
<td>369353</td>
<td>424896</td>
<td>458172</td>
<td>490618</td>
</tr>
</tbody>
</table>

Source: Controller General of Accounts

Gross Tax Revenue

During the H1 2014-15, direct tax refunds were ` 78,475 crore as against ` 50,371 crore during corresponding period of previous year (COPPY). Gross tax revenue in BE 2014-15 was estimated to grow by 19.8 per cent over the receipts of 2013-14 (PA). Gross tax revenue receipts till September 2014 were 36 per cent of BE and showed a growth of 7.1 per cent over COPPY.

Direct Taxes

Gross direct tax collection increased by 8.3 per cent during H1, 2014-15 over H1, 2013-14. Typically, direct tax revenue has a seasonal pattern as the revenue flow in the first two quarters of the financial year is lower as compared to the last two quarters of a year, mainly on account of the large refund outgo in the first quarter of the year. Performance of the components of direct taxes is analyzed below.

Corporation Tax

Corporation tax continues to be the largest component of gross tax revenue. During H1 of 2014-15, it showed a growth of 5.6 per cent over 2013-14 COPPY. The BE 2014-15 estimated a growth of 14.3 per cent over the receipts in 2013-14 (PA).

Taxes on Income Other Than Corporation Tax

Collection of taxes on income other than corporation tax were estimated at ` 2, 78,275 crore in the B.E. 2014-15 which was 17.0 per cent higher than receipts during 2013-14 (PA). Total collection reflected a growth of 11.9 per cent over the COPPY.

Indirect Taxes

The gross indirect tax collection during the H1 of 2014-15 reflected a growth of 5.5 per cent over collection during COPPY. It is however, much lower than the implied growth of 25.8 per cent in BE 2014-15 over PA of 2013-14. The growth slowdown in both nominal and real terms has weighed on the outcome in terms of collection of indirect taxes. Performance of the important components of indirect taxes is analysed in the following paragraphs.

Customs

The growth of customs duty collection during H1of 2014-15 is only marginally better than the last year. The revenue from customs duty in Budget 2014-15 envisaged a growth of 17.2 per cent over 2013-14 (PA).

Union Excise Duties

Revenue from Union excise duties in BE 2014-15 reflected a growth of 22.2 per cent over 2013-14 (PA). In the first half of 2014-15, the revenue collected under this component declined by 2.2 per cent over the collections during COPPY 2013-14 and is 29.0 per cent of BE 2014-15. The stimulus package announced for automobile sector and consumer durable goods sector in the interim budget 2014-15 and a slowdown in manufacturing sector in the second quarter of 2014-15 have led to lower than estimated growth in excise duty collections.
Service Tax

Service Tax in BE 2014-15 reflected a growth of 39.7 per cent over 2013-14 (PA). In the first half of the current fiscal, the receipts showed a growth of 14.2 per cent over the collections made during the corresponding period of 2013-14. The amount collected during H1, 2014-15 constituted 30.2 per cent of BE 2014-15.

Overall, on the tax revenue side, the trend growth in the mid-year is less than estimated. Nevertheless, it is expected that with the pickup in the economic activity as well as pro-active policy measures viz., hike in excise duties on petrol and diesel and import duties of select items would help the Government plug the revenue gap in the second half.

CONCLUSION

This study concluded that there is overall positive impact of taxes on GDP with high deterioration coefficients. However, the most inferior of these coefficients of the income tax, which states that tax on income is unfavorably distressing the productivity of the people and so to GDP. The Services Tax imposed in 2011 has shown much growth so far and is the one of the emerging taxes in India.

Income tax rates in India are one of the utmost which is also accountable for enormous tax avoidance. Supplementary higher income tax rates decreases the incentive to work more and hence cause a deteriorating effect on GDP growth rate. Percentage of people paying income tax is also too low mainly the people working in the government sector or the organized sector and the corporate having no scope for evasion for one reason or the other, pay income tax.

REFERENCES

1. Economic Survey 2015 (Overview and Highlights): India to grow over 8% in FY16 Last Updated, February 27, 2015
4. Mehraju Dun Bathangiand Dr. Shaukat Haseen, Volume No. 5 (June-2015), Issue No. 06
ABSTRACT

Rural economy of India has been playing an important role towards the overall economic growth of India. India has been a predominantly an agriculture based country. About 75% of the Indian population still lives in rural areas & 80% of population is dependent on agriculture for its livelihood. Banking forms the core part of economic system. The Regional Rural Banks were established in 1975 with the mandate to develop the rural economy by providing credit and other facilities for the development of agriculture commerce, industry & other fruitful activities of productive nature in the rural areas. This study is to comparatively analyze the performance of Aryavart Gramin Bank (AGB) of Lucknow & Kshetriya Kisan Gramin Bank (KKGB) of Mainpuri in U.P. Performance is evaluated by the ROA model.

Keywords: Banking; ROA

INTRODUCTION

Rural economy of India and its subsequent growth are predicated to a large extent upon the development of its 830 million strong rural populations. The agriculture economy of India is drafted according to the need of the rural India, since majority of the population lives in the small villages. In India the agriculture & allied sector accounted for 14.6% of the G.D.P. The rural section of Indian population is primarily engaged in agriculture directly or indirectly. The Regional Rural Bank came into existence in 1976 with the following mission: Developing the rural economy by providing for the purpose of the development of agriculture trade, commerce, industry & other productive activities in the rural areas: credit & others facilities, particularly to the small & marginal farmer, agriculture labourers, artisan & small entrepreneur for the matter connected there with & incidental there to. Regional Rural Bank operates within a rural focus on the primarily scheduled commercial bank with the commercial orientation. Rural Credit is one of the most urgent aspects to make rural development strategy & programme successful & with this reason the Regional Rural Bank were established.

At initial stage five Regional Rural Bank were setup

- Prathama Bank & Gorakhpur Kshetriya Gramin Bank in Uttar Pradesh;
After passing the Regional Rural Bank Act 1976 several other Regional Rural Bank were established in the different region in India. The number of bank increased to 196 by the end of 1987; the merger plan implemented during 2006-08 & has reduced it to 82 as on march 31, 2011.

Aryavart Gramin Bank (AGB)

Aryavart Gramin Bank (AGB) Lucknow, came into existence consequent upon the notification issued by the government of India: Ministry of Finance vide reference no:1/4/2006-RRB dated 3-10-2006 giving effect to the amalgamation of the three Regional Rural Bank vize Avadh Gramin Bank, Barabanki Gramin Bank & Farrukhabad Gramin Bank sponsored by Bank of India, operating in the state of u.p into a new single RRB ,named Aryavart Gramin Bank(AGB) w.e.f.3.10.2006.

Kshetriya Kisan Gramin Bank (KKGB)

Kshetriya Kisan Gramin Bank(KKGB), Mainpuri; sponsored by the U.P. Coperative Bank ltd, Lucknow ,was establish on may 20,1980 under the provision of the sec 3(1)of the regional rural bank act 1976. It is included in the second scheduled of the Reserve Bank of Indian act 1934 & is catagorised as a scheduled commercial bank & authorized to undertake all the banking transaction under section 5(b)of the Banking Regulation Act 1949.

OBJECTIVE OF THE STUDY

The major objective of the study is to analyze the performance of the Aryavart Gramin Bank (AGB) Lucknow &Kshetriya Kisan Gramin Bank (KKGB) ,

1. To determine whether Business per Employee ,Priority Sector Lending ,Non-Performing Assets ,& Spread Ratio have impact on Return On Assets(Internal based performance)of Aryavart Gramin Bank(AGB),

2. To determine whether Business per Employee ,Priority Sector Lending ,Non-Performing Assets ,& Spread Ratio have impact on Return On Assets(Internal based performance) of Kshetriya Kisan Gramin Bank(KKGB).

NABARD (1986) published “A study on RRBs viability”, which was conducted by Agriculture Finance Corporation in 1986 on behalf of NABARD. The study revealed that viability of RRBs was essentially dependent upon the fund management strategy, margin between resources mobility and their deployment and on the control exercised on current and future costs with advances. The proportion of the establishment costs to total cost and expansion of branches were the critical factors, which affected their viability.

The study further concluded that RRBs incurred losses due to defects in their systems as such, there was need to rectify these and make them viable. The main suggestions of the study included improvement in the infrastructure facilities and opening of branches by commercial banks in such areas where RRBs were already in function.

Kumar Raj (1993) carried out a study on the topic “Growth and Performance of RRBs in Haryana”. On the basis of the study of RRBs of Haryana, it is found that there was an enormous increase in deposits and outstanding advances. The researcher felt the need to increase the share capital and to ensure efficient us of distribution channels of finance to beneficiaries.

K. Jai Prakash (1996) conducted a study with the objective of analyzing the role of RRBs in Economic Development and revealed that RRBs have been playing a vital role in the field of rural development. Moreover, RRBs were more efficient in disbursal of loans to the rural borrowers as compared to the
commercial banks. Support from the state Governments, local participation, and proper supervision of loans and opening urban branches were some steps recommended to make RRBs further efficient.

Naidu, L.K. (1998) conducted a study on RRBs taking a sample of 48 beneficiaries of rural artisans in Cuddapah district of Andhra Pradesh under Rayale Seen Gramin Bank. In this study, it was concluded that the beneficiaries were able to find an increase in their income because of the finance provided by the bank.

According to Nathan, Swami (2002), policies of current phase of financial liberalization have had an immediate, direct and dramatic effect on rural credit. There has been a contraction in rural banking in general and in priority sector ending and preferential lending to the poor in particular.

Chavan and Pallavi (2004) have examined the growth and regional distribution of rural banking over the period 1975-2002. Chavan’s paper documents the gains made by historical underprivileged region of east, northeast and central part of India during the period of social and development banking. These gains were reversed in the 1990s: cutbacks in rural branches in rural credit deposits ratios were the steepest in the eastern and northeastern states of India. Policies of financial liberalization have unmistakably worsened regional in equalities in rural banking in India.

Professor Dilip Khankhoje and Dr. Milind Sathye (2008) have analysed to measure the variation in the performance in terms of productive efficiency of RRBs in India and to assess if the efficiency of these institutions has increased post-restructuring in 1993-94 or not.

Dr. M. Syed Ibrahim (2010) carried out a study on the topic “Performance Evaluation of Regional Rural Banks in India”. In this study, it was concluded that RRBs in India showed a remarkable performance in the post-merger period.

As none of these studies analyzed the role of RRBs in priority sector lending, there was a need to carry out the present study.

**HYPOTHESIS OF THE STUDY**

HX: Business per Employee, Priority Sector Lending, Non-Performing Assets & Spread Ratio have impact on Return On Assets (Internal based performance) of Aryavart Gramin Bank (AGB),

HY: Business per Employee, Priority Sector Lending, Non-Performing Assets, & Spread Ratio have impact on Return On Assets (Internal based performance) of Kshetriya Kisan Gramin Bank (KKGB).

**METHODOLOGY / RESEARCH DESIGN**

The present study is diagnostic and exploratory in nature and makes use of secondary data. The relevant secondary data have been collected from Aryavart Gramin Bank (AGB), in Lucknow & Kshetriya Kisan Gramin Bank (KKGB) in Mainpuri, the time span of the study is from 2007-2012. Quantitative Analysis has been chosen to analyses the data. Paper is based on two factors-independent & dependent variables. An attempt is made here in this paper to examine the financial performance of two regional rural bank of Uttar Pradesh In order to analyze the data and draw conclusions in this study, various statistical tools like Descriptive Statistics, Correlation and Anova have been accomplished through EXCEL and SPSS Software.

**Table 1. List of Independent Variables**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Per Employee</td>
<td>Total deposits + Total Advances /number of Employee</td>
</tr>
<tr>
<td>Priority Sector Lending</td>
<td>Direct Agriculture Loan+ Indirect Agriculture Loan+ Rural Artisans/SSI+ other priority sectors</td>
</tr>
<tr>
<td>Non-Performing Assets</td>
<td>Loan or Advance for which the principal or interest payment remained overdue for a period of 90 days.</td>
</tr>
<tr>
<td>Spread Ratio</td>
<td>Interest Earned/Interest Paid</td>
</tr>
</tbody>
</table>
Table-2: List of Dependent Variables

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return On Assets</td>
<td>Net Profit After Tax/Average Total Assets×100</td>
</tr>
</tbody>
</table>

The Regression Model

Model

\[ \text{ROA} = \alpha + \beta_1 \times \text{BPE} + \beta_2 \times \text{PSL} + \beta_3 \times \text{NPA} + \beta_4 \times \text{SPR} + \epsilon \]

Where,

\( \text{ROA} \) - Return On Assets, \( \text{BPE} \) - Business Per Employee, \( \text{PSL} \) - Priority Sector ending,

\( \text{NPA} \) - Non-Performing Assets, \( \text{SPR} \) - Spread Ratio

FINDING AND ANALYSIS

Result For the Model

\( \text{HX:} \) : The Hypothesis being tested – Business per Employee, Priority Sector Lending, Non-Performing Assets & Spread Ratio have impact on Return On Assets (Internal based performance) of Aryavart Gramin Bank (AGB),

Therefore Null & Alternative Hypothesis:

\( \text{H}_0 \) : Business per Employee, Priority Sector Lending, Non-Performing Assets & Spread Ratio have no impact on Return On Assets (Internal based performance) of Aryavart Gramin Bank (AGB),

\( \text{H}_1 \): Business per Employee, Priority Sector Lending, Non-Performing Assets & Spread Ratio have impact on Return On Assets (Internal based performance) of Aryavart Gramin Bank (AGB), Performance Analysis of Aryavart Gramin Bank (AGB), of Lucknow in U.P

Table 3. Correlations Matrix

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>ROA (%)</th>
<th>BPE</th>
<th>PSL</th>
<th>NPA</th>
<th>SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA (%)</td>
<td>1.000</td>
<td>-0.898</td>
<td>-0.256</td>
<td>0.704</td>
<td>-0.570</td>
</tr>
<tr>
<td>BPE</td>
<td>-0.898</td>
<td>1.000</td>
<td>0.545</td>
<td>-0.604</td>
<td>0.338</td>
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<tr>
<td>PSL</td>
<td>-0.256</td>
<td>0.545</td>
<td>1.000</td>
<td>-0.147</td>
<td>-0.040</td>
</tr>
<tr>
<td>NPA</td>
<td>0.704</td>
<td>-0.604</td>
<td>-0.147</td>
<td>1.000</td>
<td>-0.945</td>
</tr>
<tr>
<td>SR</td>
<td>-0.570</td>
<td>0.358</td>
<td>0.040</td>
<td>-0.945</td>
<td>1.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sig. (1-tailed)</th>
<th>ROA (%)</th>
<th>BPE</th>
<th>PSL</th>
<th>NPA</th>
<th>SR</th>
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<tbody>
<tr>
<td>ROA (%)</td>
<td>0.007</td>
<td>0.132</td>
<td>0.391</td>
<td>0.119</td>
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<tr>
<td>BPE</td>
<td>0.312</td>
<td>0.132</td>
<td>0.391</td>
<td>0.119</td>
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<tr>
<td>PSL</td>
<td>0.059</td>
<td>0.102</td>
<td>0.391</td>
<td>0.119</td>
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<tr>
<td>NPA</td>
<td>0.119</td>
<td>0.243</td>
<td>0.470</td>
<td>0.119</td>
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<tr>
<td>SR</td>
<td>0.470</td>
<td>0.119</td>
<td>0.243</td>
<td>0.470</td>
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<table>
<thead>
<tr>
<th>N</th>
<th>ROA (%)</th>
<th>BPE</th>
<th>PSL</th>
<th>NPA</th>
<th>SR</th>
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<tbody>
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</tbody>
</table>
From Table 3: It is observed that there is a negative relationship between the dependent variable (ROA Ratio) & other independent variable (BPE, PSL, SR) except NPA therefore it is logical that increase or decrease in the value of these independent variables is inversely proportion to ROA of Aryavart Gramin Bank(AGB). If bank Spread Ratio increases it automatically will decrease the Non-performing Assets.

**Table 4. Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.996</td>
<td>.993</td>
<td>.965</td>
<td>.15961</td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), SR, PSL, BPE, NPA

The value of R show the multiple correlation coefficient (r). It is .996 which indicates that ROA is perfectly associated with Business per employee, Prority Sector Lending, Non-Performing Assets, Spread ratio of Aryavart Gramin Bank.R square shows the amount of variability in outcome accounted for by the predictor [independent variables]. Here it is .993 which indicates that the predictors affect the value of ROA by 99 percent.

**Table 5. ANOVA^a₁**

<table>
<thead>
<tr>
<th>MODEL</th>
<th>SUM OF SQUARES</th>
<th>DF</th>
<th>MEAN SQUARE</th>
<th>F</th>
<th>SIG.</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGRESSION</td>
<td>3.593</td>
<td>4</td>
<td>.898</td>
<td>35.259</td>
<td>.126</td>
</tr>
<tr>
<td>RESIDUAL</td>
<td>.025</td>
<td>1</td>
<td>.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3.618</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), SR, PSL, BPE, NPA

Dependent Variable: ROA (%)

**Table 6. Coefficients^a**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>20.631</td>
<td>4.806</td>
<td></td>
</tr>
<tr>
<td>BPE</td>
<td>-.009</td>
<td>.001</td>
<td>-1.448</td>
<td>-7.657</td>
</tr>
<tr>
<td>PSL</td>
<td>6.491E-7</td>
<td>.000</td>
<td>.225</td>
<td>2.127</td>
</tr>
<tr>
<td>NPA</td>
<td>.000</td>
<td>.000</td>
<td>-1.665</td>
<td>-3.181</td>
</tr>
<tr>
<td>SR</td>
<td>-6.999</td>
<td>1.951</td>
<td>-1.617</td>
<td>-3.587</td>
</tr>
</tbody>
</table>

**Note:** a-Dependent Variable: ROA(%)

From Table-6 we can see that β coefficient are higher for the Spread Ratio , and then for BPE. The relative importance of the β value focus on the SR & BPE, which indicate that increase in the one unit of SR & BPE of Aryavart Gramin Bank(AGB) will lead to 6.99 & .009 increment in ROA of the bank. From Table 6 value of constant variable (a) and value of β is calculated, thus the formula of model 1:

\[
\text{ROA Ratio} = +20.631 +(-.009 \text{ BPE})+6.491E-7 \text{ PSL}+.000 \text{ NPA}+(-6.99 \text{ SR})+\varepsilon
\]

According to the analysis of ROA ratio, there is about 96 percent variation between dependent and independent variable. It has found that ROA ratio is not affected by either of independent variable but BPE & SR, have significant effect on ROA.
Table 7. Correlations

<table>
<thead>
<tr>
<th></th>
<th>ROA(%)</th>
<th>BPE</th>
<th>PSL</th>
<th>NPA</th>
<th>SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA(%)</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.086</td>
<td>-.175</td>
<td>-.307</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.872</td>
<td>.740</td>
<td>.554</td>
<td>.142</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>BPE</td>
<td>Pearson Correlation</td>
<td>-.086</td>
<td>1</td>
<td>.714</td>
<td>.528</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.872</td>
<td>.111</td>
<td>.282</td>
<td>.554</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>PSL</td>
<td>Pearson Correlation</td>
<td>-.175</td>
<td>.714</td>
<td>1</td>
<td>.459</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.740</td>
<td>.111</td>
<td>.359</td>
<td>.117</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>NPA</td>
<td>Pearson Correlation</td>
<td>-.307</td>
<td>.528</td>
<td>.459</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.554</td>
<td>.282</td>
<td>.359</td>
<td>.174</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>SR</td>
<td>Pearson Correlation</td>
<td>-.674</td>
<td>.307</td>
<td>.706</td>
<td>.637</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.142</td>
<td>.554</td>
<td>.117</td>
<td>.174</td>
</tr>
</tbody>
</table>

From the Table 7 it is analysed that ROA deeply correlates with the Spread Ratio(.674), & then with the NPA (.307). It is logical that if Spread Ratio is increased by the Kshetriya Kisan Gramin Bank (KKGB) of U.P. it automatically decrease the NPA of the bank. More is the Spread Ratio more will be the ROA of the bank.

Table 8. Model Summary

<table>
<thead>
<tr>
<th></th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>.949*</td>
<td>.900</td>
<td>.501</td>
<td>.25735</td>
<td>900</td>
</tr>
</tbody>
</table>

Predictors: (Constant), SR, BPE, NPA, PSL

From the Model Summary in table-8 it is concluded that Adjusted R square value is .900 therefore it indicate that 90% of the variation in the dependent variables (ROA) is explained by the independent variables which is predictive accuracy.

Table 9. ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.598</td>
<td>4</td>
<td>.149</td>
<td>2.256</td>
<td>.458*</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.066</td>
<td>1</td>
<td>.066</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>.664</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), SR, BPE, NPA, PSL

Dependent Variable: ROA(%)
From the above Table -9 it is observed that Regression Analysis display 59 % variation accounted by
the model. The significant value of the F-stat is 22% & its sig value is < 5%

From the table -10 constant variable (α) and value of β is calculated, thus the formula of model 2

\[
\text{ROA Ratio} = -6.424 + (-0.005 \text{ BPE}) + 0.000 \text{ PSL} + .000 \text{ NPA} + (-4.543 \text{ SR}) + \varepsilon
\]

From Table 10 it is observed that β coefficient is higher for the Spread Ratio(4.543).β value shows
about the individual contribution of the predictors (independent variable in the value of the dependent
value).PSL & NPA is 000 which indicates that increase in the one unit of both does not affect
the value of ROA of the Kshetriya Kisan Gramin Bank(KKGB) of U.P, whereas increase in Spread Ratio
by one unit will increase ROA by 4.54%.

**CONCLUSION**

Performance analysis of bank is not limited to the any basic factors, various factors can be analysed in
order to evaluate the performance of various Regional Rural Banks. In order to analyse the
performance of the Aryavart Gramin Bank (AGB) Lucknow & Kshetriya Kisan Gramin Bank(KKGB)
, data of six year was concerned and the performance was measured by the ROA model. Two factors
played important role in analysing the performance of both the banks i.e. Spread Ratio & Business Per
Employee. On comparing performance Aryavart Gramin Bank(AGB) of Lucknow [Spread Ratio
(6.999) & BPE(.009)] leads Kshetriya Kisan Gramin Bank(KKGB) of Mainpuri [Spread Ratio (4.543)
& BPE(.005)]. NPA did not played any specific role in the performance of the banks where as PSL
played very minute role in the raising ROA of Aryavart Gramin Bank(AGB).This study will help the
bank to measure the internal based performance. It can be beneficial as making base for the other
researcher.

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ROLE OF EDUCATION IN URBAN AND RURAL DEVELOPMENT

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ABSTRACT

Education plays a great role in the life of everyone all through the life. Getting proper education is very necessary to get success and happy life just like food is necessary for healthy body. Good education is constructive in nature which constructs our future forever. It helps a person to improve his/her status of mind, body and spirit. It provides us lots of confidence by giving us bulk of knowledge in many field. The more knowledge we get, we grow and develop more in the life. Literacy level play a vital role in development of rural and urban areas of a country. It emancipate our thought process. People in villages are getting jobs easily and it is helping in fixing the development gap between urban and rural areas.

Keywords: Education; Rural; Urban; Development

INTRODUCTION

“Education is the most powerful weapon which you can use to change the world.” - Nelson Mandela

It is rightly said that education is the weapon which can change the world. It is not arms or ammunition or revolt but education changes the horizons. Educated people make educated nation. Education helps us to open our minds to improve our selves. Due to education society become a job oriented, reduce unemployment, increase productivity, produce goods and hard work workers get gain in every profession. Scope of education become wide everyone get education to lead others. Every country system directly link with education. We can’t deny the importance of education. A nation is nothing without education. As we see daily in the society lots of social issues just because of the lack of proper education. Social issues like inequality, gender discrimination, religious differences and so many problems are there because of the lack of education in our life. Proper education helps us to maintain the personal and social standards in daily life.

In such a modern, technological and competitive world, there is still the issue of education among poor and uneducated people of the society which needs to be solved as soon as possible. Education is the key to solve all the social, personal and professional problems of the people. Proper and higher education makes us more civilized to live in the society. One cannot make his/her good image in the society and live prosperous and happy life without getting appropriate education. It makes us able to maintain the healthy surroundings. Correspondence facility in all the big universities. It has made education system easy because of which poor people can also get education. Literacy in India is a key for socio-economic progress, and the Indian literacy rate has grown to 74.04% (2011 figure) from 12% at the end of British rule in 1947. Although this was a greater than six fold improvement, the level is well below the world average literacy rate of 84%, and of all nations, India currently has the largest illiterate population.

OBJECTIVES

1. To fill the development gap between urban and rural areas.
2. To create awareness and importance of education in backward areas

**RESEARCH METHODOLOGY**

**Type of Research** - Qualitative type of research is used here. It aims to measure the situation using research tools like interviews, surveys and observations.

**Data Collection** - Mostly secondary data is collected through sources like newspapers, journals, online database, magazines etc.

**Rationale of Study** - This research is undertaken to determine the importance of education in urban and rural development. To highlight the benefit and some issues relating to it.

**Completed Level of Education**

The details are part of a survey on ‘Social Consumption: Education’ during the National Sample Survey (NSS) 71st Round, January to June 2014, conducted by the National Sample Survey Office (NSSO) under the Ministry of Statistics and Programme Implementation.

| Per 1000 distribution of persons (aged 5 years and above) by completed level of education |
|------------------------------------------|------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| level of education                      | rural male | female | urban male | female | rural - urban male | female |
| (1) not literate                        | 198        | 376    | 90         | 190    | 165                | 320    |
| Literate                                |            |        |            |        |                    |        |
| without schooling                       |            |        |            |        |                    |        |
| up to primary                          |            |        |            |        |                    |        |
| secondary                               |            |        |            |        |                    |        |
| higher secondary                        |            |        |            |        |                    |        |
| Diploma                                 |            |        |            |        |                    |        |
| Graduation                              |            |        |            |        |                    |        |
| post-graduation and above               |            |        |            |        |                    |        |
| All (incl. n.r.)                        | 1000       |        | 1000       |        | 1000               |        |

**Note:** n.r. stands for not reported

In this survey information on the highest completed level of education was collected for each member of the surveyed households. The levels of education include non-formal education, below primary, primary, middle/upper primary, secondary, higher secondary, diploma/certificate courses and graduation, post-graduation and above. The distribution of population for age 5 years and above across levels of education is indicated in Statement 3.3. No major differences were observed between male and female persons in urban areas up to the level of higher secondary but such differences are noticeable in rural areas. The rural-urban and male-female disparities accentuate at higher education levels of graduation and above. The proportion of persons having completed the level of graduation and above was much less in rural areas (only 4.5% for males and 2.2% for females), in comparison to urban areas (17% for males and 13% for females).

**Percentage Distribution of Population (Age 15 Years and Above) By Completed Level of Education**

The distribution of entire adult (age 15 years and above) males and females of the country by completed level of education can be seen at a glance from this underlying figure. This reveals wide disparity not only in the proportion of literates across genders, but also in the completed educational levels among literates with the increase in level of education. The adult literates females of the country was about 61% compared to 80% males & about 25% of adult females among the Female literates had completed at least higher secondary (excluding diploma). For males it was about 27%.
Advantages of Education

Here are the advantages of education in development of urban and rural development.

**Human Capital** – An educated population provides a more valuable human capital base to the economy. A developed economy has maximum concentration of jobs in the tertiary sector which requires a highly skilled work force which has expertise in specific fields. For instance the most developed country in the world, the USA has the most skilled human resources with maximum efficiency. Also, developing countries which adopt tried and tested technologies from other nations require skilled engineers, technicians and managers who can put it to good use. This can only be achieved by providing quality education to the population at a primary, secondary and higher secondary level.

**Better job prospects** – The conventional way of proceeding in life through the ages has been in four stages: childhood and education, putting knowledge to work by obtaining a career, raising a family, growing old and retiring from the daily conundrums of life. The logical step after the initial childhood years is to attend an educational institute and gather as much knowledge and information as possible for a better life in the future. This helps in developing a better base for securing a career later thus advancing the individual into the next phase of life. This helps in providing the basics such as food, water and shelter as well as a host of other needs. Thus, a better education will ensure higher returns and subsequently a better quality of life.

**Reduces inequality** – For individuals who do not have a wealthy or fortunate background, the provision of quality education puts them at the same footing as the vast majority of job seekers allowing them to rise from their present level. This phenomenon, also known as distributive justice, helps in reducing inequalities, both economic and social, in society.

**Enhances potential** – An education provides individuals with the ability to develop their potential to a much greater extent. Exposure to different fields and interests allows a person to choose between a numbers of options and hone in on the one field that they have the ability to excel in. This also helps develop interest in a number of other non-academic fields such as art, culture, music, all of which are important to have a wholesome life. It improves interaction between people and results in more efficient exchanges.

**Broadens perspective** – This is one of the key advantages of education. Even if we consider economic benefit of education but its most important contribution that it helps in changing minds of people. Education makes people understand other cultures, religions, places and culture. It helps gain
understanding of what the world is all about. This very important if we see from perspective of developing nations which are plagued by old notions. In countries such as India girl and boy child are differentiated. Even worse, women are considered cause of girl child while science tells that it is the other way round. Similar old style dogmas exist everywhere in the world and the only way to eradicate them is proper education.

**CONCLUSION**

We can say that education is socially and personally an essential part of the human life. We cannot ignore the importance of education in our life at any cost. Education helps us to be healthy, save many lives, boosts economic growth, earn money, raise quality crop, promote peace in the society, eradicate poverty, remove gender discrimination and inequality, promote women and children rights, bring good governance, remove corruption, make aware about fundamental rights and so many. There is difference in level of education of rural and urban areas but efforts are being made to eradicate this difference.

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PRICING PROCEDURE FOLLOWED BY THE HOSPITAL SECTORS TO COST THEIR SERVICES IN KERALA, INDIA

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ABSTRACT

In India the health care systems is experiencing dramatic changes from what it was a few decades ago. Health is a basic fundamental right of all citizens and health promotion forms an intrinsic part of health care. Like in any other public financed economy health competes for resources with other sectors of the economy although health can be treated as a ‘commodity’ or not is widely debated several movements through have made deep inroads into several sectors of the Indian economy, their presence in social sectors like health is notably low. An exception is Kerala where hospitals have come to play a significant role. A hospital is a crucial organization that stands unique and incomparable to any other business enterprise. It is unique and special because it deals with life of mankind. Patients are not just attracted by high-tech hospitals rather the demand for devoted doctors, accurate diagnostic facilities, qualified nurses and supporting services are important. Being a voluntary and charitable institution, the view of hospital pricing is that hospitals desire to obtain as much net revenue as possible in order to expand hospital size and obtain extensive specialized equipment. This may occur because the hospital administrator attempts to maximize his utility (which depends up on having a large hospital equipped with all the latest equipment) or simply because physicians on the hospital staff place pressure on the administrator to increase hospital size and acquire the most modern facilities. If this view is correct, prices will be higher relative to costs in areas where it is possible for hospitals to make excess profits. Therefore the study aims to analyse the pricing procedure followed by the hospitals to cost their services in Kerala state and do the hospital in these sectors such as co-operative and private hospitals witness any significant change in the pricing procedure while making a comparison? To find the answer the researcher proposes to make a detailed study of the selected co-operative and private hospitals in Kerala and the study found out that pricing of services are comparatively lesser in co-operative hospitals than the private ones. So the study concluded that the nonprofit hospital as an organization aiming in its pricing policy to recover its costs. The typical short term hospital is not interested in making a profit as such, being a voluntary and charitable institution; it is content to cover its costs and sets its charges accordingly.

Keywords: Pricing; Healthcare; Hospitals

INTRODUCTION

A hospital is a crucial organization that stands unique and incomparable to any other business enterprise. It is unique and special because it deals with life of mankind. Patients are not just attracted by high-tech hospitals rather the demand for devoted doctors, accurate diagnostic facilities, qualified nurses and supporting services are important. Establishment of a hospital requires careful planning. The human factor is very essential unlike in other industries since a hospital involves care of the physical, clinical and psychological aspects of patients. Facilities should be appropriate according to the needs and affordability of the community. The doctors, nurses and technicians are more important than the equipment and building. Great care therefore should be taken to recruit qualified staff, and there should be continuous training and motivation (Suha,1997).Kerala has to its credit a fairly
developed healthcare infrastructure and Kerala has a long history of organized health care. When the State was founded in 1956, the foundation for a sound health care system had already been laid. Thereafter, there was remarkable growth and expansion of government health services. The number of beds in government hospitals rose from 13,000 in 1960 to 38,000 in 1996. The annual compound rate of government expenditure on health during that period was higher than the compound rate of total government expenditure and higher than the annual compound rate of growth of the state domestic product. The easy accessibility and coverage of medical care facilities has played a dominant role in shaping the health status of Kerala. Some of the hospitals in Kerala are more than 50 years old. Health had been a major area of spending in the budget from early years in Kerala. (Gangadaharan, 2005).

The growth of health facilities in Kerala offers many lessons in development. The active role of the state government has seen a key factor in the expansion of health care facilities. The initial period of rapid growth in health facilities was dominated by the public sector up to the 1980s. By the mid 1980s because of fiscal and other problems, there was a slow down in the growth of government health institutions. This affected not only the growth in absolute number of beds, but probably the maintenance of quality as well. However, by this time, the private sector was paired for growth and it took the lead in the growth of health care facilities in Kerala. The growth of the private sector in Kerala should not be seen as independent phenomena. The public sector paved the way for its development by sensitizing the population to the need for sophisticated care and creating demand. The government continues to play leadership role in the training of all strata of health professionals, who are then largely absorbed by the private sector. Factors outside the health field, such as a growing income, improvement of literacy and population ageing all contributed to this trend. Kerala knows for its model of ‘Good Health at Low cost’ achieved through universal availability, accessibility and performance of government healthcare delivery system to even poorer sections of the society. Competition from government facilities often serves as an important factor in determining treatment cost in private hospitals (Aravindan, 2000).

The annual growth rate of government health care expenditure has been showing a steady increase. India’s first ever Human Development Report published in 2002, placed the southern State of Kerala on top of all other states in India, because of easy accessibility and coverage of medical care facilities. Kerala is one state where private health sector, both indigenous and western systems of medicine, has played a crucial role. The Ayurvedic system of treatment practiced in Kerala dates back to centuries. In the field of modern medicine system, missionary hospitals have contributed profusely by even going into the interiors of the state. High level of education especially among Women and greater health consciousness has played a key role in the attainment of good health standards in Kerala. Today with the mushrooming of private hospitals that offer quality services, matching international standards and with the tie up of the health care industry with the tourism sector, health care in Kerala is growing by leaps and bounds (Soman, 2007). As such the present study aims to investigate the pricing procedure followed by the selected private and co-operative hospitals in Kerala in order to understand the healthcare sector in Kerala in detail.

LITERATURE REVIEW

Chattarjee (2002) argued that there are large numbers of factors which promote the growth of the health care institutions in private sectors in India; there are equally a large number of factors, which frustrate the growth of the private health care institutions in India. Hence efforts are being made to see reasons and allow the private sector health care institutions to grow in the interest of the community. The rate at which the current population is being affected by diverse diseases, it will be essential that the total load of treatment be shared both by public and private sector health institutions in future.

The most prevalent view of pricing in the nonprofit hospital industry is that prices are set equal to average cost of providing hospital care i.e. the hospital attempts to break even. This view of hospital pricing is based up on the assumption that nonprofit organizations are interested only in serving the public and have no desire to make any profits. With this purpose in mind Davis & Karen (1971) examine the ratio of hospital prices to average cost. Empirical evidence presented in this paper
contradicts the prevailing view that hospitals merely attempt to recover costs in their pricing policy. In addition the view that the excess of price over average cost is merely an attempt on the part of the hospital to accumulate sufficient revenue to make needed investment is not substantiated. Instead, price-average cost ratios are found to be sensitive to certain demand and supply conditions. Although the conclusions of this study must be viewed as tentative until additional empirical investigation based up on better measures of various variables can be undertaken, the findings do indicate the need for more detailed theoretical analysis of the pricing of hospital services.

Finch & Rajesh (2000) have examined the distribution pattern and to present the profile of the private health care services in Rajasthan, evaluation of the changing pattern of the hospitals and the economic burden on the families due to health care expenses, assessment of the people’s perception about private health care services in Rajasthan and the assessment of socio-economic background of the people visiting private hospital for treatment. Through this study it becomes clear that the private health sector is more accessible and popular with those who can afford it. However, it is found that the private health sector in its present unregulated form does not favour the low-income groups since they suffer from a heavy economic burden due to high treatment costs. The reason the poor are forced to go to the private hospitals is the non-availability of government medical services, better quality of services and easy access. Unless certain minimum reforms are undertaken to ensure good service by the Government, the poor will be forced to go to the private hospitals and get exploited, thus leading to the increase in their economic burden.

Karin et al. (2005) made an attempt to analyze and to evaluate the organization and cost of hospital management. In Germany so far, there exists no evaluation of the relationship between the organization and costs of hospital administrations and hospital characteristics. In a survey of hospital administration costs, structure, and salary level 126 hospitals participated for the years 1998 and 1999. The study finds out that hospital of medium size and non-profit ownership show the smallest expenditures for personnel in the administration per treated case. However, salary level was not uniformly linked to hospital size. Hospital ownership appeared to be a strong indicator for the level of personnel salaries. For the planned introduction of prospective payment via Diagnosis Related Groups (DRG) starting 2003 in Germany has substantial implications for their study. Publicly owned hospitals, in particular, are likely to have their administrations most severely affected by the change.

SIGNIFICANCE OF THE STUDY

Kerala has a long history of organized health care. When the State was founded in 1956, the foundation for a sound health care system had already been laid. Kerala has a vast health care infrastructure under Allopathy, Ayurveda and Homoeopathy system of medicine. In the health sector the role of Allopathy stream is very important and the major participation is focused in the Allopathic sector which has hospitals both in the private and public sector. Therefore the paper proposed to conduct a detailed study on the pricing procedure followed by this sectors in the health care scenario of Kerala.

OBJECTIVES OF THE STUDY

1. To ascertain the pricing procedures and practices followed by the hospitals in different sectors in Kerala
2. To identify the various components and major cost centers in a hospital industry for inpatient and outpatient customers.

RESEARCH METHODOLOGY

The research is designed as both explorative and descriptive. So the major data source is primary in character. However secondary data from print media (books, reports, monographs) and the official record of the government are also made used. The sample units for the study is selected by multi stage stratified random sampling. First of all the total population is divided into three strata based on region, based on ownership and based on bed strength of each selected hospitals. After the stratification the
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datas are collected from the hospitals according to their bed strength of each private and co-operative hospital. The bed strength ranging below 50, between 51-150, and above 150 forms the group. For the purpose of analyzing the data suitable mathematical tool like percentage was used.

RESULTS AND DISCUSSIONS

In this section an attempt is made to assess the pricing procedure followed by the hospitals to cost their services. Collection of cost data from sample unit establishes that there are some commonalities in the cost structure in the various components sector wise(private, co-operative and government). Based on the common features the overall cost structure is subdivided into 3 major heads for clarity in analysis. This type of segmentation is done both in the case of inpatient services and outpatient services. But while making a comparative study the government hospitals are excluded from the analysis. The major cost centers in a hospital industry for inpatient customers are

1. Rent charges (Room and ward)
2. Operation theater charges
3. Charges on consumables
4. Service charge for doctors and paramedical staff
5. Sundry Charges

Rent Charges

Rent charges for a hospital comprises of room charge for general ward, ordinary room, deluxe room and AC room. The above data is classified sector wise and presented in the table given below.

<table>
<thead>
<tr>
<th>Type of room</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ward</td>
<td>180 to 200</td>
<td>160 to 180</td>
</tr>
<tr>
<td>Ordinary room</td>
<td>250 to 300</td>
<td>240 to 270</td>
</tr>
<tr>
<td>Delux Room</td>
<td>350 to 400</td>
<td>320 to 350</td>
</tr>
<tr>
<td>AC Room</td>
<td>1200 to 1700</td>
<td>1000 to 1500</td>
</tr>
</tbody>
</table>

Source: Compiled from field survey

Table 1 reveals that the rent collected from patients for general ward vary from Rs 180 to 200 in the case of private hospitals and it is Rs 160 to 180 in co-operative hospitals. The charges for ordinary room in private hospitals and co-operative hospitals vary from Rs 250 to 300 and Rs 240 to 270 respectively. Table further reveals that charges for deluxe room vary from Rs 350 to 400 in private hospitals and it is Rs 320 to 350 in co-operative hospitals and charges for AC room for private and co-operative hospitals vary from Rs 1200 to 1700 and Rs 1000 to 1500 respectively. From the table it is clear that charges in respect of rent are comparatively lesser in co-operative hospitals.

Surgery Charges

Surgery charges for both private and co-operative hospitals includes components such as doctors fee, charges for OT consumables, in plant charge, doppler charge, dressing charge, operation theatre charge etc.

Table 2 reveals that there is only slight variation in the surgery charges levied by private and co-operative hospitals. The major component of operation charge is doctor’s fee, it varies from Rs 2500 to 6300 in private hospitals and it is Rs 2000 to 5000 in co-operative hospitals. Charges for OT consumables vary from Rs 300 to 400 and Rs 200 to 250 in private and co-operative hospitals respectively. The table further reveals that in-plant charge is another major component of surgery bill and it vary from Rs 5000 to 5500 in private hospitals and it is Rs 4000 to 4500 in co-operative hospitals. Doppler charge in private hospitals and co-operative hospitals vary from Rs 300 to 400 and
Rs 200 to 250 respectively. In addition to this dressing charge for private hospitals varies from Rs 150 to 200 and it varies Rs 125 to 150 in co-operative hospitals.

**Table 2.** Surgery Charges levied in Hospitals (Figures in rupees)

<table>
<thead>
<tr>
<th>Items of Charges</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors fee</td>
<td>2500 to 6300</td>
<td>2000 to 5000</td>
</tr>
<tr>
<td>OT consumables</td>
<td>300 to 400</td>
<td>200 to 250</td>
</tr>
<tr>
<td>In-plant charge</td>
<td>5000 to 5500</td>
<td>4000 to 4500</td>
</tr>
<tr>
<td>Doppler Charge</td>
<td>300 to 400</td>
<td>200 to 250</td>
</tr>
<tr>
<td>Dressing Charge</td>
<td>150 to 200</td>
<td>125 to 150</td>
</tr>
</tbody>
</table>

*Source: Compiled from field survey*

**Charges on Consumables**

Charges on consumables includes, water and electricity, oxygen, pulse charges, ECG and inhalation and associated charges. The data is classified sector wise and presented in the table given below

**Table 3.** Charges on Consumables levied from patients (Figures in rupees)

<table>
<thead>
<tr>
<th>Type of Charges</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water &amp; Electricity</td>
<td>115 to 120</td>
<td>80 to 100</td>
</tr>
<tr>
<td>Others</td>
<td>800 to 1000</td>
<td>600 to 750</td>
</tr>
</tbody>
</table>

*Source: Compiled from field survey*

Table 3 describes the charges levied on consumables and from the table it is clear that the levy for water and electricity vary from Rs 115 to 120 in private hospitals and it is Rs 80 to 100 in co-operative hospitals. The table further reveals the other charges on consumables also. It varies from Rs 800 to1000 and Rs 600 to750 in private and co-operative hospitals respectively.

**Fee for Doctor’s Services**

The service charge for doctors in both private and co-operative hospitals includes fee for rounds consultancy and fee for operation. The details are given below

**Table 4.** Fee for doctor’s services (Figures in rupees)

<table>
<thead>
<tr>
<th>Fee for consultancy</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rounds</td>
<td>125 to 175</td>
<td>100 to 150</td>
</tr>
<tr>
<td>Operation</td>
<td>2500 to 6300</td>
<td>2000 to5000</td>
</tr>
</tbody>
</table>

*Source: Compiled from field survey*

Table 5.4 reveals the fee levied for doctors’ services and it is clear that the co-operative sector fix a fee levied a fee at least 25 percentage less than the private hospitals.

**Other Charges**

The other amount levied from inpatient customer includes admission fee, establishment charge, miscellaneous charge, medical service charge, post-operative charge and monitoring charge etc. as given below.

Table 5 describes the other charge levied as admission fee varies between Rs 50 to75 in private hospitals where it is Rs 40 to 50 in co-operative hospitals. The establishment charge and miscellaneous charge in private hospitals varies from Rs 110 to150 and Rs 500 to 600 respectively. The table further reveals that medical service charge of both private hospitals and co-operative hospital varies from Rs 100 to 150 and the post-operative charge varies between 500 to 600 and 200 to 300 rupees in private hospitals and co-operative hospitals respectively. The monitoring charge for private hospitals varies
from Rs 150 to 175 and Rs 125 to 135 in co-operative hospitals. From the table it is clear that there is only a slight difference in the charges levied by both private and co-operative hospitals.

Table 5. Other Charges levied from inpatients (Figures in rupees)

<table>
<thead>
<tr>
<th>Head of Expense</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission fee</td>
<td>50 to 75</td>
<td>40 to 50</td>
</tr>
<tr>
<td>Establishment charge</td>
<td>110 to 150</td>
<td>100 to 150</td>
</tr>
<tr>
<td>Miscellaneous charge</td>
<td>500 to 600</td>
<td>350 to 400</td>
</tr>
<tr>
<td>Medical service charge</td>
<td>100 to 150</td>
<td>100 to 150</td>
</tr>
<tr>
<td>Post-operative charge</td>
<td>500 to 600</td>
<td>200 to 300</td>
</tr>
<tr>
<td>Monitoring charge</td>
<td>150 to 175</td>
<td>125 to 135</td>
</tr>
</tbody>
</table>

Source: Compiled from field survey

The major cost centers in hospital industry for outpatient customers are –

1. Consulting fee for permanent doctors
2. Consulting fee for visiting doctors
3. Dressing charge and
4. Injection Charge

The above data is classified sector wise and presented in the table 5.6.

Table 6. Charges for outpatient services (Figures in rupees)

<table>
<thead>
<tr>
<th>Head of expense</th>
<th>Private hospital</th>
<th>Co-op hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting fee</td>
<td>50 to 100</td>
<td>50 to 175</td>
</tr>
<tr>
<td>Consulting fee for visiting doctors</td>
<td>150 to 200</td>
<td>100 to 150</td>
</tr>
<tr>
<td>Dressing charge</td>
<td>50 to 200</td>
<td>50 to 150</td>
</tr>
<tr>
<td>Injection Charge</td>
<td>30 to 50</td>
<td>25 to 40</td>
</tr>
</tbody>
</table>

Source: Compiled from field survey

Table 6 reveals that the general cost charge collected from outpatient in respect of consulting fee vary from Rs 50 to 100 in the case of private hospitals and it is Rs 50 to 175 in co-operative hospitals. The consulting fee for visiting doctors in private hospitals and co-operative hospitals vary from Rs 150 to 200 and Rs 100 to 150 respectively. Table further reveals that charges for wound dressing vary from Rs 50 to 200 in private hospitals and it is 50 to 150 rupees in co-operative hospitals. Charges for injection in private and co-operative hospitals vary from Rs 30 to 50 and Rs 25 to 40 respectively. From the table it is clear that charges in respect of outpatient services are comparatively lesser in co-operative hospitals.

The most prevalent view of pricing in the hospital industry is that prices are set equal to average cost of providing hospital care, i.e. the hospital attempts to break even. This view of hospital pricing is based upon the assumption that nonprofit organizations are interested only in serving the public and have no desire to make any profits. This is validated in the book written by Ingbar and Taylor, in their book the nonprofit hospital as an organization aiming in its pricing policy to recover its costs. The typical short term hospital is not interested in making a profit as such, being a voluntary and charitable institution; it is content to cover its costs and sets its charges accordingly.

CONCLUSION AND LIMITATIONS

An important view of hospital pricing is that hospitals desire to obtain as much net revenue as possible in order to expand hospital size and obtain extensive specialized equipment. This may occur because the hospital administrator attempts to maximize his utility (which depends up on having a large hospital equipped with all the latest equipment) or simply because physicians on the hospital staff
place pressure on the administrator to increase hospital size and acquire the most modern facilities. If this view is correct, prices will be higher relative to costs in areas where it is possible for hospitals to make excess profits. Such areas might be characterized by high incomes and extensive coverage on the demand side as well as limited supply conditions such as a shortage of beds or unavailability of alternatives to private hospital. Thus the study concluded that the enquiry about pricing of services shows that charges in respect of pricing are comparatively lesser in co-operative hospitals than the private one. The major limitation for this study is that it has not covered the other types of institutions in the health sector such as Ayurvedic, Homeopathic, and Unani etc and it has become difficult for the researcher to collect data from different hospitals. Perceptions of the respondents are measured through observation, personal interview, questionnaire and schedules. The power structure in India may cause respondents to answer with partially frank acknowledgement of feelings. It became very difficult to meet and elicit opinion of administrators due to their busy schedules. Majority of administrators are under the impression that research on management means probing in to their internal affairs especially in health care sector. With this opinion they hesitated in providing required data. Another limitation is that the above analyzed data is not sufficient to study about the pricing procedure followed by the healthcare sector in Kerala.

REFERENCES

ASSESSING ISSUES AND CHALLENGES OF MICRO SMALL MEDIUM ENTERPRISES IN INDIA

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Research Scholar, Department of Business Administration,
University of Lucknow, Lucknow, India
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ABSTRACT
The Micro, Small and Medium enterprises (MSMEs) play a pivotal role in the overall industrial economy of India. MSMEs constitute more than 80% of the total number of industrial enterprises and support industrial development. MSMEs contribute nearly 45% to manufacturing output and about 40% to the Indian export sector. Their contribution to the Indian GDP is nearly 8%. Indian MSMEs have moved up from the manufacture of traditional goods including leather, gems and jewelry, agricultural goods to much more value addition in the manufacturing sector to its entry in the value added services as well. This paper is an attempt to present the scenario of MSMEs and the related problems they phases like lending, marketing, license issues.

Keywords: Micro; Small and Medium Enterprises; Issues and Challenges

INTRODUCTION
The importance of Small scale sector cannot be overlooked while we consider the development of Indian industrial economy. Since Independence the MSMEs industries have been one of the major planks of India's economic development strategy. From the very beginning India accorded high priority to small and medium enterprises (SMEs) and has rigourously encouraged and has regularly pursued support policies to make these enterprises viable and vibrant. With the laps of time, these have now become major contributors to the GDP. Sadly, despite numerous protection and policy measures for the past so many years, MSMEs have remained mostly confined itself to small, technologically backward and lacking in competitiveness. The liberalization of the Indian economy in 1991 and introduction of new industrial policy added problems to the MSMEs.

During the initial stages after independence, small scale enterprises found it difficult to survive. In the 21st century, the economic environment has changed in favour of MSMEs. Presently, the MSMEs in India are at a crossroad and intense debate is centered on questions like what would be the future of the small enterprises? How these enterprises can survive in the international trade arena? What role can the government play in making these SMEs more competitive?

Today, small and medium industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. The small scale industry accounts for 40% of gross industrial value addition and 40% of total manufacturing exports. More than 3.2 million units are spread all over the country producing about 8000 items, from very basic to highly sophisticated products. The SMEs are the biggest employment-providing sectors after agriculture, providing employment to 29.4 million people. However SMEs, which constitute more than 80% of total number of industrial enterprises, are now facing a tough competition from their global counterparts due to liberalization, change in manufacturing strategies, technological changes, and turbulent and uncertain market scenario.
Moreover, Small industry in India has been confronted with an increasingly competitive environment due to: (1) liberalization of the investment regimen the 1990s, favoring foreign direct investment (FDI); (2) the formation of the World Trade Organization (WTO) in 1995, forcing its member-countries (including India) to drastically scale down quantitative and non-quantitative restrictions on imports, and (3) domestic economic reforms. The cumulative impact of all these developments is a remarkable transformation of the economic environment in which small industry operates, implying that the sector has no option but to 'compete or perish'.

**OBJECTIVE**

To assess the issues and challenges of MSME

**What Is Micro Small Medium Enterprises?**

In India, the enterprises have been classified broadly into two categories:

1. Manufacturing; and
2. Those engaged in providing/rendering of services.

Both categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery (for manufacturing enterprises) or on equipments (in case of enterprises providing or rendering services). The present ceiling on investment to be classified as micro, small or medium enterprises is as under:

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>INVESTMENT CEILING FOR PLANT, MACHINERY OR EQUIPMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing Enterprises</td>
</tr>
<tr>
<td>MICRO</td>
<td>Up to Rs.25 lakh ($50 thousand)</td>
</tr>
<tr>
<td>SMALL</td>
<td>Above Rs.25 lakh ($50 thousand) &amp; Up to Rs.5 crore ($1 million)</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Above Rs.5 crore ($1 million) &amp; Up to Rs.10 crore ($2 million)</td>
</tr>
</tbody>
</table>

Definitions before 2nd October 2006

<table>
<thead>
<tr>
<th>CLASSIFICATION</th>
<th>Investment Ceiling for Plant &amp; Machinery or Fixed Assets*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing Enterprises</td>
</tr>
<tr>
<td>MICRO</td>
<td>Up to Rs.25 lakh ($50 thousand)</td>
</tr>
<tr>
<td>SMALL</td>
<td>Above Rs.25 lakh ($50 thousand) &amp; Up to Rs.1 crore ($0.20 million)</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>NOT DEFINED</td>
</tr>
</tbody>
</table>

**Note:** * Excluding land and building @ $1 = Rs.50 (April 2009).

Micro, Small and Medium enterprises (MSME) Sector: Profile

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of MSMEs</td>
</tr>
<tr>
<td>Number of Manufacturing Enterprises</td>
</tr>
<tr>
<td>Number of Service Enterprises</td>
</tr>
<tr>
<td>Number of Women Enterprises</td>
</tr>
<tr>
<td>Number of Rural Enterprises</td>
</tr>
<tr>
<td>Employment</td>
</tr>
<tr>
<td>Per unit employment</td>
</tr>
<tr>
<td>Per unit fixed investment</td>
</tr>
<tr>
<td>Per unit original value of Plant &amp; Machinery</td>
</tr>
</tbody>
</table>
**Government Policies and Support Measures: Brief History**

The evolution of the policy framework and support measures of the Government can be broadly grouped into the following three periods:

1948-1991: In all the Policy Resolutions from 1948 to 1991, recognition was given to the micro and small enterprises, termed as an effective tool to expand employment opportunities, help ensure equitable distribution of the national income and facilitate effective mobilization of private sector resources of capital and skills. The Micro, Small and Medium Enterprises Development Organization [earlier known as Small Industries Development Organization (SIDO)] was set up in 1954 as an apex body for sustained and organized growth of micro, small and medium enterprises. Within next two years, the National Small Industries Corporation, the Khadi and Village Industries Commission and the Coir Board were also set up. The era provided the supportive measures that were required to nurture MSEs, in the form of reservation of items for their exclusive manufacture, access to bank credit on priority through the Priority Sector Lending Programme of commercial banks, excise exemption, reservation under the Government Purchase Programme and 15% price preference in purchases, infrastructure development and establishment of institutes for entrepreneurial and skill development. MSME – Development Institutes [earlier known as Small Industries Service Institute (SISI)] were set up all over India to train youth in skills/entrepreneurship. Tool Rooms were established with German and Danish assistance for providing technical services essential to MSEs as also for skill-training. At the State level, District Industries Centers were set up all over the country.

1991-1999: The new Policy for Small, Tiny and Village Enterprises of August, 1991 laid the framework for government support in the context of liberalization, which sought to replace protection with competitiveness to infuse more vitality and growth to MSEs in the face of foreign competition and open market. Supportive measures concentrated on improving infrastructure, technology and quality. Testing Centers were set up for quality certification and new Tool Rooms as well as Sub-contracting Exchanges were established. The Small Industries Development Bank of India (SIDBI) and a Technology Development and Modernization Fund were created to accelerate finance and technical services to the sector. A Delayed Payment Act was enacted to facilitate prompt payment of dues to MSEs and an Industrial Infrastructure Development (IID) scheme was launched to set mini industrial estates for small industries.

1999 onwards: The Ministry of MSME [earlier known as Ministry of Small Scale Industries and Agro & Rural Industries (SSI & ARI)] came into being from 1999 to provide focused attention to the development and promotion of the sector.

The new Policy Package announced in August, 2000 sought to address the persisting problems relating to credit, infrastructure, technology, and marketing more effectively. A Credit Linked Capital Subsidy Scheme was launched to encourage technology up gradation in the MSE sector and a Credit Guarantee Scheme was started to provide collateral-free loans to micro and small entrepreneurs, particularly the first generation entrepreneurs. The exemption limit for relief from payment of Central Excise duty was raised to Rs.1 crore ($0.25 million) and a Market Development Assistance Scheme for MSEs was introduced. At the same time, consultations were held with stakeholders and the list of products reserved for production in the MSE sector was gradually reduced each year.

In 2006, the long-awaited enactment for this sector finally became a reality with the passage of the Micro, Small and Medium Enterprises Act. In March, 2007, a third Package for the Promotion of Micro and Small Enterprises was announced which compromise the proposals/schemes having direct impact on the promotion and development of the micro and small enterprises, particularly in view of the fast changing economic environment, wherein to be competitive is the key of success.
Present Policy Framework and Focus Areas

Micro, Small and Medium Enterprises Development Act, 2006: The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 seeks to facilitate the development of these enterprises and also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. Establishment of specific Funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurement to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

Foreign Direct Investment (FDI) Policy

With the promulgation of the MSMED Act, 2006, the restrictive 24% ceiling prescribed for equity holding by industrial undertakings, whether domestic or foreign, in the MSEs has been done away with and MSEs are defined solely on the basis of investment in plant and machinery (manufacturing enterprises) and equipment (service enterprises). Thus, the present policy on FDI in MSE permit FDI subject only to the sectoral equity caps, entry routes and other relevant sectorial regulations.

Limited Liability Partnership (LLP) Act, 2008

The salient features of the proposed LLP Act, 2008 are as under:

1. LLP shall be a body corporate and a legal entity separate from its partners. It will have perpetual succession. Indian Partnership Act, 1932 shall not be applicable to LLPs, since LLP shall be in the form of a body corporate.

2. An LLP has to be incorporated with a minimum of two persons. The Act does not restrict the benefit of LLP structure to certain classes of professionals only and would be available for use by any enterprise which fulfills the requirements of the Act.

3. The LLP will be an alternative corporate business vehicle that would give the benefits of limited liability but would allow its members the flexibility of organizing their internal structure as a partnership based on an agreement.

4. On registration LLP shall be capable of: (a) suing and being sued; and (b) acquiring, owning, holding and developing or disposing off property.

5. A person may cease to be a partner of a LLP in accordance with an agreement with the other partners or in absence of agreement with the other partners, by giving a notice in writing of not less than 30 days of his intention to resign as partner.

6. In the event of an act carried out by a LLP, or any of its partners, with intend to defraud creditors of the LLP or any other person or for any fraudulent purpose, the liability of the LLP and partners, who acted with intend to defraud creditors or for any fraudulent purpose shall be unlimited for all or any of the debts or other liabilities of the LLP.

7. A contribution of a partner may consist of tangible, movable or immovable or intangible property or other benefits to the LLP including money, promissory notes, and other agreements to contribute cash or property, and contracts for services performed or to be performed.
8. While the LLP will be a separate legal entity, liable to the full extent of its assets, the liability of the partners would be limited to their agreed contribution in the LLP. Further, no partner would be liable on account of the independent or unauthorized actions of other partners, thus allowing individual partners to be shielded from joint liability created by another partner’s wrongful business decisions or misconduct.

9. LLP shall be under obligation to maintain annual accounts reflecting true and fair view of its state of affairs.

10. Provisions have been made in the Act for corporate actions like mergers, amalgamations etc.

11. There is a provision of voluntary winding up as well as winding up by the Tribunal.

12. There are provisions for inter conversion of LLP into private company etc. The LLP Act should pave the way for greater corporatization of the Small and Medium Enterprises – thereby enhancing their access to equity and funds from the market.

De-Reservation

The issue of de-reservation has been a subject of animated debate within government for the last twenty years. The Approach to the Eleventh Five Year Plan notes the adverse implications of reservation of products for exclusive manufacture by the MSEs and recommends the policy of progressive de-reservation. To facilitate further investments for technological upgradation and

Higher productivity in the micro and small enterprises, 654 items have been taken off the list of items reserved for exclusive manufacture by the manufacturing micro and small enterprises in the last few years – reducing it to 21 at present. This has helped the sector in enlarging the scale of operations and also paved the way for entry of larger enterprises in the manufacture of these products in keeping with the global standards.

Credit/Finance

Credit is one of the critical inputs for the promotion and development of the micro and small enterprises. Some of the features of existing credit policy for the MSEs are:

Priority Sector Lending—Credit to the MSEs is part of the Priority Sector Lending Policy of the banks. For the public and private sector banks, 40% of the net bank credit (NBC) is earmarked for the Priority Sector. For the foreign banks, however, 32% of the NBC is earmarked for the Priority Sector, of which 10% is earmarked for the MSE sector. Any shortfall in such lending by the foreign banks has to be deposited in the Small Enterprise Development Fund (SEDF) to be set up by the Small Industries Development Bank of India (SIDBI).

Institutional Arrangement— the SIDBI is the principal financial institution for promotion, financing and development of the MSE sector. Apart from extending financial assistance to the sector, it coordinates the functions of institutions engaged in similar activities. SIDBI's major operations are in the areas of: (i) refinance assistance (ii) direct lending, and (iii) development and support services. Commercial banks are important channels of credit dispensation to the sector and play a pivotal role in financing the working capital requirements, besides providing term loans (in the form of composite loans). At the State level, State Financial Corporation’s (SFCs) and twin-functional State Industrial Development Corporations (SIDCs) are the main sources of long-term finance for the MSE sector.

Recognizing the importance of easy and adequate availability of credit in sustainable growth of the MSE sector the Government has announced a 'Policy Package for Stepping Up Credit to Small and Medium Enterprises (SMEs)', with the objective of doubling the flow of credit to this sector within a period of five years. To ensure better flow of credit to MSEs, the Ministry of MSME is also implementing the following major schemes:
Credit Guarantee Scheme

To ensure better flow of credit to micro and small enterprises by minimizing the risk perception of banks/financial institutions in lending without collateral security, the Government launched Credit Guarantee Fund Scheme for Micro and Small Enterprises in August 2000. The scheme covers collateral-free credit facility extended by eligible lending institutions to new and existing micro and small enterprises for loans up to Rs.100 lakh ($250,000) per borrowing unit. The guarantee cover is up to 75 per cent of the credit sanctioned [85% in respect of loans up to Rs.5 lakh ($12,500) and 80% for loans provided to MSEs owned/operated by women and all loans in the North-East Region].

Performance & Credit Rating Scheme

The Performance & Credit Rating Scheme for manufacturing MSEs was launched in April, 2005 with the objective of assisting the MSEs in obtaining performance-cum-credit rating which would help them in improving performance and also accessing bank credit on better terms if the rating is high. Under the scheme (implemented by the National Small Industries Corporation in conjunction with reputed rating agencies), 75% of the fee charged by the rating agency is reimbursed by the Government subject to a maximum of Rs.40,000 ($1,000).

Emerging Sources

Faced with increased competition on account of globalization, MSMEs are beginning to move from an obsession with bank credit to a variety of other specialized financial services and options. In recent years, the country has witnessed increased flow of capital in the form of primary/secondary securities market, venture capital and private equity, external commercial borrowings, factoring services, etc. More advanced MSMEs have started realizing the importance of these alternative sources of funding to raise resources and the need for adopting better governance norms to take advantage of these funding sources. The enactment of the Limited Liability Partnership Act, 2008 is expected to provide a thrust to the MSMEs in their move towards corporatization.

Competitive Technology

In today's fast paced global business scenario, technology has become more vital than ever before. With a view to foster the growth of MSME sector in the country, Government has set up ten state-of-the-art Tool Rooms and Training Centers. These Tool Rooms provide invaluable service to the Indian industry by way of precision too long and providing well trained craftsmen in the area of tool and die making. These Tool Room are highly proficient in inbound and die making technology and promote precision and quality in the development and manufacture of sophisticated molds, dies and tools. The Tool Rooms are not only equipped with the best technology but are also abreast with the latest advancements like CAD/CAM, CNC machining for tooling, Vacuum Heat Treatment, Rapid Prototyping, etc. The Tool Room & Training Centers also offer various training programmes to meet the wide spectrum of technical manpower required in the manufacturing sector. The training programmes are designed with optimum blend of theory and practice giving the trainees exposure on actual jobs and hands on working experience. The Tool Rooms have also developed special training programmes to meet the requirements at international level, which are attended by participants from all over the globe.

Discussion: Issues and Challenges

Despite with high growth rates, MSMEs in India are also facing a number of problems like sub-optimal scale of operation, technological obsolescence, supply chain inefficiencies, increasing domestic and global competition, fund shortages, change in manufacturing strategies and turbulent, and uncertain market scenario. To survive with such issues and compete with large and global enterprises, MSMEs need to adopt innovative approaches in their working.

CONCLUSION

In all the Policy Resolutions from 1948 to 1991, recognition was given to the micro and small
enterprises, termed as an effective tool to expand employment opportunities, help ensure equitable
distribution of the national income and facilitate effective mobilization of private sector resources of
capital and skills. Thanks to globalization, domestic economic liberalization and dilution of sector-
specific protective measures. The international and national policy changes have thrown open new
opportunities and markets for the Indian small industry. Technological upgradation and in-house
technological innovations and promotion of inter-firm linkages need to be encouraged consciously and
consistently. Financial infrastructure needs to be broadened and adequate inflow of credit to the sector
be ensured taking into consideration the growing investment demand, including the requirements of
technological transformation. Small industry should be allowed to come up only in designed industrial
areas for better monitoring and periodic surveys. A technologically vibrant, internationally competitive
small and medium industry should be encouraged to emerge, to make a sustainable contribution to
national income, employment and exports. It is essential to take care of the sector to enable it to take
care of the Indian economy. To survive with such issues and compete with large and global
enterprises, MSMEs need to adopt innovative approaches in their working.

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INFORMATION SECURITY – RETURN ON INVESTMENTS – AN ANALYSIS

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Email: bgansub@gmail.com

ABSTRACT
Justifying the expenditure on information security has always been a challenge for security practitioners. The few models developed in the academia have not percolated through the industry practitioners. Whether Security is an investment or not Practitioners face a battle every year during the budgeting process to justify resources – both money and people. Whilst increased regulations and breaches have changed the perception of security in the minds of the corporate directors and senior management, the battle for expenditure justification by the Security Manager has not vanished. This paper aims to discuss some of the models conceptualized in various academic research works.

Keywords: Information Security Investments; Security ROI

INTRODUCTION
Security Investments – Issues and Concerns
The key question is whether information security expenditure constitutes an investment or is a mere overhead. What constitutes an investment? Phil Holmes [1] defines investment as ‘any act which involves the sacrifice of an immediate and certain level of consumption in exchange for the expectation of an increase in future consumption’. In the context of information security, we could conveniently interpret the ‘expectation of an increase in future consumption’ as an equivalent to an anticipated reduction in potential annual expected losses.

Security Managers often complain about lack of adequate funding approvals or allocation of funding or resources; obtaining approval for making substantial investments towards security continues to remain a challenge for Practitioners.

Even some leading security practitioners do not believe information security to be an investment. Leading practitioners like Jay Heiser[2] challenge the very concept of Security ROI. ‘Nobody tries to quantify the ROI of air-conditioning. So, why try with Security?’ he asks. He further states that ‘Security is overhead, just like automatic fire sprinklers and air-conditioning in the server room. Face it: it is necessary evil’.

It is true that not all practitioners may share or subscribe to Jay Heiser’s view.

Security Managers often tend to use or are often forced to use the data/information published in the various annual information security surveys as supporting evidence justifying the expenditure.

Again, not many of these annual security survey reports render appropriate and useful information. Kevin Soo Hoo [3] could not get realistic results from his security ROI model due to inadequate data. Again, according to Jay Heiser, “the creators, respondents and the recipients of the study have not-so-hidden agenda” and such surveys lack ‘statistical and scholarly rigor’ [4]. Jay Heiser[4] states that ‘it is the ability to misuse the survey results that makes it so popular’.
Do investments in Information Security lead to any additional revenue or earnings for any Company? Different models developed in the academic world allude that security investments have possible incremental revenue as outcomes of such investments and have built in variables to account for such revenue in their models. Again, not many Practitioners share this view. To quote Jay Heiser [2] again, ‘Firewalls don’t increase network bandwidth. VPNs don’t increase throughput. Changing passwords every 60 days does not make users more efficient”.

When BS7799 or the British standard on Information Security became the de-facto information security standard in the UK in the late 1990s, a number of companies, including banks and financial institutions, achieved compliance and got certified as BS7799 compliant.

The Co-Op Bank UK, one of the first Internet banking firms in the UK, was a pioneer in achieving BS7799 certification. Later, many other banks appear to have achieved the certification. However neither the Co-op Bank nor the other banks appear to advertise their compliance certification to promote their secure online banking.

There have been studies [5] to identify the potential negative impact on the market value of the firms due to any security related incidents.

Another key question facing the Practitioners today is how much should they invest in information security projects or initiatives? What is the optimal level of investment is the question that worries most Practitioners whilst deciding and determining their annual budget. It is common knowledge that the law of marginal returns tends to operate in the information security arena as well as any other area, and any investment more than an optimal investment is bound to render negative returns.

Some of the useful research undertaken by academia on optimal investment for information security such as the GLEISTM [6] model development might not have percolated into the corporate world.

Most of the traditional / conventional methods used for measuring return on Investments may or may not be applicable to Information Security investments.

Amongst the following traditional methods of generic investments appraisal, the Discounted Cash Flow or the Net Present Value method is the most commonly used method by the industry.

- Payback Method
- Net Present Value or Discounted Cash flow method; and
- Accounting Rate of Return method.

The Accounting Rate of return method considers the average profit generated by the investment and expresses it as a percentage of the initial investment made over the lifetime of the project.

\[
\text{ARR} = \frac{\text{Average Annual Profit}}{\text{Average Investment}} \times 100\%
\]

The fundamental flaw of this method is that it takes into account the ‘accounting profit’ and not the actual ‘cash flow’ for calculation purposes.

Payback method considers the length of the time it takes for the returns (net cash flows) to equal the sum of the initial investments made. It is expressed in terms of number of years or a set time period in years. The basic flaw of Payback Method is that the cash flows beyond the payback period is completely ignored and is not taken into account for calculation of returns.

On the other hand, Net Present Value (‘NPV’) or the discounted cash flow method takes into account the various cash flows generated by the project over a period of time. The NPV or the net present value of such future cash flows is calculated using an appropriate discount rate. Net Present Value (‘NPV’) method also takes into account the time value of money.
The NPV method is also not free from its flaws and the weaknesses have been highlighted [7] as follows:

“First, the ‘operating flexibility’ available within a single project which enables management to make or revise decisions at a future time (such as, for example, options to defer, expand or abandon the project); and second, the ‘strategic’ option value of a project resulting from its interdependence with future and follow-up investments”.

The key factor that distinguishes information security investments from other investments is that it is made to prevent an occurrence of a potential loss and not with an aim to generate any additional profit, though in some cases, additional revenue is generated and some models take such revenue into account. It is again not easy to decide the rate at which the future cash flows or reduction in losses can be discounted and analysed. In addition, many of the benefits accrued are neither tangible nor quantifiable.

Certain organisations use tools like Balanced Scorecard for measuring and monitoring performance. Balanced Scorecard is a performance measurement and management tool introduced in the nineties. Whilst the traditional performance measures were purely from the finance perspective only, Balanced Scorecard advocated [8] the use of measures from four perspectives, including finance as follows:

- **Finance** – To succeed financially how should be appear to our shareholders.
- **Customer** – To achieve our vision, how should we appear to our Customers?
- **Internal Business Process** – To satisfy our shareholders and customers, what business processes must we excel at?
- **Learning and Growth** – To achieve our vision, how will be sustain our ability to improve and change”.

A number of alternative models [9] such as Maisel’s Balanced-Scorecard, the Performance Pyramid model, Effective Progress and Performance Measurement model are available; they resemble the original Balanced Scorecard approach and such models have been extensively reviewed.

It is pertinent to note that unless implemented properly, balanced scorecards fail to produce necessary results. Some of the key reasons for a failure include [10] “the independent or non-financial variables on the scorecard are incorrectly identified as primary drivers of future stakeholder satisfaction” and the inappropriate definition of metrics.

However, companies make investments on information security to meet some legal and regulatory requirements. For example, the Financial Services Authority (‘FSA’) in the UK has recently devised regulations that require companies to implement security controls. In India, the Reserve Bank of India has come up with security guidelines for banks. So, willingly or unwillingly, companies are forced to spend on information security, to meet regulatory requirements.

**OBJECTIVES OF THE PAPER:**

The objectives of the paper are as follows:

1. To Discuss the need to compute the return on Information Security investments;
2. To outline the challenges behind computing the return on Information Security investments faced by Security Practitioners;
3. To analyse the merits and possible improvements for certain sample models developed by the academia.
REVIEW OF VARIOUS SECURITY EFFECTIVENESS MEASUREMENT MODELS

Huseyin Cavusoglu Model- Huseyin Cavusoglu [11] advocates the game theory approach to determine the optimal level of information security investments. Huseyin views the companies that try to protect their assets against unauthorised access and the hackers who are determined to break the security as two different players of a typical game.

For the Companies’ point of view, the payoffs result from one or more of the following:

- Losses from undetected intrusions;
- Losses from detected intrusions; and
- Cost of monitoring

From a hacker’s point of view, the payoffs include the expected utility that he / she derives from the attack and the expected cost payable, if the hacker were ever to be caught.

Payoffs and utilities for both the hackers and the hacked Companies are taken into account to determine the value of the game. Huseyin Cavusoglu model is useful and effective only when there are both preventive and detective controls in place and the payoffs of both the company and the hacker are identifiable in simple terms.

This model appears to have a few shortcomings, such as the following:

- One of the key assumptions of Game Theory is the players adopt a very ‘rationale’ approach. Avinash Dixit and Susan Skeath [12] explain rational behaviour as follows: “Much of the game theory assumes that players are perfect calculators and flawless followers of their best strategies. This is the assumption of rational behaviour. Thus rationality has two essential ingredients: complete knowledge of one’s own interest, and flawless calculation of what actions will best serve those interests.”

- Whilst not all hackers are teenage troublemakers, a number of hackers belong to that age group, who undertake hacking “seeking the thrill of publicity” [13]. Many of these hackers get exposed to the Law Enforcement if they were to adopt a flawed approach.

- Huseyin appears to consider only two key players in the game – the hacker and the company getting hacked. In the author’s opinion, there are more than two players in a typical situation. Cathy Cronkhite & Jack McCullough [13] illustrate a hacking incident where “the British banking giant, HSBC, experienced the defacement of four of its websites. The hacker, alias Herbless, did this to protest the fuel prices in the United Kingdom. His defacement included an activist statement and guidelines for other Hacktivists.”

- For example, if a hacker were to hack into Company X’s website running ABC’s Operating System, the interest of ABC would also be at stake. ABC would also incur a penalty, but such penalties appear to have been ignored in Huseyin’s model, assuming that they are calculable to some extent.

- Whilst discussing a framework for Cyber-insurance, Gordon [14] illustrates a situation where insurance companies charge extra premiums for the use of specific software which can be deemed vulnerable; there are also occasions where they offer a discount in premium payable for the use of certain other products, deemed more secure. Relating the above example to the insurance issue would mean that other companies using a commercial Operating System would also incur a penalty and the insurance companies would stand to gain because of further increases in premiums due to new vulnerabilities being identified in the commercial operating system used regularly. Thus, we can see the existence of more than two players and payoffs exist for all of them, which the model does not appear to take into account.
Huseyin’s model appears to security purely from a hacking perspective, thereby taking a fractional approach of security’s definition. Information security is more than an access control or confidentiality issue and encompasses integrity, non-repudiation and availability of information. The international standard ISO/IEC 17799 [15] defines information security as follows:

“Information Security is characterized here as the preservation of:

- Confidentiality: ensuring that information is accessible only to those authorised to have access;
- Integrity: safeguarding the accuracy and completeness of information and processing methods;
- Availability: ensuring that authorised users have access to information and associated assets when required.”

If the systems were to become non-available due to possible natural causes such as fire, flood or electricity where the player ‘nature’ has nil payoffs, the current model developed by Huseyin may have limitations.

**Gordon and Leob Model** - Gordon and Leob [6] have developed a model to determine the optimal level of an IT Security investment. According to them, that optimal level of investment in information security is only a small fraction of the expected loss associated with a firm's risk exposure. Their model, now known as the GLEIS™ model, predicts that the greatest payoffs for investments in information security occur where the probability of a security breach is in the intermediate zone (i.e., where the probability of a security breach is not very close to zero or one).

Kanta Matsura [16] feels that Gordon and Leob’s model does not appear to incorporate information security insurance in it and identifies the following limitations:

‘The loss is treated as a constant. This suggests that the investment studied in the model is restricted to hardware/software technologies and management services of information security. The investment variable in the model is continuous and hence the investment subjects are treated not as discrete pieces but as a whole’.

Gordon’s approach, in the author’s opinion, has further limitations. It appears that there is no discounting done over the lifetime of the security investment made.

Gorden and Leob’s model has adopted a binary approach towards security breach – in other words, it assumes situations where either there is an occurrence of breach or there is no breach. The possibility of multiple breaches has not been taken into account and equally occurrence of partial loss has not been considered too. The model does not consider any time factor, because the model is basically a single period analysis only and not otherwise. For high loss and low breach probability events, according to the model, the investment will be zero, thereby making the investment meaningless.

**Kevin Soo Hoo Model** - Kevin Soo Hoo [3] adopts a decision theory approach to identify / determine the optimal level of IT Security investment. He collects and collates various security controls and translates them into a set of security policies; he suggests a cost-benefit analysis for each of the security controls to be implemented. According to Kevin, the benefits derived from the investments are the difference between the Annual Loss Expectancy (ALE) Value before and after the implementation of controls. The key variation is that he takes into account potential / possible gains generated due to specific security controls implementation as a variable in his model.

In order to compute ALE and make it more pragmatic and real, his model takes into account the reduction of frequency of incidents as an outcome of implementation of security controls. In addition, his model also takes into account marginal reduction in probable loss due to the occurrence of possible security incidents or security breaches.
The biggest advantage of the model is that it is simple to follow and easy to understand. However, the model has its own limitations.

Huseyin Cavusoglu [11] critically reviews Kevin Soo Hoo’s model as follows:

“Though intuitive, decision analysis approach for evaluating IT Security investment treats security technology as a black box. This technique does not provide managers any insights into how the different variables of an IT Security infrastructure affect the risk, expected loss and the likelihood. For example, it cannot answer questions such as how does the firewall affect the likelihood of a security breach or the expected loss, or what is the trade-off between preventive, such as a firewall, and detective, such as an Intrusion Detection System. They also ignore the strategic nature of the security management problem”.

Kevin’s major assumption is that security investments result not only in cost savings, but may also possibly generate additional revenue; such cost savings and additional revenue generated are incorporated in Kevin’s model. For example, customers may choose to join a particular bank, if they perceive that it offers more secure online banking. However, it may not be feasible to attribute or assign a percentage of any organisation’s revenue or profit as those generated because of security controls implementation.

In addition, since in Kevin’s model the group of controls are aggregated together, the relative weight of individual controls gets lost and does not get captured adequately and appropriately.

Roger Adkins Model- Unlike the other models developed in the academia, which are based on measuring the benefits as an outcome of investments made, Roger Adkins adopts an insurance based approach.

His model aims to identify the maximum loss as a potential outcome of security incidents for a particular time period or horizon. Many conventional models treat the rate at which the expected future cash flows are discounted as a ‘constant’ value; however, Roger Adkin’s model treats it as a variable within the model design.

Using Real Options based approach and Probability Theory, Roger’s model treats the losses which occur as an outcome of security breaches to be random followinga distribution pattern with known expected losses, compared to some other models which always treat loss as a known constant.

However, Roger’s model is based on ‘rationality’ approach, which is in total contradiction with Prospect Theory. Prospect Theory “purports that organisations adopt a risk loving stance in the presence of losses though preferring uncertain higher losses than a certain lower losses”[17].

CONCLUSION

There are multiple approaches to security investments and many models continue to emerge. Each of them has its own merits and limitations.

The challenge to the Security Practitioners is which model is ideal to use.

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IS REPATRIATE COMPETENCY TRANSFER, A CONSEQUENCE OF EFFECTIVE REPATRIATION? AN ANALYSIS OF INDIAN IT-SECTOR REPATRIATES: THE PARADIGMS AT PLAY

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ABSTRACT
International assignments have become an integral part of individuals’ careers and, for most companies, an indispensable tool for attracting, developing, and retaining talent. In the Indian context, post liberalization, the corporate sector has grown and diversified leaps and bounds. India’s software and services exports have been rising rapidly over the last decade. Indian IT professionals are travelling overseas, to cater to the demands for skilled and professional manpower. Research shows that an international assignment can be a double-edged sword for the individual and the organization. Problems reported in the literature include adjustment problems, underperformance, career derailment, and high costs to the company due to failed expatriation and repatriation. This implies that HR professionals need to chart out tangible career paths, devise efficient performance management systems and challenging job designs so as to motivate employee satisfaction and performance, as an Expatriate and a Repatriate (Webb, 1996; Morgan, Nie and Young 2004). Therefore in-depth analytical approach supporting the variables effecting repatriation in corporate and its manifold variants is necessitated. Emphasis to develop meaningful insights in the context of repatriate competency and its utilization is required. The study aims to analyze the significant relation between effective repatriation and transfer of repatriate competency in Indian IT Industry, acquired as a result of overseas assignment, lest it goes waste.

Keywords: Globalization; Effective Repatriation; Competency Transfer; Organization; Indian Corporate Sector

INTRODUCTION
India has achieved a position of pre-eminence over the last decade, in many spheres of economic activity, most notably in Information Technology, Business Process outsourcing, and various other service industries and also increasingly in manufacturing. The tide seems to have turned a full circle with many multinational companies (MNCs) with head offices overseas.

A global business strategy requires global human resource systems and globally competent people that need to be implemented successfully. As a determinant of competitive advantage and being critical to success and survival of multinational corporations (MNCs), it is becoming increasingly important to create and combine the imperfect and non-substitutable resource of a MNC, “the Human Resources” (Barney, 1991).

In the domain of cross cultural interactions, there are numerous publications on expatriation, but the theme of cross-cultural re-entry still remains largely neglected and underestimated in the sojourner’s transition trajectory. Available empirical investigations point to a number of substantial concerns,
which affect the psychological wellbeing, social readjustment and cultural identity of returning individuals. The significance of these concerns strongly suggests that re-entry should become an issue of the highest priority to both sojourning individuals as well as people managing the reentry transitions of travelers.

Companies need to close the gap between expectation and reality facing repatriates. In short, companies need to take decisive steps to prevent widespread repatriate disaffection and calls for an in depth analysis of the perspective of repatriation and competency transfer, in a corporate set up.

LITERATURE REVIEW

The paper provides insight into the literature pertaining manifold nuances of Knowledge and competency transfer of Repatriates, as applicable to Indian IT sector.

Concept of Repatriation and Repatriation Management

The rapid internationalization of organizations in recent years has heightened the interest in the need for cross-cultural preparation and support of individuals undertaking international assignments, and the adjustment issues that face repatriates. Research proves that poor repatriation is costly (Black, Gregersen and Mendenhall, 1991 and 2007), reduces the effective utilization of human resources (Adler, 1981), often leads to loss of talented personnel (Black and Gregersen, 1991), and probably represents the number one reason for employee hesitancy to accept overseas assignments (Harvey, 1989). The result is workforce attrition due to non-management of repatriates returning to their home country after a global assignment. In international business literature during the past twenty five years, only more recently has repatriation begun to receive the same serious scrutiny as expatriation (Gomez-Mejia and Balkin, 1987; Black, 1991; Gregersen and Black, 1991).

Repatriate is defined as an employee who has returned home after spending more than six months abroad (Linehan and Scullion, 2002). Concept of “Repatriation Management” as a realm of cross cultural management has evolved on the contemporary global management scene. It refers to the initiatives that capitalize on the re-entry of a firm’s workforce, including characteristics such as handling Reverse cultural shock, tapping of talent, ensure smooth transition from being an expatriate to a repatriate, Diaspora option, debriefing sessions for reintegration in home office, family adjustment and re acculturation, HR initiatives for career development and profiling from an overseas assignment, contributing to the organizational goals of productivity and profit.

Repatriation Management therefore holds the key to the manifold aspects of utilization of repatriate talent and competencies post repatriation. Expectancy violation during this process, due to ineffective repatriation culminates into repatriation losses and the study deals with an analysis of this phenomenon and its impact on attrition rates and competency transfer of human resource.

Expatriate Acumen and In-Country Adjustment- Repatriate Competency Transfer

From the organizational perspective, Repatriated employees are valuable assets as they can; act as mentors to future expatriates by imparting skills like transfer of technology, managing cross-culturally, communicating effectively in a host culture, bring forth a fresh approach to information gathering and problem-solving. Organizations that identify a specific career track flowing from a foreign assignment have a more satisfied Repatriate work force, (Naumann, 1993).

The main motivation behind going on an overseas assignment is ‘life-experience’ with a large portion of the respondents having a large social support encouraging them to do so (Inkson, K., and Myers, B., 2003). Degree to which a firm's HR policies and practices influence the transfer of global competencies acquired through an overseas assignment (Norihito Furuya, Michael J. Stevens, Gary Oddou, Allan Bird and Mark E. Mendenhall, 2007), indicate that the competencies acquired through international assignments can be a significant source of competitive advantage for firms and employers need to derive benefits from a repatriate's newly acquired global competencies by enabling the successful transfer of those competencies through feasible policies and practices. There is an impact on
competency transfer of the repatriate's capacity and desire to adjust to the repatriation job assignment, which calls for increased organizational support structures to enhance repatriate adjustment and consequently the global competency.

International assignments are the most powerful experience in shaping the perspective and capabilities of effective global leaders (Black, Gregersen, Mendenhall, and Stroh, 1999) as it provides managers with an opportunity to improve their general management skills and acquire a global mind-set.

HR managers need to devise practices to manage this critical resource (the expatriates) in order to maximize the wealth of knowledge and experience gained from international assignments. Expatriates demonstrate a high commitment to the international element of their careers and to its value as a means of securing organizational success into the future, (Suutari and Brewster, 2003). If international assignments are designed keeping in mind the different aspects of skill and acumen transfer principles, as elucidated in the variables under the construct of Competency transfer in the current study, Repatriate talent would get optimized.

Expatriates are in general more satisfied with a number of job characteristics like the extent to which their jobs have task variety and autonomy, provide opportunities for learning, allow them to apply their knowledge and give them enough responsibility (Bonache and Brewster, 2001; Bonache and Zarraga, 2008). Companies lack effective expatriate management and repatriation practices and usually fail to integrate international assignments with long-term career development and succession planning (Black et al., 1999; Caligiuri and Lazarova, 2001; Riusala and Suutari, 2004; Stahl and Cerdin, 2004).

Due to limited career advancement opportunities, post repatriation, a substantial percentage of expatriates leave the company upon completion of the international assignment. (Black, Gregersen and Mendenhall, 1992). Repatriated employees leave the company within a few years after return, because the company did not utilize their newly acquired skills (Baruch, Steele, and Quantrill, 2002).

Work and interaction adjustment are important predictors of learning transfer in the study, while general adjustment had no discernible impact (Black, et al., 1992b). Competency transfer entails communicating and sharing leading to knowledge and acumen transfer. Competencies gained include enhanced decision-making skills (Adler, 1981), an international network of colleagues, knowledge of other cultures, management of diverse teams, negotiation skills (MacDonald and Arthur, 2005), knowledge of overseas subsidiaries (Stroh, et. al., 1998), and international market knowledge. If organizations can implement strategic plans to harness and integrate the vast array of repatriates’ knowledge and experience, it can be used to enhance a competitive advantage in the global marketplace (MacDonald and Arthur, 2005). Consequently, the transition home can involve “unlearning” (Bridges, 2004), and gaining knowledge about the home culture from a new perspective. Global Leadership Development demands strategic Repatriation Policies; the greatest benefit of successful repatriation (Caligiuri and Lazarova, 2001).

When there is a fit between effective individual readiness to transfer knowledge and organizational receptivity to knowledge, it results in successful ‘reverse’ knowledge transfer, of personnel. Organizations need to match the level of intensity of their knowledge transfer mechanisms to the type of knowledge gained abroad and promote repatriate motivation to act as agents of knowledge and competence transfer through career development initiatives satisfying repatriate career aspirations (Lazarova and Tarique, 2005).

Strategic importance of organizational learning in a global economy and harvesting the knowledge that repatriates acquire during international assignments with delineation of the facilitative and inhibiting factors affecting repatriate knowledge transfer to work units (Odou, Osland and Blekeney, 2009) and considering Repatriates as assets, conceptualized international HRM as an area of enquiry and practice of people management in a cross-cultural and increasingly globalized context, with special focus on knowledge and acumen assimilation and transfer across borders.
Expatriates experience that their knowledge gained from international assignments is transferred and exploited by the MNC through informal mechanisms such as networks and own initiatives. (Frida Hermansson and Ulrika Kilnes, 2008) provided the Expatriation is successful. Predictors leading to effective individual learning of global management competencies on expatriate assignments and their transfer and application in new assignments upon repatriation, happen, via linkages from organizational support, intercultural personality characteristics, self-adjustment, and repatriation policies, leading to heightened job motivation and performance (Norihito Furuya, Michael J Stevens, Allan Bird, Gary Odou and Mark Mendenhall, 2009).

Relationship of Expatriate Expectations with Repatriation Adjustment and Job Performance, in the global economy and knowledge as the most strategically-significant resource, and firms’ competitive advantage, depends on their ability to create, transfer and protect knowledge asset (Gamze Arman, 2009). Few firms are able to develop a wide range of knowledge internally. Expatriation and repatriation are important sources of competitive advantage, due to the huge amount of knowledge, both tacit and explicit, that corporate may acquire by managing the cycle of reverse knowledge transfer from subsidiaries to headquarter (Canestrino and Magliocca, 2010), and foster corporate learning process.

An exploratory and empirical analysis of the dimensions associated with Expatriate acumen acquisition and its consequent transfer as a Repatriate, in Indian IT sector domain, is the aim of the current study. This can minimize the problems and thus maximize the potential advantages an international assignment offers. Hence, the present study proposes that Competency transfer is significantly a function of Effective Repatriation.

**OBJECTIVES**

1. To study and evaluate the emerging phenomenon of Repatriation management and competency transfer, in the context of International Human Resource Management.
2. To undertake an impact assessment of effective repatriation on competency transfer of repatriate.
3. To analyze the role of demographics on competency transfer

**HYPOTHESES**

H1: Demographics play a role in transfer of Repatriate competency.

H2: Competency transfer is significantly a function of Effective Repatriation.

**RESEARCH METHODOLOGY**

A Questionnaire comprising twenty five variables measuring the constructs of Competency Transfer and Effective Repatriation Process items was designed. All relevant and acknowledged measures of the constructs are derived from previous research. Demographics include Gender, Age, Marital status, Job Profile, Length of Stay Overseas and Time Elapsed since return from overseas.

**Sample Size and Measurement Scales**

A sample of 250 corporate executives from Indian IT sector participated in the study. The questionnaire included two broad sections; Competency transfer and Effective repatriation.

Competency Transfer was measured with a 12-item fit scale (range 1-5) ranked on a 5 point Likert scale (1= strongly disagree, 5= strongly agree).The statements were pertaining to Skill and acumen utilization, Knowledge sharing with co-workers, Skill transfer, Knowledge dispensing via seminars, Organizational benefits, Career rewards, Decision making in International projects, Job position and Skill utilization.

Effective repatriation was measured with a 13-item fit scale (range 1-5) ranked on a 5 point Likert scale (1= strongly disagree, 5= strongly agree). Statements were pertaining to Repatriation training and
benefits, Job position and hierarchy, Job description, Career progression ahead of colleagues, Role of communication in uncertainty elimination, Social status post repatriation, Acquired acumen and career development, No repatriation stress and Effects of changes in home country.

**DATA ANALYSIS AND HYPOTHESIS TESTING**

**H1:** Demographics impact Effective Repatriation and subsequent transfer of Repatriate Competency

The relationship between the construct of competency transfer as dependent variable and the demographic variables as independent variables was analyzed. The Demographic variables were Gender, Age, Marital status, Job profile, Length of stay overseas and Time elapsed since return from overseas. An analytical approach was undertaken which indicated that the variability in the dependent variable, Competency Transfer was accounted for by all of the six demographic variables together.

**Impact of Demographic Variables on Competency Transfer**

Multiple Regression analysis was done to examine the relationship between Competency transfer as dependent variable and the demographic variables, as independent variables.

**Table 1.** Regression Analysis between Demographic Variables and Competency Transfer

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Standard error of the estimate</th>
<th>Change statistics</th>
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<tr>
<td></td>
<td>1</td>
<td>0.468*</td>
<td>0.219</td>
<td>0.189</td>
<td>0.56713</td>
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<td></td>
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<td>0.219</td>
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<td></td>
<td>7.164</td>
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<td>6</td>
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<td>153</td>
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<td>0.000</td>
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</tbody>
</table>

**Table 2.** Regression coefficients: Demographic Variables and Competency Transfer

<table>
<thead>
<tr>
<th>Model</th>
<th>Constant</th>
<th>Gender</th>
<th>Age</th>
<th>Marital status</th>
<th>Length of stay overseas</th>
<th>Job profile as Repatriate</th>
<th>Time elapsed since return to home country</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>3.885</td>
<td>0.129</td>
<td>0.181</td>
<td>0.103</td>
<td>-0.027</td>
<td>-0.355</td>
<td>-0.020</td>
</tr>
<tr>
<td>Std. Error</td>
<td>0.445</td>
<td>0.108</td>
<td>0.080</td>
<td>0.116</td>
<td>0.052</td>
<td>0.103</td>
<td>0.042</td>
</tr>
<tr>
<td>Beta</td>
<td>0.088</td>
<td>0.209</td>
<td>0.069</td>
<td>0.069</td>
<td>-0.042</td>
<td>-0.316</td>
<td>-0.035</td>
</tr>
<tr>
<td>T</td>
<td>8.732</td>
<td>1.192</td>
<td>2.274</td>
<td>0.888</td>
<td>-0.519</td>
<td>-3.429</td>
<td>-0.476</td>
</tr>
<tr>
<td>Sig.</td>
<td>0.000</td>
<td>0.235</td>
<td>0.024</td>
<td>0.376</td>
<td>0.604</td>
<td>0.001</td>
<td>0.635</td>
</tr>
</tbody>
</table>

**Note:** Significant at p<0.05

Table 1 indicates that 21.9% of variability in the dependent variable, Competency Transfer is accounted for by all of the six demographic variables together. The significant F-value at p< 0.001 indicates that at least one of the independent variables (demographic variables) is a significant predictor of the dependent variable Competency Transfer. The β coefficients (Table 2) indicate that out of all six demographic variables, Age (β = 0.181; p-value = 0.024) and Job profile as a Repatriate (β = - 0.355, and p-value = 0.001) has a significant influence on Competency Transfer. Other Demographics have no significant impact on Competency Transfer.
Impact of Demographic Variables on Effective Repatriation

Regression analysis is done to examine the relationship between Effective Repatriation as dependent variable and the demographic variables, as independent variables.

Table 3. Regression Analysis between Demographic Variables and Effective Repatriation

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Standard error of the estimate</th>
<th>R Square change</th>
<th>F change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.375</td>
<td>0.141</td>
<td>0.107</td>
<td>0.56011</td>
<td>0.141</td>
<td>4.175</td>
<td>6</td>
<td>153</td>
</tr>
</tbody>
</table>

Table 4. Regression coefficients: Demographic Variables and Effective Repatriation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.678</td>
<td>0.439</td>
<td>8.370</td>
<td>0.000</td>
</tr>
<tr>
<td>Gender</td>
<td>0.113</td>
<td>0.107</td>
<td>0.082</td>
<td>1.060</td>
</tr>
<tr>
<td>Age</td>
<td>0.160</td>
<td>0.079</td>
<td>0.196</td>
<td>2.030</td>
</tr>
<tr>
<td>Marital status</td>
<td>0.061</td>
<td>0.115</td>
<td>0.043</td>
<td>0.529</td>
</tr>
<tr>
<td>Length of stay overseas</td>
<td>-0.036</td>
<td>0.052</td>
<td>-0.059</td>
<td>-0.691</td>
</tr>
<tr>
<td>Job profile as Repatriate</td>
<td>-0.250</td>
<td>0.102</td>
<td>-0.237</td>
<td>-0.452</td>
</tr>
<tr>
<td>Time elapsed since return to home country</td>
<td>-0.051</td>
<td>0.042</td>
<td>-0.093</td>
<td>-0.211</td>
</tr>
</tbody>
</table>

Note: Significant at p<0.05

Table 3 indicates that 14.1% of variability in the dependent variable, Effective Repatriation is accounted for by all of the six demographic variables together. The significant F-value at p< 0.001 indicated that at least one of the independent variables (demographic variables) is a significant predictor of the dependent variable Effective Repatriation. Hence, the β coefficients (Table 4) indicate that out of all six demographic variables, Age (β =0.160; p-value =0.044) and Job profile as a Repatriate (β =0.250, and p-value =0.015) have a significant influence on Effective Repatriation. Other demographics have no significant impact on Effective Repatriation.

ANOVA On The Basis Of Gender

One way ANOVA was conducted on the data comprising Males numbering 204,and Females numbering 45 out of total of 250 respondents. Findings in Table 5 suggest that the “p” value is more than 0.05 level of significance, indicating no significant difference exist in the nature of Repatriate adjustment in the constructs with regard to Gender. Therefore, Gender has no significant impact on the said constructs of the hypothesis.

Table 5. ANOVA Gender wise analysis

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPETENCY TRANSFER</td>
<td>Between groups</td>
<td>0.005</td>
<td>1</td>
<td>0.005</td>
<td>0.013</td>
<td>0.910</td>
</tr>
<tr>
<td></td>
<td>Within groups</td>
<td>63.031</td>
<td>158</td>
<td>0.399</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>63.036</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
<td>Between groups</td>
<td>0.044</td>
<td>1</td>
<td>0.044</td>
<td>0.124</td>
<td>0.726</td>
</tr>
<tr>
<td></td>
<td>Within groups</td>
<td>55.814</td>
<td>158</td>
<td>0.353</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>55.857</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
On The Basis of Age

The different were, 20-29yrs comprising 69 respondents, 30-39yrs comprising 105 respondents, 40-49yrs comprising 65responses and 50-59yrs measuring 11 respondents, out of a total of 250. One way ANOVA (Table 6) on the mean values shows that the variance of group is not same, as far as the construct are concerned as the value of “p” is less than 0.05. This implies that Repatriate Age plays a significant role as far as transfer of his Competency due to Effective Repatriation is concerned.

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPETENCY TRANSFER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>11.897</td>
<td>3</td>
<td>3.966</td>
<td>12.097</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Within groups</td>
<td>51.139</td>
<td>156</td>
<td>0.328</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63.036</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>5.147</td>
<td>3</td>
<td>1.716</td>
<td>5.278</td>
<td>0.002</td>
<td>Significant</td>
</tr>
<tr>
<td>Within groups</td>
<td>50.710</td>
<td>156</td>
<td>0.325</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.857</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On The Basis of Marital Status

Data from respondents of the sub categories of the demographic (Single=54, Married=188 and others=08, out of total of 250 respondents) was subjected to One way ANOVA (Table 7). It indicated that insignificant difference exists among respondents, as far as Effective Repatriation is concerned, as value of “p” is more than 0.05 and hence the variance of the groups is same. As far as the construct of Competency Transfer is concerned, variance of group is not same as the value of “p” is less than 0.05 indicating significant difference exist across the categories.

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPETENCY TRANSFER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>3.313</td>
<td>2</td>
<td>1.657</td>
<td>4.355</td>
<td>0.014</td>
<td>Significant</td>
</tr>
<tr>
<td>Within groups</td>
<td>59.723</td>
<td>157</td>
<td>0.380</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63.036</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>1.856</td>
<td>2</td>
<td>0.928</td>
<td>2.698</td>
<td>0.070</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Within groups</td>
<td>54.001</td>
<td>157</td>
<td>0.344</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.857</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On The Basis of Length of Stay Overseas

Length of stay overseas (Less than 6 months=64, 7-12 months=85, 13-24=58 and more than 25 months=43 respondents out of total of 250 sample size) indicated no variance, after One way ANOVA (Table 8) was conducted. It suggested that the variance of group is same as the value of “p” is more than 0.05, indicating insignificant difference exists across categories.

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPETENCY TRANSFER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>2.418</td>
<td>3</td>
<td>0.806</td>
<td>2.075</td>
<td>0.106</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Within groups</td>
<td>60.618</td>
<td>156</td>
<td>0.389</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63.036</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between groups</td>
<td>0.618</td>
<td>3</td>
<td>0.206</td>
<td>0.582</td>
<td>0.628</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Within groups</td>
<td>55.239</td>
<td>156</td>
<td>0.354</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.857</td>
<td>159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
On The Basis of Job Profile

Table 9 depicts the results from one way ANOVA for different dimensions of the demographic, Job profile (Top level=16, Middle level=174 and Lower level=60, out of a total of 250 respondents). For all the dimensions, the variance of group is not same as the value of “p” is less than 0.05, in case of the constructs of Competency transfer and Effective repatriation, indicating that significant difference across categories of the demographic.

<table>
<thead>
<tr>
<th>Table 9. ANOVA on the basis of Job Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>COMPETENCY TRANSFER</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

On The Basis Of Time Elapsed Since Return to Home Country

Table 10 shows the results from one way ANOVA for different dimensions of the demographic; less than 6 months=47, seven to twelve months=73, thirteen to eighteen months=62 and more than 19 months=68 respondents out of a total sample size of 250 respondents. For all the dimensions of the said demographic the variance of group is same as the value of “p” is more than 0.05, in case of the constructs of Competency transfer and Effective repatriation indicating that insignificant difference exist among respondents across different categories.

<table>
<thead>
<tr>
<th>Table 10. ANOVA on the basis of Time Elapsed since return to the Home Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>COMPETENCY TRANSFER</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>EFFECTIVE REPATRIATION</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Therefore, basis these findings, Gender and Age play a role and marital status affects the degree of effective repatriation and competency transfer. Job profile impacts transfer of Competency, as a result of effective repatriation. The analysis indicates that Demographic variables, as specified in the study, impact the transfer of competencies of a Repatriate, thereby validating the Hypothesis that Demographics impact Effective Repatriation and subsequent transfer of Repatriate Competency.

Competency Transfer is significantly a function of Effective Repatriation

To test for the hypothesis, regression analysis was performed in order to test whether Effective repatriation is a significant predictor of competency transfer of a repatriate.

The correlations for mean scale scores indicated that dependent variable Effective Repatriation and the constant variable Competency Transfer are moderately correlated as the correlation coefficients were less than 0.5 (p<0.5). Given the significance of correlation, regression was applied (Table 11).
### Table 11. Moderated Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0.760²</td>
<td>0.577</td>
<td>0.575</td>
<td>0.38649</td>
<td>0.577</td>
</tr>
</tbody>
</table>

**Note:** a-Predictors: (Constant), CT

Table 7A, shows the R value of 0.760 indicating a significant positive relationship between the variables and the adjusted R squared (0.575) suggesting that Repatriate adjustment accounted for 57.5% percent of the variance in constructs (F= 215.94; p< 0.000) as shown in Table 12, after applying ANOVA. Therefore the significance of Effective repatriation on the outcome of Competency Transfer (r = 0.760, p < 0.01; β =0.760, p < 0.05)

### Table 12. ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>32.257</td>
<td>1</td>
<td>32.257</td>
<td>215.949</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>23.601</td>
<td>248</td>
<td>.149</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.857</td>
<td>249</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** a-Predictors: (Constant), CT, Dependent Variable: ER

### Table 13. Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.831</td>
<td>0.185</td>
<td>4.491</td>
<td>.000</td>
</tr>
<tr>
<td>Competency Transfer</td>
<td>0.715</td>
<td>0.049</td>
<td>0.760</td>
<td>14.695</td>
</tr>
</tbody>
</table>

The standardized beta estimates for the independent variable Competency Transfer (Table 13) were significantly lesser than zero (β =0 .760, p < 0.05). The statistical results demonstrate that the factor has a positively significant relationship with Effective Repatriation. This implies that the criterion of the variables defining Competency Transfer, rely heavily on the construct of Effective Repatriation, whereby Effective Repatriation considerably paves way for the transfer of the competencies of a Repatriate. Therefore this validates the Hypothesis H2: Competency Transfer is significantly a function of Effective Repatriation.

**CONCLUSION AND RECOMMENDATIONS**

The findings elucidated that demographics play an important role in understanding the context of Repatriation management and its dependent variables, wherein its determinants impact effective repatriation and competency transfer. This analysis entails that Competency transfer and acumen optimization, is a consequence of Effective Repatriation. The congruity between the major constructs of the study in defining the broader concept of Competency transfer has been accentuated and deliberated upon in an empirical manner with precision. Therefore it is imperative that the HR Departments delve deeper into the nuances of Repatriation management and strategize the plausible benchmarks that would eventually lead to optimization of Repatriate competency and minimize wastage of resources.

**FUTURE RESEARCH IMPLICATIONS**

The statistical significance of the results shown by using various tools further highlights that the study undertaken holds relevance for a plethora of domains under Repatriation management at large.
Research could be extended to repatriate experiences in different international locations and across different sectors. Expatriation, though more highlighted upon in research, as compared to Repatriation, needs a holistic interpretation with fresh research insights, in the circular process of Competency acquisition and transfer. The related socio-economic implications can be an interesting area of research, as far as its impact on Effective Repatriation and Competency transfer is concerned.

REFERENCES

ABSTRACT

This paper aims to outline the key security challenges faced whilst outsourcing any internal services to third party vendors. Not addressing these challenges may potentially lead to issues impeding the outsourced delivery by vendors. The controls listed in this paper may be used as a checklist to validate the existence of key controls at the vendor end, both in terms of adequacy and appropriateness and the controls will ultimately address the key challenges.

Keywords: Information Security; Secure Outsourcing; Vendor Security Controls; Vendor Security Compliance

INTRODUCTION

This paper is based on the author’s experience of setting up and running an Information Security function with a third party mortgage administrator in the UK and also heading and running various security teams for a major outsourced service provider in India. This paper identifies 8 most important controls; absence of such controls in an outsourced arrangement may lead to potential data spillage impacting both the parties involved – the outsourcer and the service provider.

Outsourcing is very common unlike two decades ago. Some key body corporates have built and operate their own captive units. However, a significant majority of the industry outsource to third party service providers.

The risk of sensitive data spillage appears to be the top concern of the Outsourcers and there have been incidents hitting newspaper headlines where the entrusted information got leaked out instead of remaining in safe custody.

The theft of sensitive credit card information by a few staff of a leading Indian BPO and the open sale of credit card information sale caught and exposed by the sting operations by a leading UK TV Channel created more awareness amongst Outsourcers.

OBJECTIVES

The objectives of this paper are:

1. To make list the key vulnerabilities or risks of Outsourcing;
2. To discuss the key controls that would help mitigate risks of data spillage whilst outsourcing; and
3. To find how security standards such as ISO / IEC 27002:2013 deal with Outsourcing risks.

Supplier Management

ISO/IEC 27002:2013, the Code of Practice for Information Security Controls, lists out a number of controls [1] such as the following:

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Director, Information Security, Flipkart Internet Pvt. Limited, India
Email: bgansub@gmail.com

OUTSOURCING – ESSENTIAL SECURITY CONTROLS
“Information Security requirements for mitigating the risks associated with supplier’s access to the organization’s assets should be agreed with the supplier and documented.

All relevant Information Security requirements should be established and agreed with each supplier that may access, process, store, communicate or provide IT infrastructure components for, the organization’s information.

Agreements with suppliers should include requirements to address the information security risks associated with information and communication technology services and product supply chain.

Organizations should regularly monitor, review and audit supplier service delivery.

Changes to the provision of services by suppliers, including maintaining and improving existing information security policies, procedures and controls, should be managed, taking account of the criticality of business information, systems and processes involved and re-assessment of risks.”

Supplier management controls have thus been given its due prominence in the 2013 version.

**Key Control Requirements**

**Formal Agreements / Contracts** - A formal agreement has to be in place. Security controls which the outsourced service provider has to implement must form part of this agreement. This must be signed and agreed prior to the start of the work that this getting outsourced.

Sometimes, as part of vendor negotiations a number of items are agreed verbally and there is no audit trail of such arrangements.

The signed contract must have a liability clause incorporated in it which the vendor agrees to recompense the Outsourcer for any potential losses that may occur due to data spillage or leakage. Depending on which country/continent the Outsourcer operates there may be local legal and regulatory requirements that may forbid transfer of data outside of the country. In some countries, such transfer may be permitted if certain conditions were to be met. It is imperative to gain a clear understanding of the local laws/regulations and ensure that the outsourced arrangements meet such requirements.

**Background Checks Mandatory for Vendor Employees Prior to Their Deployment Accessing Production Data** - It is essential that background checks of employees are done prior to their deployment accessing production data with sensitive information in it.

According to Times of India [2], "It turns out that John David was working as process manager in a leading BPO company's unit in Velachery, Chennai. He was at work till Tuesday. He was assigned night duty on Wednesday, the day the Supreme Court judgment came, but he did not turn up for work,” said Chidambaram town inspector S Karthikeyan, member of a team formed to trace David.”

The above case illustrates how a lenient background check may actually let a murderer enter the system at the vendor end. It may be possible that someone with criminal background may enter employment.

Whilst the Outsourcer may have stringent requirements in terms of background checks, many times it does not percolate down further. The background checks carried out by the service provider may appear more to be lenient or less stringent. Not carrying out equivalent checks means there is every possibility of some inappropriate getting access to sensitive information.

**Business Continuity Arrangements In Place – Both Documented And Tested** - According to Good Practice Guide 2013 published by the Business Continuity Institute [3], “business continuity is the capability of the organization to continue delivery of products or services at acceptable redefined levels following a disruptive incident”. The same guide defines BCM or Business Continuity Management as follows: “A holistic management process that identifies potential threats to an
organization and the impacts to business operations those threats. If realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interest of its key stakeholders, reputation, brand and value-creating activities.”

ISO/IEC 27002:2013, the Code of Practice for Information Security Controls, lists out a number of controls [1] such as the following:

1. “The organization should determine its requirements for information security and the continuity of information security management in adverse situations, e.g. during a crisis or a disaster.

2. The organisation should establish, document, implement and maintain processes and procedures and controls to ensure the required level of continuity for information security during an adverse situation.

3. Information processing facilities should be implemented with redundancy sufficient to meet availability requirements.”

Possible worst case scenarios must be envisaged and those causing higher probability of occurrence and equally high business impact on occurrence must be taken into account whilst developing the continuity plan.

It is essential that the service provider has a documented and tested Business Continuity Plan. Absence of such documented plans means that in the event of a potential crisis of a disaster, ensuring continuity of services may not be possible.

It is also essential that the documented plans are actually tested. There are very many ways by which a continuity plan can actually be tested. If the plans are not properly tested and refined periodically, they may not work effectively in the event of a disaster or a crisis.

**No Sub-Contracting Unless Agreed Prior**- Unless agreed prior in advance, the main service provider to whom the activities have been outsourced must be forbidden from further sub-contracting. The sub-contractor vendor may or may not have equal or equivalent controls. Second, from a liability point of view, the sub-contracted vendor may not be directly liable to the primary outsourcer. The subcontractor may not even able to afford a high liability sum.

**Incident Management**

Incidents are bound to occur. Any organization must have defined Incident Management processes and procedures with an aim to ensure that the incidents are managed appropriately. A number of security vendors have predicted the possible security incidents or breaches that may occur in 2015 and the following table (Table 1) has the list of predicted incidents. In particular, when there is a breach that impacts the Outsourcer, it is essential that it is reported to the Outsourcer promptly and also performs a proper ‘Root Cause Analysis’ is done to prevent recurrence.

**Table 1. Security Incidents – list of prediction by various vendors**

<table>
<thead>
<tr>
<th>Trend Micro</th>
<th>Websense</th>
<th>Sophos</th>
<th>McAfee</th>
<th>HP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased usage of Darknets and Crime wares</td>
<td>Data stealing attacks on Health Sectors at a rise</td>
<td>Internet of Things attacks move from proof-of-concept to mainstream risks</td>
<td>Cyber espionage attacks will continue to increase in frequency.</td>
<td>Shock and Awe will continue as old source code is continued tested against lot of vulnerabilities</td>
</tr>
</tbody>
</table>
Table 1. Security Incidents – list of prediction by various vendors (Contd….)

<table>
<thead>
<tr>
<th>Trend Micro</th>
<th>Websense</th>
<th>Sophos</th>
<th>McAfee</th>
<th>HP</th>
</tr>
</thead>
<tbody>
<tr>
<td>More successful hacking tools and attempts</td>
<td>Attacks on the Internet of Things will focus on business use cases, not consumer products.</td>
<td>Encryption becomes standard, but not everyone is happy about it</td>
<td>Attacks on Internet of Things devices will increase due to hyper growth, poor security hygiene, and the high value of data on IOT devices.</td>
<td>Greater Security industry skills gap</td>
</tr>
<tr>
<td>Exploits Kits targeting Android</td>
<td>Cyber-attacks seeking credit card data are likely to continue in 2015</td>
<td>More major flaws in widely-used software that had escaped notice</td>
<td>Data privacy will remain under threat as governments and businesses grapple with what is fair and authorized access to personal information.</td>
<td>Increased targeted attacks</td>
</tr>
<tr>
<td>Targeted cyber attacks</td>
<td>Authentication consolidation on the phone will trigger data-specific exploits</td>
<td>Regulatory landscape forces greater disclosure and liability, particularly in Europe</td>
<td>Ransomware will evolve its methods of propagation, encryption, and targets.</td>
<td>Medical industry under threat radar</td>
</tr>
<tr>
<td>New mobile payment methods will introduce new threats</td>
<td>New vulnerabilities will emerge from decades-old source code</td>
<td>Attackers increase focus on mobile payment systems, but stick more to traditional payment fraud for a while</td>
<td>Mobile attacks will continue to grow rapidly as new technologies expand the attack surface.</td>
<td>Open Source attacks will flourish</td>
</tr>
<tr>
<td>Open source apps hacks</td>
<td>Increased Email Threats</td>
<td>Global skills gap continues to increase</td>
<td>The Shellshock vulnerability will fuel non-Windows malware attacks that will continue for years.</td>
<td>Mobile based vulnerabilities to continue to gain traction</td>
</tr>
<tr>
<td>Risk to data processed by IoE/IoT</td>
<td>Legitimate cloud sites will be targeted for hosting Command and Control servers</td>
<td>Attack services and exploit kits arise for mobile (and other) platforms</td>
<td>Litigation to become a standard part of the damage remediation and recovery playbook</td>
<td></td>
</tr>
<tr>
<td>Increased financially motivated threats</td>
<td>There will be the new players on the global cyber espionage/cyber war battlefield.</td>
<td>Interesting rootkit and bot capabilities may turn up new attack vectors</td>
<td>Better communication has become mandatory. Speak a common vulnerability description language</td>
<td></td>
</tr>
</tbody>
</table>
SECURITY COMPLIANCE REVIEW

It is essential that compliance at the vendor end is assessed periodically. The signed contract and the vendor obligations should serve as the basis to determine the controls that require assessment. Equally, there are a number of industry standards available which can used as framework for conducting security compliance audits / reviews.

Such assessments aim to provide an independent assurance on the adequacy, appropriateness and effectiveness of controls.

The table below has the list of controls by standards for a few standards such as the following:

1. ISO27002:2013 [1]
2. NIST Computer Security Research Center
3. Xxx
4. COBIT by ISACA, USA

It is essential that the findings reported as closed on time.

Table 2. Comparison of controls – various security standards

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization of Information Security</td>
<td>Planning</td>
<td>Security Management Controls</td>
<td>Manage Solutions Identification and Build</td>
</tr>
<tr>
<td>Human Resource Security</td>
<td>Risk Assessment</td>
<td>Personnel and Training</td>
<td>Manage Availability and Capacity</td>
</tr>
<tr>
<td>Asset Management</td>
<td>System and Services Acquisition</td>
<td>Electronic Security Protection</td>
<td>Manage Organisational Change Enablement</td>
</tr>
<tr>
<td>Access Control</td>
<td>Awareness and Training</td>
<td>Physical Security Program</td>
<td>Manage Changes</td>
</tr>
<tr>
<td>Cryptography</td>
<td>Configuration Management</td>
<td>Systems Security Management</td>
<td>Manage Change Acceptance and Transitioning</td>
</tr>
<tr>
<td>Physical and Environmental Security</td>
<td>Contingency Planning</td>
<td>Incident Response and Reporting</td>
<td>Manage Strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Manage Knowledge</td>
</tr>
</tbody>
</table>


## Table 2. Comparison of controls – various security standards (Contd.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations Security</td>
<td>Incident Response</td>
<td>Disaster Recovery</td>
<td>Manage Enterprise Architecture</td>
</tr>
<tr>
<td>Communications Security</td>
<td>Maintenance</td>
<td></td>
<td>Manage Innovation</td>
</tr>
<tr>
<td>System Acquisition, Development and Maintenance</td>
<td>Media Protection</td>
<td></td>
<td>Manage Portfolio</td>
</tr>
<tr>
<td>Supplier Relationships</td>
<td>Physical and Environmental Protection</td>
<td>Manage Budget and Costs</td>
<td>Manage Service Requests and Incidents</td>
</tr>
<tr>
<td>Information Security Incident Management</td>
<td>Personnel Security</td>
<td>Manage Human Resources</td>
<td>Manage Problems</td>
</tr>
<tr>
<td>Information Security Aspects of Business Continuity Management</td>
<td>System and Information Integrity</td>
<td>Manage Relationships</td>
<td>Manage Continuity</td>
</tr>
<tr>
<td>Audit and Accountability</td>
<td></td>
<td>Manage Suppliers</td>
<td>Manage Business Process Controls</td>
</tr>
<tr>
<td>Identification and Authentication</td>
<td></td>
<td>Manage Quality</td>
<td>Monitor, Evaluate and Assess Performance and Conformance</td>
</tr>
<tr>
<td>System and Communications Protection</td>
<td></td>
<td>Manage Risk</td>
<td>Monitor, Evaluate and Assess Compliance With External Requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manage Programs and Projects</td>
<td></td>
</tr>
</tbody>
</table>


COBIT from ISACA, USA [10] - COBIT (Control Objectives for Information and Related Technologies) is a framework developed by ISACA for information systems management.
CONCLUSION

Outsourcing has reached an irreversible stage now. Whilst the industry has matured compared to what it was a decade or two ago, security breaches continue to happen across industries and outsourcing is no exception.

The above list of essential / key controls is commonly used by various outsourcers to ensure that their data which is entrusted with the service provider for processing gets adequate security and protection and thereby no spillage of sensitive information ever occurs.

REFERENCES

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August 2015
Table of Contents

Articles

BCG (BOSTON CONSULTING GROUP) MATRIX ANALYSIS OF MUTUAL FUNDS
Vipinkumar M. 1-6

SOCIAL RESPONSIBILITY OF MNC’S
Shilpa Goyal 7-12
ABSTRACT

The BCG matrix method is based on the product life cycle theory that can be used to determine what priorities should be given in the product portfolio of a business unit. To ensure long-term value creation, a company should have a portfolio of products that contains both high-growth products in need of cash inputs and low-growth products that generate a lot of cash. It has 2 dimensions: market share and market growth. The basic idea behind it is that the bigger the market share a product has or the faster the product's market grows the better it is for the company. Placing products in the BCG matrix results in 4 categories in a portfolio of a company.

Keywords: BCG Matrix; Market Share; Product Life Cycle; Portfolio

INTRODUCTION

The BCG Matrix method can help understand a frequently made strategy mistake: having a one-size-fits-all-approach to strategy, such as a generic growth target (9 percent per year) or a generic return on capital of say 9.5% for an entire corporation.

The matrix is a simple 2x2 matrix that crosses market share and market growth to yield four quadrants. Each of the firm’s products is plotted into one of the cells of the matrix identified as stars (high share/high growth), question marks (low share/high growth), cash cows (high share/low growth) and dogs (low share/low growth). Different strategies are designated for each quadrant based on the combination of market share and market growth. It is a strategic allocation model that shows how money can be transferred from areas of strategic weakness to opportunity. Based on these classifications, the firm then assesses the health of its portfolio. The goal is to continuously generate future cash cows. Money earned from cash cows is invested in to question marks with the intent of turning them into stars. As the market matures, stars will degenerate into cash cows and process is repeated. New cash cows give the firm a steady source of funds to pursue the future avenues of growth. The path to success is not foolproof as the firm can also follow paths to failure. The matrix can also be used to project the firm’s trajectory.

By taking the performance of 5 major mutual fund players and analyze their growth and market share, and make each of them into different categories like Stars, Question marks, Cash cows and Dogs. Also from the primary data by questionnaires verify how they are correlated with the opinions from the investors, and test whether the mean variance is satisfied with the responds.

Introduction of Mutual Fund

A mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund will have a fund manager who is responsible for investing the gathered money into specific securities (stocks or
bonds). When you invest in a mutual fund, you are buying units or portions of the mutual fund and thus on investing becomes a shareholder or unit holder of the fund.

Mutual funds are considered as one of the best available investments as compared to others as they are very cost efficient and also easy to invest in, thus by pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. But the biggest advantage to mutual funds is diversification, by minimizing risk & maximizing returns.

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds. These investors buy units of a particular Mutual Fund scheme that has a defined investment objective and strategy the money thus collected is then invested by the fund manager in different types of securities. These could range from shares to debentures to money market instruments, depending upon the scheme's stated objectives. The income earned through these investments and the capital appreciation realized by the scheme is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

Flow Chart of Investing Mutual Fund
IMPORANCE OF THE STUDY

It helps to understand generic growth target or generic return on capital of Geojit. The investors can analyze the market growth and take decision. It also helps the financial service providers to analyze their growth.

OBJECTIVES OF THE STUDY

1. To know how Mutual funds performance is related with the BCG Matrix.
2. Analysis of the mutual funds with BCG Matrix.

RESEARCH METHODOLOGY

Exploratory Research

The study follows exploratory research method. Exploratory study aims the Ex-Post Facto, the insight oriented, also an in-depth analysis to derive solutions for problems. This method is adopted when the results are not obtained on observation basis. Exploratory Research is concerned with co relational study or causal research and the criterion group study or causal comparative study. It also helps to classify the concepts, establishing priorities for further research arrangement of problems priority wise etc.

Tools for Analysis

Correlation, ANOVA, Percentage, Return

Data Collection Method

Primary Data: Based on questionnaire
Secondary Data: Magazines, Websites and journals

Information from Questionnaire

<table>
<thead>
<tr>
<th>Q. No</th>
<th>RESPONSE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td>42</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td>3</td>
<td>20</td>
<td>16</td>
</tr>
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<td>4</td>
<td>24</td>
<td>9</td>
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<tr>
<td>5</td>
<td>62</td>
<td>23</td>
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<td>6</td>
<td>68</td>
<td>32</td>
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<td>7</td>
<td>5</td>
<td>72</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>61</td>
</tr>
<tr>
<td>9</td>
<td>Good</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>72</td>
<td>26</td>
</tr>
<tr>
<td>(i)</td>
<td>12</td>
<td>77</td>
</tr>
<tr>
<td>(ii)</td>
<td>4</td>
<td>45</td>
</tr>
<tr>
<td>(iii)</td>
<td>18</td>
<td>74</td>
</tr>
<tr>
<td>(iv)</td>
<td>12</td>
<td>52</td>
</tr>
<tr>
<td>10</td>
<td>28</td>
<td>64</td>
</tr>
<tr>
<td>11</td>
<td>18</td>
<td>29</td>
</tr>
<tr>
<td>12</td>
<td>18</td>
<td>29</td>
</tr>
</tbody>
</table>
Correlation

\[ \begin{array}{|c|c|c|c|c|c|} \hline \text{MUTUAL FUNDS} & \text{RESPONSE} & \text{ACTUAL DATA} \\
& \text{GOOD (X1)} & \text{AVERAGE (X2)} & \text{NOT GOOD (X3)} & \text{MKT SHARE (%) (Y1)} & \text{MKT GROWTH (%) (Y2)} \\
\hline \text{RELIANCE} & 72 & 26 & 2 & 13.91 & 86.98 \\
\text{ICICI} & 72 & 26 & 2 & 12.03 & 53.68 \\
\text{UTI} & 12 & 77 & 11 & 10.11 & 17.96 \\
\text{HDFC} & 18 & 74 & 8 & 8.96 & 39.69 \\
\text{FRANKLIN TEMPLETON} & 4 & 45 & 51 & 6.97 & 24.8 \\
\hline \end{array} \]

\[ T = \sum X_1 + \sum Y_1 + \sum Y_2 = 453.09, \quad N = 15 \]

\[ SSTR = \frac{\left( \sum X_1 \right)^2 + \left( \sum Y_1 \right)^2 + \left( \sum Y_2 \right)^2}{n} - \frac{T^2}{N} = 3146.76 \]

\[ SST = \text{Sum of squares of all values} - \frac{T^2}{N} = 10695.21 \]

\[ SSE = SST - SSTR = 10695.21 - 3146.76 = 7548.45 \]

\[ MSTR = \frac{SSTR}{K-1} = \frac{3146.76}{3-1} = 1573.38 \]

\[ MSE = \frac{SSE}{N-K} = \frac{7548.45}{15-3} = 629.04 \]

\[ F = \frac{MSTR}{MSE} = \frac{1573.38}{629.04} = 2.5 \]

H₀: μ₁ = μ₂ = μ₃

\[ \sum X_1 + \sum Y_1 + \sum Y_2 = 453.09, \quad N = 15 \]

\[ T^2/N = 13686.04 \]

\[ SSTR = \frac{\left( \sum X_1 \right)^2 + \left( \sum Y_1 \right)^2 + \left( \sum Y_2 \right)^2}{n} - \frac{T^2}{N} = 3146.76 \]

\[ SST = \text{Sum of squares of all values} - \frac{T^2}{N} = 10695.21 \]

\[ SSE = SST - SSTR = 10695.21 - 3146.76 = 7548.45 \]

\[ MSTR = \frac{SSTR}{K-1} = \frac{3146.76}{3-1} = 1573.38 \]

\[ MSE = \frac{SSE}{N-K} = \frac{7548.45}{15-3} = 629.04 \]

\[ F = \frac{MSTR}{MSE} = \frac{1573.38}{629.04} = 2.5 \]

Sources of variation | df | Sum of Squares | Mean sum of Squares | F Ratio
--- | --- | --- | --- | ---
Treatment | K-1 = 2 | SSTR = 3146.76 | MSTR = 1573.38 | F = MSTR/MSE = 2.5
Error | N-K = 12 | SSE = 7548.45 | MSE = 629.04 | 2.5
Total | | SST = 10695.21 | | |
For $\alpha=5\%$, and [$[(K-1),(N-K)]\text{ df}$, i.e., $(2,12)\text{ df}$, $F_\alpha = 3.88$

$F < F_\alpha$, i.e. $2.5 < 3.88$

Hence accept $H_0$

**Inference**

From the above table we can understand that the means are equal. This implies that the average of the respond values and the actual values (The market share and growth) are satisfied.

**Table 1.** BCG Matrix Analysis

<table>
<thead>
<tr>
<th>SL. NO</th>
<th>MUTUAL FUNDS (TOP 5 PLAYERS)</th>
<th>Market Share (%)</th>
<th>Asset Growth (12 Month) (%)</th>
<th>Asset Under Management (AUM) (Rs. Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RELIANCE Mutual Fund</td>
<td>13.91</td>
<td>86.98</td>
<td>48891.16</td>
</tr>
<tr>
<td>2</td>
<td>ICICI Prudential Mutual Fund</td>
<td>12.03</td>
<td>53.68</td>
<td>42267.88</td>
</tr>
<tr>
<td>3</td>
<td>UTI Mutual Fund</td>
<td>10.11</td>
<td>17.96</td>
<td>35517.01</td>
</tr>
<tr>
<td>4</td>
<td>HDFC Mutual Fund</td>
<td>8.96</td>
<td>39.69</td>
<td>31485.16</td>
</tr>
<tr>
<td>5</td>
<td>FRANKLIN TEMPLETON Mutual Fund</td>
<td>6.97</td>
<td>24.3</td>
<td>24510</td>
</tr>
</tbody>
</table>

**Chart 1.** Market Share

**Chart 2.** Market Growth
Table 2. BCG Matrix

<table>
<thead>
<tr>
<th>BCG MATRIX</th>
<th>MARKET SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIGH</td>
</tr>
<tr>
<td>MARKET</td>
<td>RELIANCE</td>
</tr>
<tr>
<td>GROWTH</td>
<td>ICICI</td>
</tr>
<tr>
<td>HIGH</td>
<td>UTI</td>
</tr>
<tr>
<td>LOW</td>
<td></td>
</tr>
</tbody>
</table>

CONCLUSION

The study was conducted for the analysis of BCG Matrix with respect to mutual funds performance, to know how BCG Matrix is related with the Mutual funds performance to know the growth and market share of the mutual funds with BCG Matrix and to understand generic growth target or generic return.

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ABSTRACT

Multinational corporations are the highlighted feature of globalization. Globalization has converted the world into a small village. Multinational Corporations are the corporations across the regional boundaries of the parent country. Every country is expanding its business to other countries. The growth of techno-economic power in countries like United States, the United Kingdom gave birth to MNC’s. Existence of MNC’s in the host country imposes some kind of responsibility upon them. This paper throws light on the meaning, types, and situation of MNC in India, their responsibility and code of conduct to regulate the functioning of MNC’s.

Keywords: Code of Conduct; Ethical; FDI; MNC; Shareholders; Technology

INTRODUCTION

An enterprise that has its branches in several countries but its head office is located in one country is called multinational corporation. The country where the head quarter is located is called the home country whereas; the other countries with operational branches are called the host countries. The head office located in home country controls the production and other activities of units located in other countries. The head office manages and owns the assets of its subsidiaries. Following are the main features of MNCs:

1. Location – MNCs have their headquarters in home countries and have their operational division spread across foreign countries to minimize the cost.
2. Capital Assets – Major portion of the capital assets of the parent company is owned by the citizens of the company’s home country.
3. Board of Directors - Majority of the members of the Board of Directors are citizens of the home country.
4. MNCs are large-sized corporation and exercise a great degree of economic dominance.

Types of MNC’s

Multinational Corporations can be categorized in following types.

1. A decentralized corporation with strong home country presence.
2. A centralized corporation that perform production activities wherever cheaper resources are available.
3. A corporation that builds on the parent corporation’s technology.
4. A corporation that combines the previous approaches.
Benefits of MNC's

1. MNC’s exposes new ideas and opportunities to the local market regardless where they occur.
2. Their size provides them to achieve vast economies of scale in manufacturing product development.
3. Their location in many countries can be used as a bargaining chip.

Top 10 MNC’s of India Are

1. IBM
2. Microsoft
3. Nokia Corporations
4. PepsiCo
5. Ranbaxy laboratories Limited
6. Reebok International Limited
7. Sony
8. Tata Consultancy Services
9. Vodafone
10. Tata Motors Limited

LITERATURE REVIEW

Cohen and Levinthal (1990) assumed that a firm’s absorptive capacity tends to develop cumulatively, is path dependent and builds on existing knowledge: ‘absorptive capacity is more likely to be developed and maintained as a byproduct of routine activity when the knowledge domain that the firm wishes to exploit is closely related to its current knowledge base’ (p. 150).

Lyles and Salk (1996) included international joint ventures’ (IJV) capacity to learn as an independent variable to analyze knowledge acquisition from a foreign parent. Their results indicate that the ‘capacity to learn, mainly the flexibility, and creativity’ (p. 896), is a significant indicator of knowledge acquisition from the foreign partner.

Zahra and George (2002) summarized representative empirical studies on absorptive capacity. According to Zahra and George (2002), absorptive capacity has four dimensions – acquisition, assimilation, transformation, and exploitation – where the first two dimensions form potential absorptive capacity, the latter two – realized absorptive capacity. They argue that more attention should be devoted to studying the realized absorptive capacity which emphasizes the firm’s capacity to leverage the knowledge that has been previously absorbed (Zahra and George, 2002).

OBJECTIVE OF THE STUDY

1. To provide knowledge about the different type of MNCs’.
2. To provide knowledge why should MNCs’ be allowed in the country?
3. To provide knowledge about the social responsibility of MNCs’.
4. To provide information about the international regulation on MNCs’.

RESEARCH METHODOLOGY

Source of data collection is secondary.
With MNC a country is able to cover huge market. With MNC’s it is easier to pace with the growing economies of the world. India is making its policies liberal for the MNC’s. With vast population and large geographical boundaries other countries found it beneficial to establish themselves in India. Due to large population labor can be availed easily. Besides it Indian government has made FDI policy liberal to attract foreign currency. Following are the reasons why multinational companies consider India as a preferred destination for business:

- Huge market potential of the country
- FDI attractiveness
- Labor competitiveness
- Macro-economic stability

**Why Should MNC’s?**

Multinational Corporation are beneficial for both home and host country.

**Foreign Capital Inflow**

MNC has headquartered in one country but their operations are performed in different countries. They transact business in a large number of countries and often operate in diversified business activities. The movements of private foreign capital take place through the medium of these multinational corporations. Thus multinational corporations are important source of foreign direct investment (FDI). Besides, it is through multinational corporations that modern high technology is transferred to the developing countries.

Alternative Methods of Foreign Investment by Multinational Companies:

The giant host country firms’ kind it easier to go in for vertical or horizontal integration with MNC’s to enhance their profitability as MNC’s are highly efficient. There are three main modes of foreign investment:

---

**Figure 1: Share of MNC in India**

With MNC a country is able to cover huge market. With MNC’s it is easier to pace with the growing economies of the world. India is making its policies liberal for the MNC’s. With vast population and large geographical boundaries other countries found it beneficial to establish themselves in India. Due to large population labor can be availed easily. Besides it Indian government has made FDI policy liberal to attract foreign currency. Following are the reasons why multinational companies consider India as a preferred destination for business:

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MNC has headquartered in one country but their operations are performed in different countries. They transact business in a large number of countries and often operate in diversified business activities. The movements of private foreign capital take place through the medium of these multinational corporations. Thus multinational corporations are important source of foreign direct investment (FDI). Besides, it is through multinational corporations that modern high technology is transferred to the developing countries.

Alternative Methods of Foreign Investment by Multinational Companies:

The giant host country firms’ kind it easier to go in for vertical or horizontal integration with MNC’s to enhance their profitability as MNC’s are highly efficient. There are three main modes of foreign investment:
Agreement with Local Firms for Sale of MNCs Products: In this case, a multinational firm allows the foreign firms to sell its product in the foreign markets and control all aspects of sale operations.

Setting up of Subsidiaries: The second mode for investment abroad by a multinational firm is to set up a wholly owned subsidiary to operate in the foreign country. In this case a multinational firm has complete control over its business operations ranging from the production of its product or service to its sale to the ultimate use or consumers.

Foreign Collaboration or Joint Ventures: Thirdly, a multinational firm may set up its business operation in collaboration with foreign local firms to obtain raw materials not available in the home country.

Technology Transfer
Technology transfer is the transfer of skills, knowledge, techniques, methods of productions, samples of manufacturing and facilities among governments. MNC’s are the best channels through which technology can be transferred from developed countries to developed countries. Mainly underdeveloped countries have abundance of natural resources but they have lack of funds and modern techniques. MNC’s contribute to the rapid process of development of the country through transfer of technology. They transfer high sophisticated technology to developing countries which are essential for raising productivity of working class and enable us to start new productive ventures requiring high technology.

Export Promotions
MNCs help in promoting exports of the host country. MNCs by producing certain required goods in the host country help in reducing its dependence on imports. In recent years, Japanese automobile company Suzuki made a large investment in Maruti Udyog with a joint collaboration with Government of India. Maruti cars are not only being sold in the Indian domestic market but are exported in a large number to the foreign countries.

Investment in Infrastructure
MNC’s have also served as an engine of growth in many host countries. They help a developing host country by increasing investment, income and employment in its economy. The investment in infrastructure will give a boost to industrial growth and help in creating income and employment in the India economy. The external economies generated by investment in infrastructure by MNCs will therefore crowd in investment by the indigenous private sector and will therefore stimulate economic growth. So we can say MNC’s encourage Foreign Direct Investment in areas of (a) High technology, (b) Infrastructure and (c) exports.

Social Responsibility of MNC’s
Every business unit survives in a healthy environment. Each business unit is a part of a society. Every business gains a lot of benefit from the society. Side by side it puts a great liability of responsibility on the business. Being a part of society, business units have an economical responsibility, legal responsibility or an ethical responsibility.

Economic Responsibility
Business is an economic activity. Its basis responsibility is to provide goods and services to society. So it is its primary responsibility to provide quality goods and services at cheap rate.

Legal Responsibility
For successful business operations for any international business community, it is essential responsibility that it should fulfill all the legal obligations of the country. Compliance of all the legal
obligations will help in smooth running of business. Government of the country will have no need to interfere in the business if all the legal obligations are complete

Ethical Responsibility

MNCs should adopt a code of conduct that includes these norms, to be adhered to at home as well as abroad so that daily operations reflect sensitivity to regional differences of color, race or creed as well as a respect for human rights. Managers in MNCs find themselves operating in areas of armed conflict, indigenous cultural disputes, epidemic, disease and other sources of social upheaval. This requires business professionals to be more security conscious as promoting peace becomes an essential element of successful business operations.

Responsibility towards Shareholders

In case of local business a corporation has responsibility towards domestic shareholders. But in case of MNC this local responsibility becomes global. MNCs have to protect the interest of shareholders of both home vs. host country.

Responsibility towards Community

An international corporation should fulfill all the obligations of the international environmental standards. International corporations should focus on that their activities should not be hazardous for the home country environment. It should take care of norms to protect environment from air, water and noise pollution.

Responsibility towards Employees

MNCs take benefit of labor from the home country. It should protect human rights in its own sphere. It should not exploit the labor. It should take care of basic needs of the labor like working environment should be hygienic, adequate working hours, wage as they deserve etc. there should not be any discrepancies on the basis of color, religion or creed

Responsibility towards Government etc.

MNCs come to perform their business operations. They should not interfere in the functioning of the government of the home country. Earlier India has faced such situation. However, World Bank is incorporating a mechanism to protect the interest of weak or no democratic countries.

Responsibility at Discretion

This responsible is at the will of the corporation to perform. It includes charities, educational facilities, medical facilities, help during any natural calamities like flood, earthquake etc.

The International Regulation on MNC’s

MNC’s can create specific problems in the host country especially in developing countries where the regulatory mechanisms are relatively weaker. Developing countries seek Multinational Corporation for their economic development. But parallels these can be a threat for them. Therefore it is necessary to regulate and control the operations of MNC’s. The way to exercise control on them is to lay down a code of conduct.

United Nations Code Of Conduct

United Nations expect from all the MNC’s that they should follow all the norms and international standards. The main provisions laid down by this code are:

1. Respect local laws, customs and practices. Respect the national sovereignty of host countries and observe their domestic laws, regulations and administrative practices
2. Disclose relevant information to the government and host countries
3. Not to interfere in internal political affairs and inter-governmental relations of host nations.
4. treat host country inhabitants with respect, courtesy and consideration
5. Act with impartiality, integrity and tact.

**OECD Code of Conduct**

Under it multinationals are expected to follow the principal of integrity and transparency. The norms of this conduct are

1. provide full information for tax purpose
2. not behave in manners likely to restrict competition by abusing dominant position
3. consider the balance of payments objectives of host nations while taking decisions
4. Regularly make public significant information on financial and operational matters.

**CONCLUSION**

Multinationals are growing rapidly in the progress of world’s economy. Apart from playing an important role in globalization and international relations, these multinational companies even have notable influence on the economies of developing countries. The developing countries seek MNC’s in their countries for development. When a MNC is set up in a country a responsibility is automatically occurs on it like responsibility towards society, culture, community, law and regulations, employees and shareholders of the host country. For the smooth running of business operations, these responsibilities should be accepted happily. MNC’s may pose a threat on the host country with its benefits. Some international code of conducts is laid down for the settlement of disputes between host country and home country.

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SOCIAL MEDIA MARKETING - AN OVERVIEW

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ABSTRACT

Social media marketing is playing an important role today. It is a form of contemporary marketing differentiated from the traditional marketing. Traditional marketing was a one-way marketing in which the marketer used to provide information which he felt like providing and there was no way for the consumers to communicate with them or have answers to their questions. But with the emergence of social media marketing this problem has been eradicated as it is a two-way communication involving both the prospects and the marketers. Most simply defined, it is a process of engaging consumers online through various platforms available like blogs, alert services, social networking sites, etc. Social media marketing has provided the consumers a platform where they can listen and respond. It is that contemporary media which have increased communication thus increasing brand awareness, enhancing brand reputation and improving customer service. But it can have negative effects also if proper social media programs have not been planned and implemented. This is due to the fact that this media has given freedom of expression and if they find anything wrong they can easily spread negative e-wom which will tarnish the brand image. Social media has become an important ingredient of today's marketing mix. Gone are the days where only bricks and mortars existed. Today in this technology driven world marketers have got excess to a wider range of customers through the availability of various social media platforms.

Keywords: Social Media Marketing; Contemporary Marketing; Bricks and Mortars

INTRODUCTION

The emergence of social media marketing has elated, mystified and encouraged marketers all around the globe. It is that form of contemporary marketing which has simultaneously made easy and difficult for the marketers to achieve their goals of communication and branding. It is easy because now marketers can always maintain a connection with the prospects by interacting with them freely i.e. as and when they want. It is difficult because the power has shifted from the marketers to the consumers. Traditionally, the power used to lie with the marketers as the communication was one-way only. But with the emergence of Web 2.0 the user interactivity has increased and now enhanced communication channels are there. Due to this prospects now can exert their influence, say what they feel, ask whatever they want to ask and express their viewpoints.

The presence of people on the various social media platforms is also increasing. Now people of each and every age group are present and they are spending time on these platforms. They are engaging with the marketers in conversations. This also is helping marketers as they get to know what they need to do to create and enhance their brand image.

Available online on www.saiomplications.com
Mostly every company or brand has registered their presence on social media and leveraging it. This does not mean that they are using this platform as a replacement of traditional form of marketing, instead it is being used as an additional tool having its own capabilities that may work as an opportunity for them if used well. It is helping marketers in looking out for and connecting with the prospects, engaging them in meaningful conversations and finally in understanding the customers better. It is also a way of getting feedback from the customers about the products, services, communication and value delivery.

OBJECTIVES OF THE STUDY

1. To study the goals of businesses for using social media.
2. To identify various social media platforms available for the marketers
3. To know which are those big known names who benefited by using social media marketing.

Areas & Dimensions of Social Media

The social web – Web 2.0 – is that technology which has grown faster than any other media technology. Everyday users spend billions of minutes on social media. Initially it was being used only for the interpersonal communications between the users but very soon it transformed into a commercial platform where marketers are approaching users to interact with them. This platform is helping marketers in increasing their sales, improving the efficiency of communication campaigns and cut the costs simultaneously. Positive word of mouth today is considered as the most effective and trusted form of communication, as users share their personal experiences and encounters with the brand.

At first instance, it seems Facebook is to social media as noodles is to Maggi. But by having a closer look it is not so. Social media is much more than Facebook. It consists of various tools other than Facebook i.e. blogs, forums, alert services, micro blogging sites, etc.

![The Social Media Universe Is Bigger Than Facebook](image)

Marketers are now utilizing the benefits offered by each of the social media tool. As the above figure shows if they want to discuss something than discussion forums or blogs are there, for media sharing they have Flickr, YouTube, for reviews – Yelp, Qype. Thus, social media helps in tapping the online conversations and finding out the views of people about the brands or company, what is the brand image that they carry, what image they have of competitors, are people attracted towards brand, who are the influencers and how they are influencing company’s image; whether positively or negatively?
Common Business Goals for Social Media

The common objectives with which any organization opts for selecting a social media includes-

- **Brand Reputation**: The main aim with which a marketer enters social media is to create brand reputation. Marketers by providing information try to build its separate image from other marketers operating in the same industry. As social media marketing is effective in generating positive e-wom, the same can be reversed too. For example - The "Dell Hell" conversation caused a flood of negative comments about Dell's customer service. They worked out for converting the negative comments into positive ones and achieved their goal.

- **Increased Brand Awareness**: Nowadays the most commonly adopted media to increase the brand awareness is social media. For every marketer it is very important that customer is aware about his product, then only he thinks about putting the product into the consideration set of the consumer and finally purchase. Skin MD Natural used this media to increase the brand awareness. They launched their lotion in social media and created interest in the phrase “shielding lotion” as a search term. It got huge success as there were more than 400 mommy bloggers who wrote about the product and it spread across various social media sites like Stumble Upon, curtsy and delicious.

- **Increase share of voice**: Share of voice is described as the percentage of mentions about a company or a brand or an organization. Through share of voice it is known that are people generally talking about the product or it is a specific conversation regarding marketer’s product. Reed's Inc discovered that there was a share of voice about ginger beer, ginger ale and ginger brew but the brand mention (i.e. Reed’s) was very low. So with proper planning this share of voice was increased.

- **Thought Leadership**: This concept came in early 1990s and marketers are using it to a great advantage and have made their one of the goal especially in online arenas. It is the ability to provide current, relevant and online information while utilizing a layered approach in disseminating the information. It helps in building relationships with all the stakeholders and in delivering value to them. Sun Microsystems is a perfect example.

- **Increasing Sales**: The ultimate goal every marketer has is to increase the sales. After creating awareness, making prospects talk about their product and making all information available to them in few clicks, they just want them to buy their products. For this they use different techniques whether it be through social network games or asking consumers to give comments on their web page and in return they will get a company product for free. For example – Storm Hoek Wines increased their sales by 400+ % after sending wine to bloggers, inviting them to blog about the wine (good, bad or indifferent).

- **Reduce R&D spend**: Social media marketing is also helping marketers in reducing their expenditure on R&D. Consumers are the best source for generating new product ideas as they are the one who are using the product & thus facing difficulties or some of the needs remaining unfulfilled. So, they are asked what kind of product they would like to have or what additional features they want in the existing product, thus reducing the R&D expenditure. For example – Lays ‘Do Us a Flavor’ contest in which people give flavor ideas.

**Social Media Platforms**

Jamie Turner, an internationally recognized author and thought leader gave a list of top 52 social media platforms. He helped various big business giants tackle complex marketing problems. He told the importance of social media that whether it is about creating awareness for one’s business or to generate leads for sales, social media can help in maximizing business results. Here is the list –
Table 1. Different Social Media Platforms

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<th>Social Media Platforms that help marketers</th>
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<td>Network</td>
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<td>Google+</td>
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<td>Friendster</td>
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These platforms help in increasing the brand presence but maintaining every platform is a time-consuming and tedious task. So the marketers must pick a few social media networks, choosing the best for them suited according to their business and their customer’s needs. Also, each platform is different having its own strengths. All platforms are like different meetings so the marketer must have to act according to the people present in that meeting making them listen what they want to listen. It is about exploiting the tools available.

Lessons for today’s players in selecting social media tools are:

- Know your audience;
- Have a clear purpose;
- Offer a clear, differentiated value proposition to match the needs of your target audience, supported by: an appropriate set of rules for that audience, which at once protect and provide freedom backed by a suitable business model that can be monetized; continuous technology and product innovation and which is easy-to-use.

Benefits of Social Media Marketing With Instances of Known Names

Social media open new ways for brands to connect with customers/prospects. Brands like Starbucks, Sony, Coca-Cola, PepsiCo, Dell, P&G and Kodak all have brand communities on their websites. Others have Facebook or Twitter pages.

- Dell sells products on its community site and is reputed to sell $3m worth of hardware on Twitter and other social media (Board reader interview).
- Dell and Microsoft have ‘Social CRM’ communities, where users collaborate to solve problems in relation to their products. Dell has delivered a turnaround in customer service through ‘crowdsourcing’, while Microsoft awards credits to users for ‘social CRM’ services (Board reader interview).
- Vodafone monitors tweets from customers and delivers instant responses to their queries in return, have web-enabled customer service teams etc. (Vodafone interview).
• Kodak offers customers to connect with friends and family, through an online photo sharing service.

• Coca-cola collects feedback on products through online user ratings amongst many other social activities.

• Nestle, Mars, Boots, PepsiCo and others use social media monitoring tools to ‘listen in on’ user conversations on the web to assess brand impact.

• Starbucks engages customers in a range of social activities from product co-creation to charitable events (Starbucks discussion); while

• At PepsiCo, “social media have changed the way the company thinks” (Head of Social Media, PepsiCo);

• Finally, pharmaceutical companies like Novartis tweet about lab activities to learn what the public care about, amongst a growing trend of companies using social media in support of Corporate Social Responsibility (CSR) objectives, coining the concept of the ‘social’ company’ (SMI interview).

CONCLUSION

Social media is increasingly being held accountable forcing links with advertising or how you sell something that can be measured by short-term financial metrics. But Social media suffer from a ‘false positives problem’: just because you are in a social circle does not mean you can influence your ‘friends’ friends’ decisions. The idea is to build a group of users you can engage with, which takes longer than three months. Rather than focusing on the number of followers companies have, they should focus on listening to consumer dialogue which speaks to the value of having a social media presence.

Social media make a substantial contribution to fostering a whole different value-net. The biggest missteps by companies is when they seek to manipulate social conversation to achieve short-term goals like higher click-through or page views, when they should focus on creating longer term value. The most enlightened companies appreciate that social media are not about a quick fix but that fostering communications and conversations between people has inherent value.

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URBAN CO-OPERATIVE BANKS: PROBLEMS, EMERGENT CHANGES

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ABSTRACT

One of the major areas of the macro economy that has received renewed focus in recent times has been the financial sector. The financial sector acts as the 'brain' of the economy: it acts as a bridge for channeling resources from final savers to final investors. As a result, the greater the ease of resource intermediation, the lower the cost at which these resources can be available to final investors, enhancing investment and growth. Urban Cooperative Banks were set up with the objective of promoting sustainable banking practices amongst a relatively specific target clientele viz., the middle income strata of the urban population. They were brought under the regulatory ambit of the Reserve bank by extending certain provisions of the Banking Regulation Act, 1949, effective from March 1, 1966.

Keywords: Cooperative Bank (PCBs); Enhancing; Regulatory

INTRODUCTION

It might be useful to briefly recount the basic structure of the cooperative banking sector and locate Urban Cooperative Banks as a group within that framework. The cooperative banking sector may be viewed as consisting of Rural Cooperative Banks and Primary (Urban) Cooperative Banks. Leaving aside the structure of Rural Cooperative Banks, Primary Cooperative Banks, numbering 1,936, have a network of over 6,300 branches catering to the banking requirements of the lower and middle income groups in urban and semi-urban areas. The performance of the cooperative banking sector as a whole has attracted considerable attention in the recent years especially in the context of the ongoing phase of financial sector reforms. Compared to their rural counterparts, the Primary Cooperative Banks (PCBs), which operate in the urban areas, have posted better performance. Not surprisingly however, there is significant heterogeneity in the performance of PCBs which number more than 1,900 at present. While a large number of these banks have shown creditable performance, a fair number of them, on the other hand, have shown discernible signs of weakness.

Problems and Findings of High Power Committee on Urban Cooperative Banks

The second phases of financial sector reforms have brought about vast changes in the structure and operation of the Indian financial sector. However, the reform measures are yet to fully impact the system. Financial and managerial weaknesses of a good number of cooperatives have been a matter of concern for quite some time. State Governments and cooperatives have been demanding capital infusion for wiping out past losses. Unless the inherent weaknesses are adequately addressed, funds infusion alone may not solve the problem. In this respect, the areas that need careful examination include: (i) the pattern of resources of cooperatives (owned funds, deposits, and borrowings), (ii) the deployment of resources, (iii) the management and supervision, (iv) the role of cooperative banks in the financial system and (v) the regulatory framework for cooperatives.
The essential spirit of the regulatory and reform measures adopted for the commercial banks need to be extended to the cooperatives as well with necessary adaptations to suit the circumstances in which cooperative banks operate. This would imply that areas such as (i) strengthening of regulatory and supervisory framework, (ii) enhancing capital adequacy standards (iii) introducing stringent licensing norms for new entrants into the sector (iv) enabling legal amendments and (v) corporate governance measures need to be given very close attention.

**Narasimham Committee Recommendations (High Powered Committee)**

As a starting point, it would be useful to look at the Narasimham Committee recommendations. The Committee suggested that the RBI should review the entry norms in respect of UCBs and prescribe revised prudent minimum capital norms for them. To achieve an integrated system of supervision over the financial system, the Committee recommended that UCBs should also be brought within the ambit of the Board of Financial Supervision. In response to these recommendations of the Committee, the Reserve Bank set up a High Powered Committee on Urban Cooperative Banks under the chairmanship of Shri K. Madhava Rao, former Chief Secretary to Government of Andhra Pradesh, to review the performance of UCBs and suggest measures to strengthen them. The committee gives its views on important areas such as Licensing Policy: In the new liberalized regime, licensing policy for new UCBs is expected to be not only transparent, but also precise and objective, based on established standards and procedures. Moreover, the procedures governing these licensing norms have to be simple and minimal.

4.2 Dual Control: One of the problem areas in the supervision of UCBs is the duality in control by the State Government and the Reserve Bank. Since UCBs are primarily credit institutions meant to be run on commercial lines, the responsibility for their supervision devolves on the Reserve Bank. Therefore, while the banking operations pertaining to branch licensing, expansion of areas of operations, interest fixation on deposits and advances, audit and investments are under the jurisdiction of the RBI, the managerial aspects of these banks relating to registration, constitution of management, administration and recruitment, are controlled by the State Governments under the provisions of the respective State Cooperative Societies Act. The Narasimham Committee (1998) recommended that this duality of control be done away with and the responsibility of regulation of UCBs be placed on the Board for Financial Supervision. This will require amendment of the Multi-State Cooperative Societies Act, 1984; State Cooperative Societies Act, and the Banking Regulation Act. Corporate Governance: Good corporate governance is essential for the effective functioning of any financial entity. To this end, the Madhava Rao Committee suggested that at least two directors with suitable professional qualification and experience should be present on the Boards of UCBs and that the promoters should not be defaulters to any financial institutions or banks and should not be associated with chit funds/ NBFCs/ co operative banks/commercial banks as Director on the Board of Directors. These recommendations would need to be examined intensively before formulating policy actions in this regard. Capital Adequacy: The Narasimham Committee (1998) had raised the issue of extending capital adequacy prescription for cooperative banks. Accordingly, the Committee recommended that the cooperative banks should reach a minimum 8 per cent CRAR over a period of five years. The findings of the Madhava Rao Committee on UCBs also reiterated that a majority of the UCBs was in favour of extending the CRAR discipline to UCBs. However, the ability of the UCBs to raise additional capital for the purpose has been limited by certain features viz., inability to make public issue of capital and that, they can raise capital only from members, subject to an overall ceiling and restrictions imposed by the various Acts (State Cooperative Societies Act and Multi-State Cooperative Societies Act, 1984) which constrains the number of shares that an individual can hold.

Legislative Reforms: The Narasimham Committee in its Report had rightly observed that a legal framework that clearly defines the rights and liabilities of the parties to contracts and provides for speedy resolution of disputes is essential bedrock of the process of financial intermediation and UCBs are no exceptions. Accordingly, the Government had appointed an Expert Group under the Chairmanship of Shri T.R. Andhyarujina, former Solicitor General of India, to suggest appropriate amendments in the legal framework affecting the banking sector. The Committee would address amendments in the various external Acts affecting banking sector such as, the Transfer of Property
Act, foreclosure laws, Stamp Act, Indian Contract Act, DRT Act, etc. The Committee, in its Report submitted in April, 2000, recommended inclusion of a new law for granting statutory powers directly to banks (and financial institutions) for possession and sale of securities backing a loan, an enabling framework for securitization of receivables and strengthening the recovery mechanism. Unlicensed and Weak banks: The existence of a large number of unlicensed banks has become a serious cause for concern to regulators. The main reason for proliferation of such banks has been a mild screening process in the past. In view of the regulatory discomfiture that such banks impose on the system as a whole, it has been suggested that these banks be licensed provided they satisfy the quadruple criteria of (a) minimum prescribed CRAR, (b) net NPA ratio not exceeding 10 per cent, (c) have made profits continually for the last three years, and (d) have complied with the RBI regulatory directions.

One issue of serious concern regarding UCBs is the delay/ non-submission of returns within the stipulated time frame. In particular, PCBs are required to submit two types of returns (statutory returns and control returns) to the Reserve Bank with a view to exercise adequate supervision over them. Unfortunately, there is often a serious delay in the submission of these returns by individual banks. Non-availability of adequate and timely data would no doubt have serious effect on timely policy action. In this context, PCBs have to improve their statistical reporting system and bridge the wide gap in data availability as compared to that of commercial banks.

**Agenda of Future Reforms and Progress**

The urban co-operative banking sector being an integral part of financial system, the Reserve Bank has brought in a series of reforms for it. The recent Madhava Rao Committee which is also called High Power Committee (HPC) on UCBs, has dwelt extensively on certain regulatory issues related to UCBs’ licensing policy, future set up of weak and unlicensed banks, application of capital adequacy norms, resolution of conflicts arising of dual control over UCBs, etc. The Reserve Bank has accepted these recommendations and implemented them. However, issues related to dual control necessitate legislative changes to State and Central Acts and there is hardly any progress in this area. In the backdrop of the present scenario, future agenda for reforms in urban co-operative banking sector are, as follows:

**Aligning UCB Sector with Rest of Financial System**

Unlike the other segments of cooperative credit sector, UCBs today undertake multifarious banking activities. Some of them have also been permitted to undertake forex and merchant banking activities. There is a view emerging in the recent past that UCBs, being members of payment system, beneficiaries of deposit insurance scheme and enjoying unlimited access to public deposits, it is an imperative necessity to apply exactly the same regulatory rigors to UCBs as applicable to commercial banks. Interest rates today, main risk exposure of UCBs' is not the credit risk but interest rate risk. Most of the UCBs' interest rates particularly on deposits are out of sync with the rest of the banking sector. In this backdrop, observance of Risk and Asset Liability Management guidelines assumes importance. The Reserve Bank has recently constituted a Working Group to evolve guidelines keeping in view the specifics of UCB sector. The Group is expected to submit its recommendations very soon. Timely disclosure of returns as market discipline is an important supervisory tool in approach to new capital adequacy framework, prescription of disclosure standards for UCBs, perhaps is of imminent necessity. UCBs, therefore, should be able to disclose their level of owned funds, unimpaired net worth, CRAR, Gross/Net NPAs, operating results, ROA, compliance with reserve requirements, per employee productivity, etc. with balance sheet figures. This issue is engaging the attention of the Reserve Bank. Audit System Strengthening the audit systems is of paramount concern for the Reserve Bank as it is an important tool in its supervisory kit. It had taken a lead in appointing an expert panel in 1995 for reforming the audit systems in vogue in UCBs. The panel suggested Professionalisation of audit, mandatory concurrent audit for larger banks, redesigning audit format, etc. The Reserve Bank had accepted these recommendations and advised States to initiate measures. Unfortunately, many
State Governments have yet to respond positively despite five years of persistent persuasion by the Reserve Bank.

Future set-up of weak Banks: The sheer number of weak banks which is well over 200 is a cause of concern. In a large number of cases, licenses have already been cancelled and the banks have been closed down. This process is taken up very cautiously so as not to create panic in the society. Closure is decided only after all other options are exhausted. Level of capital, history of losses and size of NPAs are some of the factors which weigh with us in taking a decision on closure. Possibilities of rehabilitation are invariably explored before such a decision is arrived at. Rehabilitation may involve the following strategies:

Registrars should direct the cooperative courts for speedy recovery process and execution of decrees, Unviable branches should either be relocated or closed down, Avenues should be explored for the bank getting additional capital Merger with a well-managed bank. However, a forcible merger should be strictly avoided.

Improving Governance

It is extremely important that there is a mechanism to ensure that an effective system of internal governance is in place. Chief Executive should be a person of clean image and display a professional attitude. Board should consist of knowledgeable persons who are aware of their responsibilities as board members. There should be a board level committee which should focus attention on the findings of audit and inspection teams and ensure compliance thereof. The committee should also ensure compliance with various regulatory instructions issued by the Reserve Bank as also State Governments. It is ultimately the Board's responsibility that all prudential norms of governance are observed by the bank.

Dual control dilemma

Duality of command over UCBs perhaps has become an intense issue of debate in co-operative circles. Academics, co-operators and bankers made vociferous representations to the Madhava Rao Committee that dual control over UCBs must end as that was instrumental in stifling their growth. Narsimham Committee II had also unequivocally recommended for ending dual control regime over UCBs. Most of the issues emanating out of dual control regime are due to overlapping jurisdiction of the Reserve Bank and State Governments. Duality in command does come in the way of effective supervision. In the case of commercial banks, the Reserve Bank has the wherewithal under the Banking Regulation Act for dealing with crucial aspects of functioning of commercial banks. In the case of co-operative banks, however, many areas which directly relate to supervision over them have been kept beyond the Reserve Bank's authority. Situation gets somewhat messy as may be indicated by a few illustrations as follows:

The Reserve Bank has no authority to deal with delinquent management in a co-operative bank.

This requires intervention of the Registrar of Co-operative Societies.

Making investments out of surplus resources being clearly a banking function should be entirely within the decision making powers of cooperative banks subject to the Reserve Bank guidelines but this needs approval of the Registrar.

Similarly, writing off an unrealizable debt also requires permission of the Registrar.

There was an instance where on request made by the Reserve Bank, the Registrar superseded the board of a co-operative bank. But subsequently the State Government in its wisdom annulled Registrar's orders and restored the Board. It is strange but true.

It is open for a bank whose licence has been cancelled to appeal to the Government. The Reserve Bank is required to appear before the Appellate Authority. Often, the Reserve Bank is advised to review its decision. It is a matter of satisfaction; however, that the Reserve Bank's decisions have been supported
by Government and in no case the Reserve Bank's decision has been struck down. Nevertheless, the exercise has to be gone through.

**OBJECTIVES**

1. To find out the level of growth rate of banking sector.
2. To find out the policy maintain by RBI for UCB’s
3. To understand effective policy of licensing made by RBI other banks

**CONCLUSION**

Urban co-operative banking sector has come to occupy a formidable place in the Indian financial system. However, sustenance of its growth is attendant to Professionalisation of its management, inculcating good corporate governance, technology absorption and scrupulous adherence to regulatory framework. I hope the sector will learn from its past experiences and adjust to new realities since banking is risky business.

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PROCEDURAL ASPECTS OF FORMATION OF A COMPANY UNDER THE NEW COMPANIES ACT, 2013

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ABSTRACT

The online procedure for incorporation of a company involves several steps. The very first step to incorporate a company is to apply for name availability. DIN is compulsory for persons becoming directors of the company to be formed. An application for Incorporation is required to be submitted to the ROC along with registration fee and necessary documents like MOA, AOA, Particulars of Directors/Subscribers, and Address for Registered Office of the Company. Statutory Declaration from professionals regarding compliances of statutory requirements of law. On being satisfied, ROC shall issue a certificate of Incorporation and a company comes into existence.

Keywords: Registrar of Companies; Form No.; Subscribers; Directors; Application

INTRODUCTION

Compulsory Registration

A company must be incorporated or registered under the Companies Act. Section 2(20) of the Companies Act, 2013 states that “company” means a company incorporated under this Act or under any previous company law. It means that a company comes into existence as soon as it is registered under the Companies Act. As such, a company can be created by law as separate legal person so that the members of a company shall have limited liability.

Further, according to Section 464 of the Companies Act, 2013 read with Rule 10 of the Companies (Miscellaneous) Rules, 2014, no association or partnership consisting of more than fifty persons shall be formed for the purpose of carrying on any business that has for its objects the acquisition of gain, unless it is registered as a company under the Companies Act or is formed under any other law for the time being in force.

OBJECTIVE AND RATIONALE OF THE PAPER

The professionals engaged in the formation of companies must observe the legal framework for incorporation of a company. After the repeal of Companies Act, 1956, and the enactment of new Companies Act, 2013, the procedure for incorporation of companies has undergone sea changes. New Rules have been notified by the Government to implement the provisions of the Companies Act, 2013. The present paper elaborates in detail the requirements of Companies Act, 2013 and rules made thereunder for Incorporation of Companies.

Procedure for Incorporation of A Company

Section 3(1) of the Companies Act, 2013 provides that a public company or a private company or a ‘one person company’ may be formed for any lawful purpose by certain number of subscribers who shall subscribe their names to a memorandum and comply with the requirements of the Companies Act, 2013 in respect of registration/incorporation. The required number of subscriber are (a) seven or
more persons, where the company to be formed is to be a public company; (b) two or more persons, where the company to be formed is to be a private company; or (c) one person, where the company to be formed is to be ‘One Person Company’. However, the following requirements of law has to be fulfilled for the purpose of Incorporation of a Company

**Application For name Availability**

Section 4(4) of the Companies Act, 2013 provides that a person may make an application in Form No. INC.1 to the Registrar for the availability of a name set out in the application. The name shall not be identical with or resemble too nearly to the name of an existing company registered under this Act or any previous company law. Further, the proposed name of the company shall not be such that is undesirable in the opinion of the Central Government or its use will constitute an offence.

It shall be mandatory to furnish the significance and proof for use of coined words made out of the name of the promoters or their relatives. In case the name includes the name of relatives, the proof of relation shall be attached. Rule 8(4) of Companies (Incorporation) Rules, 2014 provides that in case the key word used in the name proposed is the name of a ‘person other than the name(s) of the promoters or their close blood relatives’, no objection from such other person(s) shall be attached with the application for name.

Upon receipt of an application, the Registrar may confirm the availability of name and reserve the same for a period of sixty days from the date of the application.

**Application for Director Identification Number (DIN)**

Every individual intending to be appointed as director of a company shall make an application for allotment of Director Identification Number to the Central Government in form DIR-3 (Section 153). The Central Government shall, within one month from the receipt of the application under section 153, allot a Director Identification Number to an applicant (Section 154).

**Application for Incorporation to Registrar of Companies**

An application for registration of a company shall be filed, with the Registrar within whose jurisdiction the registered office of the company is proposed to be situated, in Form no. INC. 7 along with the registration fees and certain documents and information as prescribed under section 7(1) of the Companies Act, 2013.

As per rule 12 of the Companies (Registration of Offices and Fees) Rules, 2014, the registration fee prescribed for the purpose of incorporation shall be as under:

**Registration Fee for Incorporation of a Company**

<table>
<thead>
<tr>
<th>Amount of Nominal Share Capital</th>
<th>Registration Fee (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) For registration of a company whose nominal share capital does not exceed Rs. 1,00,000</td>
<td>Rs. 5,000/-</td>
</tr>
<tr>
<td>2) For registration of a company whose nominal share capital exceeds Rs. 1,00,000, the above fee of Rs. 5,000 with the following additional fees regulated according to the amount of nominal capital</td>
<td></td>
</tr>
<tr>
<td>(a) For every Rs. 10,000 of nominal share capital or part of Rs. 10,000 after the first Rs. 1,00,000 up to Rs. 5,00,000</td>
<td>400</td>
</tr>
<tr>
<td>(b) For every Rs. 10,000 of nominal share capital or part of Rs. 10,000 after the first Rs. 5,00,000 up to Rs. 50,00,000</td>
<td>300</td>
</tr>
<tr>
<td>(c) For every Rs. 10,000 of nominal share capital or part of Rs. 10,000 after the first Rs. 50,00,000 up to Rs. One crore</td>
<td>100</td>
</tr>
<tr>
<td>(d) For every Rs. 10,000 of nominal share capital or part of Rs. 10,000 after the first Rs. 1 crore. Provided that where the additional fees, regulated according to the amount of the nominal capital of a company, exceeds a sum of rupees two crore and fifty lakhs, the total amount of additional fees payable for the registration of such company shall not, in any case, exceed rupees two crore and fifty lakhs.</td>
<td>75</td>
</tr>
</tbody>
</table>
According to Section 7 (1) of the Companies Act, 2013, the following documents and information shall be filed with the Registrar of Companies for registration along with the application Form No. INC.7 for registration:-

Memorandum of Association and Articles of Association:- The Memorandum and Articles of the company are required to be filed with the Registrar of Companies at the time of incorporation of a company. The Memorandum and Articles of Association should be drafted in such a way that they meet the requirements of the Companies Act as well as the peculiar requirements of the business. The various requirements of Memorandum/Articles of Association which are to be fulfilled at the time of incorporation are as follows:-

**Format**

The Memorandum of Association of a company shall be in respective forms specified in Tables A, B, C, D and E in Schedule I as may be applicable to such company. A Company may adopt model Articles of Association as prescribed in Table F, G, H, I and J of Schedule I as may by applicable to the case of a company or may draft its own Articles of Association.

**Stamping**

The Memorandum and Articles shall be stamped in accordance with the respective state stamp laws where the registered office of the company is proposed to be situated.

**Signing**

Memorandum and Articles of Association must be duly signed by all the subscribers to the Memorandum in such manner as may be prescribed under rules.

As per Rule 13(1) of Companies (Incorporation Rules) 2014, the memorandum and articles of association of the company shall be signed by each subscriber to the memorandum, who shall add his name, address, description and occupation, if any, in the presence of at least one witness who shall attest the signature and shall likewise sign and add his name, address, description and occupation, if any.

**Literate as Subscriber to the Memorandum of Association**

Where a subscriber to the memorandum is illiterate, he shall affix his thumb impression or mark which shall be described as such by the person, writing for him, who shall place the name of the subscriber against or below the mark and authenticate it by his own signature and he shall also write against the name of the subscriber, the number of shares taken by him. Such person shall also read and explain the contents of the memorandum and articles of association to the subscriber and make an endorsement to that effect on the memorandum and articles of association [Rule 13(2)& (3) of Companies (Incorporation Rules) 2014].

**Body Corporate As a Subscriber To The Memorandum Of Association**

Where the subscriber to the memorandum is a body corporate, the memorandum and articles of association shall be signed by director, officer or employee of the body corporate duly authorized in this behalf by a resolution of the board of directors of the body corporate and where the subscriber is a Limited Liability Partnership, it shall be signed by a partner of the Limited Liability Partnership, duly authorized by a resolution approved by all the partners of the Limited Liability Partnership. Provided that in either case, the person so authorized shall not, at the same time, be a subscriber to the memorandum and articles of Association [Rule 13(4) of Companies (Incorporation Rules) 2014].

**Foreign National as a Subscriber to the Memorandum of Association**

Rule 13(5) of Companies (Incorporation Rules) 2014 provides that where subscriber to the memorandum is a foreign national residing outside India--
1. In a country in any part of the Commonwealth, his signatures and address on the memorandum and articles of association and proof of identity shall be notarized by a Notary (Public) in that part of the Commonwealth.

2. In a country which is a party to the Hague Apostille Convention, 1961, his signatures and address on the memorandum and articles of association and proof of identity shall be notarized before the Notary (Public) of the country of his origin and be duly apostillised in accordance with the said Hague Convention.

3. In a country outside the Commonwealth and which is not a party to the Hague Apostille Convention, 1961, his signatures and address on the memorandum and articles of association and proof of identity, shall be notarized before the Notary (Public) of such country and the certificate of the Notary (Public) shall be authenticated by a Diplomatic or Consular Officer empowered in this behalf under section 3 of the Diplomatic and Consular Officers (Oaths and Fees) Act, 1948 (40 of 1948) or, where there is no such officer by any of the officials mentioned in section 6 of the Commissioners of Oaths Act, 1889 (52 and 53 Vic.C.10), or in any Act amending the same;

4. Visited in India and intended to incorporate a company, in such case the incorporation shall be allowed if, he/she is having a valid Business Visa. In case of Person is of Indian Origin or Overseas Citizen of India, requirement of business Visa shall not be applicable.

Affidavit from Subscribers and First Directors:- An affidavit shall be filed in Form No. INC.9 from each of the subscribers to the memorandum and from persons named as the first directors in the articles of association of the company that

He is not convicted of any offence in connection with the promotion, formation or management of any company; or

He has not been found guilty of any fraud or misfeasance or of any breach of duty to any company under this Act or any previous company law during the preceding five years; and

All the documents filed with the Registrar for registration of the company contain information that is correct and complete and true to the best of his knowledge and belief.

Address for Correspondence and Registered Office:- The address for correspondence is required to be provided at the time of applying for registration of a Company. Section 12 provides that a company shall, on and from the fifteenth day of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it. The company shall furnish to the Registrar of Companies verification of its registered office within a period of thirty days of its incorporation by filing Form No. INC.22 [Rule 25 of Companies (Incorporation) Rules, 2014].

Particulars of the Subscribers:- The particulars of every subscriber to the memorandum including name, surname or family name, residential address, nationality and such other particulars as prescribed under Rule 16 of Companies (Incorporation) Rules, 2014 shall be filed with the Registrar of Companies along with proof of identity. Accordingly, the specimen signature and latest photograph of the subscribers shall be duly verified by the banker or notary in Form No. INC.10.

Particulars of the First Directors and their Interest in other Body Corporates:- The particulars of the persons mentioned in the articles as the first directors of the company, their names, including surnames or family names, the Director Identification Number(DIN), residential address, nationality and such other particulars including proof of identity as may be prescribed under Rule 18 of the Companies (Incorporation) Rules, 2014 shall be filed with the Registrar of Companies. These particulars including their interest in other firms or bodies corporate along with their consent to act as director of the company are to be filed in Form No. DIR.12 with Registrar of Companies.
Statutory Declaration:- A declaration shall be filed in the prescribed Form No. INC.8 by an advocate, a chartered accountant, cost accountant or company secretary in practice, who is engaged in the formation of the company, and by a person named in the articles as a director, manager or secretary of the company, that all the requirements of this Act and the rules made thereunder in respect of registration have been complied with.

**Integrated Incorporation Form INC.29 For Incorporation Of Companies**

The Ministry of Corporate Affairs has introduced the Integrated Incorporation Form - INC-29 with the intent to ease the procedure for incorporation of companies. INC-29 is one Single form for incorporating a company and addresses of the procedural requirements pursuant to sections 4, 7, 12 and 153 of the Companies Act, 2013.

Form - INC-29 takes care of three separate processes with this single form namely application for DIN, application for name approval and application for incorporation of companies. Consequently, the filing of the following e-forms is not required:

1. Form DIR-3 (Application for allotment of DIN in case proposed Directors have no DIN)
2. Form INC-1 (Application for Reservation of name)
3. Form INC-7 (Application for incorporation of a company)
4. Form DIR-12 (Details of Directors)
5. Form INC-22 (Details of registered office) (Optional at the time of incorporation)

INC-29 aims to reduce of time and money while incorporating companies. Fee for the form is Rs. 2000/- plus registration fee.

Incorporation of the company through this integrated form for incorporation INC-29 is optional. Standalone e-Forms DIR-3, INC-1, INC-7, DIR-12, INC-22 will continue to be available at MCA website. In case any stakeholder wants to avail any of these services separately/independently, he may use the existing e-forms and follow the existing process.

Facility for using ‘integrated form’ is not available for incorporating Section 8 companies.

**Certificate of Incorporation [Section 7(3)]**

The Registrar on the basis of documents and information filed under sub-section (1) of Section 7 shall register all the documents and information in the register and issue a certificate of incorporation in Form No. INC. 11 to the effect that the proposed company is incorporated under this Act [Section 7(2)]. The Registrar shall allot to the company a Corporate Identity Number (CIN), which shall be a distinct identity for the company and which shall also be included in the certificate.

**Liability for False Information [Section 7(5)]**

If any person furnishes any false or incorrect particulars of any information or suppresses any material information, of which he is aware in any of the documents filed with the Registrar in relation to the registration of a company, he shall be liable for action under section 447 of the Companies Act, 2013.

**Conclusiveness of Certificate of Incorporation (Section 9)**

From the date of incorporation mentioned in the certificate of incorporation, all the subscribers to the memorandum and all the members of the company shall be a body corporate by the name contained in the memorandum, capable of exercising all the functions of an incorporated company under the Companies Act, 2013. It shall have perpetual succession with power to acquire, hold and dispose of property, both movable and immovable, tangible and intangible, to contract and to sue and be sued by the said name.
The Companies (Amendment) Act, 2015 has omitted section 11 of the Companies Act, 2013. Therefore, now all the companies (including public companies) can commence business with effect from the date of its incorporation without complying with any further legal formalities.

CONCLUSION AND SUGGESTION

The Companies (Amendment) Act, 2015 has omitted certain provisions which were considered to be restrictive in order to promote the formation of companies in India. It has removed the minimum paid-up capital requirement (Rs. 1 lakh for private companies and Rs. 5 lakh for public companies) and now companies can be formed even with the authorized share capital of Rs. 2/- . The procedure for incorporation of company has been simplified by the Indian Government to the maximum extent possible in order to facilitate trade and commerce. It will certainly pave the way of economic progress of the nation.

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October

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ECONOMIC INEQUALITIES IN INDIA AND CONSTITUTIONAL REMEDIES

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ABSTRACT

Beneath all the outrage about crony capitalism, inept governance and absent jobs is an unrest that arises from a fundamental mismatch between the economic and political sphere. We may be equal inside the polling booth -- with one-person one-vote and every vote carrying equal weight. But out in the market place there is no such thing as equality. The Directive Principles of State Policy which have been enshrined in Part IV of the Constitution aim at realizing the ideals of justice, equality and fraternity as outlined in the Preamble of the Constitution. These are the ideals which are to inspire the State to work for the common good of the people and establish social and economic democracy in the country. Perhaps the most vital component of economic democracy would be to foster a wider societal engagement. Our economic structures need to synthesise the efficiency of capitalism with socialistic ideals of justice and equity. Defining and constantly refining an economic democracy framework is essentially a challenge for all of us to address in our capacity as citizens and moral beings not just as consumers or producers in the market place. The main goal of economic democracy is to align market forces with the core aspiration of democracy -- which Mahatma Gandhi aptly expressed through the term Sarvodaya – literally which mean the well-being of all. The inspiration for this is deeply embedded in the formation of modern India. We need to actualize the Directive Principles enshrined in the Constitution of India.

Keywords: Social; Economic; Inequalities; Democracy; Directive Principles; Concentration of Wealth

INTRODUCTION

As an ideal, economic democracy is not easy to define, but its core principle is to prevent any such concentration of wealth that inhibits economic freedoms of society as a whole. The main goal of economic democracy is to align market forces with the core aspiration of democracy -- which Mahatma Gandhi aptly expressed through the term Sarvodaya – literally which mean the well-being of all. This was addressed by Dr. Ambedkar when he explained the objectives of Directive Principles of State Policy in the Constituent Assembly as : “....While we have established a political democracy, it is also the desire that we should lay down as our ideal economic democracy. We do not want merely to lay down a mechanism to enable people to come and capture power. The Constitution also wishes to lay down an ideal before those who would be forming the government. That ideal is economic democracy…..”

The Directive Principles of State Policy which have been enshrined in Part IV of the Constitution are a unique features of our Constitution. The basic inspiration for the Directive Principles came from the concept of a welfare state (Keshvananda Bharti v. State of Kerala, AIR 1973 SC 146). Directives aim at realizing the ideals of justice, equality and fraternity as outlined in the Preamble of the Constitution. These are the ideals which are to inspire the State to work for the common good of the people and establish social and economic democracy in the country.
OBJECTIVES OF THE RESEARCH PAPER

1. To emphasize the need of removing the Economic Inequalities in Modern India.


Economic Inequalities and the Need of Hour to ensure Economic Democracy

Beneath all the outrage about crony capitalism, inept governance and absent jobs is an unrest that arises from a fundamental mismatch between the economic and political sphere. We may be equal inside the polling booth -- with one-person one-vote and every vote carrying equal weight. But out in the market place there is no such thing as equality. In his seminal book, India after Gandhi, Ramachandra Guha quotes Babasaheb Ambedkar’s warning about India remaining a “mere political democracy”. Dr. Ambedkar cautioned: “In politics, we will have equality, and in social and economic life, we will have inequality. In politics, we will be recognizing the principle of one man-one vote and one vote, one value. In our social and economic life, we shall, by reason of our social and economic structure, continue to deny the principle of one man, one value. How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic life? If we continue to deny it for long, we shall do so only by putting our political democracy in peril.”

Inequality in earnings has doubled in India over the last two decades, making it the worst performer on this count of all emerging economies. If we look at the richest people of the world, we have record 90 Indians in the list of the top 1826 richest people in the world. On the other hand, India figures at number 67 in the Global Hunger Index. CREDIT Suisse which brings out a Global Wealth Report every year says in its current report that there is a phenomenal increase in wealth inequality in India during the period of 2000 and 2014. The share of the top 1 percent in the total wealth of households has increased from 36.80 percent in 2000 to a phenomenal 49 percent in 2014. Such concentration of wealth inevitably leads to a concentration of political power. The super rich corporate-capitalist elite uses all kinds of devices to ensure this, from buying up legislators and State personnel, to controlling and making use of the print and electronic media, to funding elections of favoured candidates who would push its agenda. Industrialists wish to have easy and low-priced land not only to setup industrial units, but to use this inexpensively acquired land to build their assets. In case of taking agricultural land, even productive multi-crop land, farmer’s rights are routinely usurped by a blatant misuse of sovereign powers in the name of industrial development. It is worthwhile to recall the recent CAG report, ‘Performance of Special Economic Zones (SEZs)’ tabled in parliament on November 28, 2014. It has been established that some clever entrepreneurs with the help of pliable powerful people mortgaged government land in Special Economic Zones (SEZs) and raised over Rs 6,300 crore from the banks….The government has lost whopping revenue of Rs 83,000 crore from SEZs in six years.

The Directive Principles of State Policy As An Agenda To Achieve Economic Democracy And To Remove Economic Inequalities

As regards the ways and means to achieve the economic democracy in Modern India, Dr. Ambedkar had asserted that “……having regard to the fact that there are various ways by which economic democracy may be brought about, we have deliberately introduced in the language we have used, in the directive principles, something which is not fixed or rigid. We have left enough room for people of different ways of thinking, with regard to the reaching of the idea of economic democracy, to strike in their own way, to persuade the electorates that it is the best way of reaching economic democracy, the fullest opportunity to act in the way in which they want to act.”

It may be noted that though the Directive Principles of State Policy are not legally enforceable by any court of law, and the State cannot be compelled through the courts to implement them, yet they have been declared as fundamental in the governance of the country and it is the duty of the state to apply these principles in making laws. The phrase ‘Directive Principles of State Policy’ means the principles which the State should keep in mind while framing the laws and formulating policy. Article 37
declares that the Directive Principles are “fundamental in the governance of the country” and that “it shall be the duty of the State to apply these principles in making laws”. Thus, it is clear that these constitutional directives were not intended to be merely moral precepts but were to be treated as positive mandates and part and parcel of the human rights provisions of the Constitution. They impose certain obligations on the State to take positive action to promote the welfare of the people and establish economic democracy. The decisions of the Supreme Court from the 1970s onwards have emphasized the positive aspects of the Directive Principles. They have been held to supplement fundamental rights for achieving the objective of a welfare state. Even the fundamental rights may be amended by Parliament to implement the Directives and such legislation may be held to valid unless it offends the basic structure of the Constitution.

The Directive Principles are directed towards the ideals of building a true welfare state and inter alia envisage an end to economic exploitation and staggering inequalities and inequities and cast upon the State and duty to secure a just social order. Thus, article 38, which is the keystone or the core of the Directive Principles lays down that “the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political, shall inform all the institutions of national life.” Further clause (2) provides that “the State shall, in particular, strive to minimize the inequalities in income, and endeavor to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.”

Article 39 says that the State shall direct its policies in such a manner as to secure that (a) all men and women have the right to an adequate means of livelihood; (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment; (d) that there is equal pay for equal work for both men and women; (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength; (f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment. This article may be referred to for interpreting the fundamental rights [Keshvananda Bharti v. State of Kerala, AIR 1973 SC 146].

It has been held by the apex court that under article 38, 39 and 46, it is the duty of local bodies – Panchayats, ZilaParishads and Municipalities – to implement the directive principles in a planned manner by annual budgets providing right to residence to the poor(State of Kerala vs. Thomas, AIR 1976 SC 496).

Article 41 seeks, within the limits of the State’s economic capacity and development, to make effective provision for securing the right to work, education and public assistance in the event of unemployment, old age, sickness and disablement or other cases of underserved want. Articles 42 and 43 provide for endeavouring to secure for workers a living wage, humane conditions of work, maternity relief, a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

Some of the important Directives relate to organization of village Panchayats (article 40); participation of workers in management (article 43A); promulgation of a uniform civil code for the whole country (article 44); provision of early childhood care and education to children below the age of 6 years (article 45); promotion of educational and economic interests of scheduled castes, scheduled tribes and other weaker sections (Section 46); duty of the state to raise the level of nutrition and the standard of living and to improve public health (article 47); organization of agriculture and animal husbandry and prohibition of cow slaughter (article 48); protection and improvement of environment and safeguarding of forests and wild life (article 48A); protection of national monuments (article 49); separation of judiciary from the executive (article 50); and the promotion of international peace and
security, just and honourable and treaty obligations and settlement of international disputes by arbitration (article 51).

The Relationship between the Preamble, the Fundamental Rights and the Directive Principles

It is intriguing to note that the Preamble, the Fundamental Rights and the Directive Principles are all integral parts of the same constitutional edifice. They are all equally important and have to be read with each other. The emphasis in the entire scheme of the Constitution under the headings of the Preamble, the Fundamental Rights and the Directives Principles is on building an egalitarian society and on the concept of socio-economic justice. In as much as the Directive Principles thought declared to be fundamental as guiding, principles for making and administering laws were not made enforceable in courts of law, they represented a subtle compromise between what the framers, as the leaders of the freedom struggle, looked upon as the ideal or the goal and what, as realists, they found to be immediately feasible. The Fundamental Rights and the Directive Principles together constituted the soul of the Constitution.

It is now clearly understood that there is no essential dichotomy between Rights and Duties or between the Fundamental Rights and the Directive Principles. They complement and supplement each other (Kesavananda Bharti v. State of Kerala, AIR 1973 SC 146). If the Fundamental Rights represent the don’ts for the Government and the legislature, the Directive Principles represent the do’s. There is no conflict.

A distinction is sometimes sought to be made between what may be called ‘positive rights’ and ‘negative rights’. Broadly speaking, while Part - III deals with areas of individual freedom and the extent to which the State can restrain it, Part – IV deals with the positive duties cast upon the State to attain the ideal of social and economic justice.

Implementation of Directive Principles So Far

The State has made and is making many efforts to implement the Directive Principles. Corporate Social Responsibility (CSR) has been made mandatory in case of large corporate through the enactment of Companies Act, 2013. Section 135 of the new Companies Act, 2013 provides that every company having net worth of Rs. 500 crore or more/tturnover of Rs. 1,000 crore or more/Net Profit of Rs. 5 crore or more is required to spend in every financial year at least 2% of the average net profits towards CSR activities.

Several Land Reform Acts were enacted to provide ownership rights to poor farmers. In fact, the very first Amendment Act was for implementing land reforms. It was followed by the 4th, 17th, 25th, 42nd and 44th Amendment Acts. The 73rd Constitution Amendment Act (1992) is in pursuit of implementing Article 40. National Rural Employment Guarantee Act is in the directions of implementing Right to Work (Article 41). There have been several factory legislations to make the conditions of work humane for the workers. Promotion of cottage industries has been one of the main aspects of the economic policy of the government and there exists the Khadi and Village Industries Commission for the purpose. Apart from this, Silk Board, Handloom Board, SSI Board, NABARD etc have been created. Right to education has been made a fundamental right for the age group of 6-14 in pursuance of Article 45. The policy of preferential treatment in education, administration and economy for the weaker sections including women, SCs, STs and OBC has been a constant plank of the government’s welfare policy. Many schemes like the Integrated Child Development Services, mid-day meal scheme and the policy of prohibition followed by some states are in pursuance of Art. 47. National Rural Health Mission is directly helping in improving public health conditions of the rural poor (Article 47). In pursuit of Art. 48, the Green Revolution and the research in biotechnology are aimed at modernizing agriculture and animal husbandry, among other things. The Environment Protection Act, 1986; the Wild Life Act; the National Forest Policy, 1988 are some of the steps taken for implementation of Art 48A. In 1995, the Union government established the National Environment Tribunal.
CONCLUSION / RECOMMENDATION

Dissatisfaction has been expressed in certain quarters about the efforts made by the Government to implement the Directive Principles. It has been alleged that there has been no improvement in the general condition of the people since independence. The gap between poor and rich is becoming wider as is evident from the recent reports of Oxfam and Credit Sussie. This is on account of the failure of the Government to implement the various Directive Principles of State Policy in right earnestness. It is sometimes alleged that the courts have stood in the way of the implementation of the Directive Principles. However, this allegation is not quite tenable.

Perhaps the most vital component of economic democracy would be to foster a wider societal engagement. Defining and constantly refining an economic democracy framework is essentially a challenge for all of us to address in our capacity as citizens and moral beings not just as consumers or producers in the market place.

What we need is to transform our development model and redesign and situate it in the Indian context. A democracy needs solutions which are sensitive to the aspirations of the majority. Economic growth will have to lead to basic needs for all. Our economic structures need to synthesise the efficiency of capitalism with socialistic ideals of justice and equity. The inspiration for this is deeply embedded in the formation of modern India. We need to actualize the Directive Principles enshrined in the Constitution of India to ensure economic democracy in India.

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CUSTOMERS SATISFACTION TOWARDS ONLINE SHOPPING WITH SPECIAL REFERENCE TO NAINDITAL DISTRICT

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ABSTRACT

In today’s world of innovation in technology and lifestyles has changed the customer’s attitudes towards online shopping. Today human life is totally dependent on electronic means like Internet, Mobile phones, and email system which has totally changed the living standard of the individual. Online shopping is a method of buying goods and services from marketers who sell on the internet. Now days due to globalization consumers are expecting higher quality and service. They are now more time conscious and want more convenience. There are many factors responsible for influencing consumer behavior such as social, cultural and personal factors. The purpose of the study is to explore online shopping services dimensions and to analyses its impact on customer satisfaction.

Keywords: Online Shopping; Service Satisfaction; Consumer Behavior

INTRODUCTION

Online shopping (sometimes known as e-tail or e-shopping, online shopping is a form of electronic commerce which allows consumer to directly buy goods and services from a seller over the internet using a web browser. Now a days as online shopping is gaining importance day by day as due to hectic life, consumers prefer to shop at comfort from their home and office at reasonable rates. There are many advantage of online shopping due to which consumers prefer to buy online which are discussed below:

Convenience: Due to busy life online shopping provides an opportunity to consumers to buy at comfort from home and office.

Comparability: online shopping gives an opportunity to compare the price of different products from different sellers.

Variety: online shopping offers variety of products of different range. Consumers can compare the quality of one product with another.

No Pressure: online shopping does not create any pressure for sales, consumers are free to buy or not buy goods.

Availability: online shopping provides an opportunity to consumers to buy goods 24 hours 7 days and 365 days in year.

Customer satisfaction is the main object of marketing. The main object of any business is to earn profit with satisfying consumer needs.

Whether the buyer is satisfied after purchase depends on the performance in relation to the buyer’s expectations. In general, Satisfaction is a person’s feeling of pleasure or dis-appointment resulting from comparing a product’s perceived performance (for outcome) in relation to his or her expectations,
the customer is dissatisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. The present study focuses on customer’s satisfaction towards online shopping in Nainital District. As consumer behavior is influenced by many factors such as demographic, cultural, geographic, income etc. which gives an opportunity to sellers to reach and serve consumer’s more effectively.

REVIEW OF LITERATURE

Ramlingam (2008) in his study he has focused on the behavior of consumers towards online shopping. He had conducted survey of 150 respondents in his study around Madurai. It is concluded in the study that age is the main factor in influencing online shopping. As number of the respondent fall in the young age group. Further it is analyzed that time saving is the main reason for doing online shopping and the level of satisfaction is neither satisfied nor dissatisfied.

Rashed Al Karim (2013) in his study analyses that people are preferring e-commerce due to various factors such as time saving, availability of information, convenience and the major hurdles faced by them are security, privacy, and trust of personalized services.

Singhal and Shekhawat (2014) had conducted their study on customer satisfaction after purchasing any tourism product or services online. It is analyzed that online purchase is easier but there are many factors which influences customers to purchase.

Kumawat and Tondon (2014) in their study sets out to examine the factors influencing customers satisfaction level towards online shopping in Jaipur and Gurgaon. It is concluded that among total variants availability of unique product expectation and on time delivery of product insists customers to shop again from online stores and effects the most of their overall experience with online shopping.

OBJECTIVES OF THE STUDY

1. To analyses the customer’s satisfaction derived from online shopping.
2. To investigate how online shopping influence consumer attitude towards online shopping.

HYPOTHESIS

There is no customer’s satisfaction on online shopping.

RESEARCH METHODOLOGY

The present study is exploratory in nature. The type of data is primary data collected through questionnaire. For the present study 30 respondents were selected in Nainital District.

Data Analysis and Interpretation

<table>
<thead>
<tr>
<th>Age of Respondent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>9</td>
<td>45%</td>
</tr>
<tr>
<td>26-35</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>36-45</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>45 and above</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table shows the age structure of the respondent. According to data, 9(45%) of respondent are in age group of 18-25, 5(25%) belong to the age group of 26-35, 4(20%) belong to 36-45 and 2(10%) belong to 45 and above age group. It is concluded that majority of the respondent’s lies in youngest age group.
Gender of Respondent

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>23</td>
<td>23.3%</td>
</tr>
<tr>
<td>Female</td>
<td>7</td>
<td>76.7%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it is concluded that 23(76.7%) of the respondent are male and 7(23.3%) are female.

Education level of Respondent

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>High School</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>Inter</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>Graduation and Above</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table shows education attainment of the respondents. According to data, 2 (10%) respondents got education up to primary, 3 (15%) respondents were high school pass, 5 (25%) were inter and only 10 (50%) of the respondent got education up to graduation and above. The majority of the respondents had education up to graduation and above.

Reason for Online Shopping

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Trust</td>
<td>5</td>
<td>16.7%</td>
</tr>
<tr>
<td>Convenience</td>
<td>14</td>
<td>46.7%</td>
</tr>
<tr>
<td>Time Saving</td>
<td>8</td>
<td>26.6%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, we can analyse that 14 (46.7%) of the respondent do online shopping due to convenience, 8 (26.6%) to save their time, 5 (16.7%) due to trust and 3 (10%) chose online shopping because of less price.

Do you feel safe in doing online shopping?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>70%</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it is concluded that 21 (70%) of the respondent feel safe in doing online shopping and only 9 (30%) of the respondent feel safe in doing online shopping.

How many times do you shop online?

<table>
<thead>
<tr>
<th>Modes</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>7</td>
<td>23.3%</td>
</tr>
<tr>
<td>Twice</td>
<td>8</td>
<td>26.7%</td>
</tr>
<tr>
<td>More than Twice</td>
<td>15</td>
<td>50.0%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

From the above table, it is concluded that 15 (50%) of respondent purchase more than 2 times in a month, 7 (23.3%) once in month and 8 (26.7%) more than once in a month. This shows that majority of the
respondent online shopping more than twice in a month. This shows that they are usual of doing online shopping.

Is Discount is the reason of online shopping

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>80%</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

The table shows that 80% of the respondent do online shopping because of more discounts on the product and only 6 (20%) not due to discount. Hence it is concluded that majority of respondent do online shopping due to the discounts.

CONCLUSION

From the above study it is conclude that availability, trust, convenience and discounts are the important determinants that insist the customers to shop online. Moreover online shopping has positive impact on customer’s satisfaction.

FURTHER STUDY

The present study is limited to only Nainital region in Uttarakhand it can be extended to more areas. The sample size was also limited which can be increased in further studies.

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