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Table of Contents

Articles

AN ASSESSMENT ON THE CONTRIBUTION OF ETHIOPIAN PUBLIC UNIVERSITIES SPORT FESTIVAL FOR THE DEVELOPMENT OF DEMOCRACY IN ETHIOPIA
Shumetie Agonafer Babu 1-7

EFFECTIVENESS OF TRAINING POTENTIAL IN WORKING NGO’S
Sheetal Sharma 8-13

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AN ASSESSMENT ON THE CONTRIBUTION OF ETHIOPIAN PUBLIC UNIVERSITIES SPORT FESTIVAL FOR THE DEVELOPMENT OF DEMOCRACY IN ETHIOPIA

Shumetie Agonafer Babu
Research scholar, Debre Markose University, Ethiopia
Email: shumetiea@gmail.com

ABSTRACT
The rationale of the study was to appraise the contribution of Ethiopian public Universities Sport Festival for the development democracy in Ethiopia. Data was serene through questionnaire, interview and photography. 378 respondents participated as the spring of data. 216 players (Athletes), 75 coaches, 26 team leaders, 45 spectators and 15 arbiters be participated in the study. The design of the study was the descriptive survey technique. The statistics collected were organized, analyzed, tabulated and interpreted via SPSS. The foremost findings of the study were indicated that, Ethiopian public universities sport festival is important for strengthen the cohesion and social net work; foster the economic and social development of the community; avoiding discrimination; reflecting diversity; cultural and ethnic development; a power full tool for community development; reflecting nation and nationality unity and equality; fostering the socioeconomics group of the country; a tool for mobilization; develops independent and self confidence among life of participants; reduced disagreement or conflict; foster national peace; develop cooperation and multi-cultural exchange; empowering of women’s; develops physical health, cognitive and academic development and mental health and create community solidarity, public behavior, social equity, health awareness and individual quality. On the bases of the findings of the study recommendations were drawn; all the concerned bodies should have to give a great emphasis for this sport festival since it has Social, economical, health, political and educational value of the country which is for sustainable development of democracy in Ethiopia.

Keywords: Universities; Sport Festival; Democracy

INTRODUCTION
Today sport is a global in scope and sporting events are followed with great interest by the people of many countries. A sport is an international tool for politics and nationalism. As such, it has a means of obtaining recognition and giving attention in the desire of the people (Omoruan, 1992). And also sport is the single most important form of leisure across the globe in participation and spectatorship. Sports excite the passions of billions of people, with profound effects on everyday lives, on moral ideas, on views of the body, race and gender, on the individual and society and on conceptions of time and space. International competitions like the Olympic Games and soccer’s World Cup are behemoths in global affairs, generating capital flows in the billions of dollars and producing powerful cultural and political reverberations. Sport is not just play, separate from “real life”; it is intertwined with matters of serious import at the local, national and international levels.

Sports and physical activity are supposed to fulfill significant social functions in our late modern societies. First, sports are seen as important contributions to peoples’ physical health (Lüschen et al., 1996). Next, sport is often presented as an activity providing pleasure, fun, excitement or meaning for those involved (Elias & Dunning, 1986; Novak, 1994; Mandelbaum, 2004). A third function often
ascribed to sport is social integration in a wide meaning of the term: as an arena where people meet, culture is communicated and individuals are socialized (Harris, 1998; Jarvie, 2003; Kirk & MacPhail, 2003). Fourth, given that many sports are organized and practiced in voluntary organizations, are also often expected to generate social capital; social networks; generalized trust and political and social interests of importance outside the field of sport (Uslaner, 1999; Seippel, 2002). At the same time, sports in modern societies are heavily criticized for not fulfilling these visions (Prettyman & Lampman, 2006).

Sport is a social agent that brings different people of different ages and religious background together, either as a sport producers or consumers, so that both can make good use of their leisure time. The players are usually referred to as primary producers who engage in sporting activities in order to entertain the spectators, while secondary consumers watch them perform (Babalola and Oyeniyi, 2003). According to Olajide (2003) sport is an institutionalized physical activity which operate by rules fixed externally. Sports as activities with clear standard of performance involving physical exertion through competition, governed by norms, definitions and role relationships, typically performed by member of organized group, with the goal of achieving some rewards through defeat of others competitors. Therefore the purpose of this paper is to assess contribution of Ethiopian public universities sport festival for the development of democracy in Ethiopia.

STATEMENT OF THE PROBLEM

Ethiopian public universities sport festival was time-honored since 2007 in the new form and takes place for the first time by the hosting of Mekel University at 2008. Ethiopian public universities sport festival were takes place the previous eight years with successfully and also the festival participant universities furnish greater attention to festival and transport their participants to the hosted university in each time. The participants that approaching from the different universities of Ethiopia, represents their university and reflecting the culture of the society that is accessible (living) around each university. Hence, this makes the Ethiopian public universities sport festival becomes exceptional; eye-catching and interesting. For that reason to realize the festival sustainability conducting research is a very crucial action. Based on this circumstance different researches were conducted for the development of Ethiopian public universities sport festival computation in relation to sports. Even if different researches were studied, there were no research through on the democratic aspects of sport in Ethiopia; no one study the effects of sport on democracy in Ethiopia; no studies conducting with this similar title in the Ethiopian public universities sport festival and no research shows the contribution of sport for the development of democracy in Ethiopia. Due to these reason the researcher desires to conducted the research and draw the following leading questions

- What are the contributions of Ethiopian Public Universities Sport Festival for the development of democracy?
- What is the effect of sport to the development of democracy?
- What is the relationship of sport and democracy?

SIGNIFICANCE OF THE STUDY

The findings of this study are momentous in identify the contribution of Ethiopian public Universities Sport Festival for the development of Democracy in Ethiopia and as a result give clue to policy makers in relation to contribution of sport for development of democracy. It furthermore indicates the values of sport on the advance of democracy. In addition to these the research likely to show the integration of sport and democracy and create consciousness for peoples towards democracy through sport. Moreover, the finding is significant for other studies as a base line in the prospect more than ever for those who are concerned.
SCOPE OF THE STUDY
This research is solely focusing on the Ethiopian public Universities Sport Festival. This is because of time; financial resources and for easily managing the paper.

OBJECTIVE OF THE STUDY
General Objective Of The Study
The universal objective of this study was intended at assessing the contribution of Ethiopian public universities sport festival for the development of democracy in Ethiopia.

Specific Objectives Of The Study
The specific objectives of this study were to:

1. To assess the contribution of sport for the development of democracy;
2. To know the effect of sport on the development of democracy and
3. To identify the relationship of sport and democracy.

RESEARCH DESIGN
This study explored the contribution of Ethiopian Public Universities Sport Festival for the development of democracy in Ethiopia. To this, descriptive Survey scheme was engaged.

SOURCES OF DATA
The prime sources of data were players, coaches, sport commission officers (experts), team leaders, spectators and arbiters. In addition to these the researcher was also used documents and photographs as secondary sources of information to realize the research findings.

SAMPLING AND SAMPLING TECHNIQUES
The sampling technique that the researcher were used a straightforward arbitrary sampling techniques; to decide on the coaches, players, sport commission officers, spectators and arbiters; for the reason that of giving equal probability for all of the sport festival participant (candidates); through a simplified formula to calculate sample sizes at which a 95% confidence level, P=0.5 and e=5%of the precision level (Yamane, 1967).

\[ n = \frac{N}{1+N(e^2)} \]

Where, \( n \) is the sample size,
\( N \) is the population size,
\( e \) is the level of precision

Out of 7,000 the festival participants, 378 subjects were participated to gather the necessary data. These are 216 players (Athletes), 75 coaches, 26 team leaders, 45 spectators’ and 15 arbiters. The researcher assumes that these subjects are fit to give enough information on the topic under the study.

DATA GATHERING INSTRUMENTS
Questionnaire
To acquire the necessary information from players, coach, team leaders, spectators and arbiters about the contribution of Ethiopian public Universities Sport Festival for the Development of Democracy in Ethiopia a questionnaires was arranged. open and closed ended form. In addition to this, to make privacy, the respondents were not asked to set their names on the questionnaire. As a replacement for, they were gently requested to indicate the frequency of their participation in the sport festival, their role (acting as) in the festival (duty), age, current educational status and Sex.
Interview
An interview was conducted to commissioners and authorized person due to their petite number. Ahead of starting the interview, the interviewees were clued-up about the function of the study. What is more, for the purpose of ethical consideration, they were informed that no hurt would be come to them because of their participation in the study. On top of this, they were informed that they would remain anonymous in the presentation and discussions of the results of the study.

Photography
As well to questionnaires and interview, photography is used to enlarge, maintain and realized the information that is collecting on the contribution of Ethiopian public Universities Sport festival for the Development of Democracy in Ethiopia.

METHOD OF DATA ANALYSIS
The information obtain from estimation gathered through questionnaire were ordered, structured and framed to outfit analysis and conclusion. When interpreting the data SPSS statistical method was use to questions that require quantitative dimension. Information generate from the interviews, open questions and photography were presented and illustrate qualitatively.

FINDING
Background Characteristics of the Study Groups
Based lying on the responses gathered from participants 214 (56.61%) were males and 164 (43.39%) females. The educational status of the respondents show that 10.32%, 22.49%, 17.72%, 6.61%, 3.17%, 8.20%, 11.38%, 17.98% and 2.12% were 1st year student, 2nd year student, 3rd year student, 4th & above year students, Certificate, Diploma, Degree, Masters and PhD and above respectively. Out of 378 (100%) respondents 57.14%, 20.11%, 11.90%, 6.87% and 3.97% were Player, Coach, Spectator, Team leader and Arbiter simultaneously. In relation to the respondents age almost 79.23% were youngsters. More over 74.38% of the respondents indicates that they have an experience in the participation of in this sport festival.

INTERPRETATION OF DATA
Under this slice the data that were gathered through the different data gathering instruments were at hand and interpreted.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>149</td>
<td>39.4</td>
<td>39.4</td>
<td>39.4</td>
</tr>
<tr>
<td>agree</td>
<td>198</td>
<td>52.4</td>
<td>52.4</td>
<td>91.8</td>
</tr>
<tr>
<td>neutral</td>
<td>3</td>
<td>.8</td>
<td>.8</td>
<td>92.6</td>
</tr>
<tr>
<td>disagree</td>
<td>28</td>
<td>7.4</td>
<td>7.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>378</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

As revealed in the table, 39.4%, 52.4%, .8% and 7.4% of the respondents were answered that strongly agree, agree, neutral, and disagree respectively. This indicates that the festival build an access for the participants to replicate the diversity of experiences and exchange culture to each others that come from each corner of the motherland universities.
Elsewhere of the respondents approximately 92.6% were said that the Ethiopian public universities sport festival has a superior value to strengthen the cohesion of students and enhance national tranquility (peace and clam). This implies that if the festival is managed sound, it is the greatest device for students unity for their country in diverse aspects.

Table 3. Reflecting nation and nationality unity and equality

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>317</td>
<td>83.9</td>
<td>83.9</td>
<td>83.9</td>
</tr>
<tr>
<td>Agree</td>
<td>53</td>
<td>14.0</td>
<td>14.0</td>
<td>97.9</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>1.1</td>
<td>1.1</td>
<td>98.9</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>1.1</td>
<td>1.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>378</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

83.9%, 14% and 1.1% of the participants were place strongly agree, agree and neutral and disagree simultaneously. As of this spot of we can understand that this sport festival is crucial to reflect nation and nationality unity and equality among stuck between the participants. This enable also the participants becoming amalgamated.

Table 4. Improving the participation of women in sport (empowering)

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>196</td>
<td>51.9</td>
<td>51.9</td>
<td>51.9</td>
</tr>
<tr>
<td>agree</td>
<td>170</td>
<td>45.0</td>
<td>45.0</td>
<td>96.8</td>
</tr>
<tr>
<td>neutral</td>
<td>5</td>
<td>1.3</td>
<td>1.3</td>
<td>98.1</td>
</tr>
<tr>
<td>disagree</td>
<td>7</td>
<td>1.9</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>378</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Majority of the respondents were strongly agree (51.9%) and agree almost with similar tempo (45%). As a result from this data we can bench that the festival is one of the millennium development goal achieving apparatus to empowering of women through sport. To sum up women’s equality can be sustainable in the land of sport.

Table 5. Create an opportunity to the students to show their talent

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>299</td>
<td>79.1</td>
<td>79.1</td>
<td>79.1</td>
</tr>
<tr>
<td>agree</td>
<td>66</td>
<td>17.5</td>
<td>17.5</td>
<td>96.6</td>
</tr>
<tr>
<td>neutral</td>
<td>13</td>
<td>3.4</td>
<td>3.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>378</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The participants of the festival were give their evidence, as indicated in the table 5, 79.1%, 17.5% and 3.4% said that strongly agree, agree and neutral consecutively. This shows that the Ethiopian public universities sport festival is one of the mean to offer a chance for the students to show their talent.
Table 6. Decrease in exposure to HIV/AIDS

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>25</td>
<td>6.6</td>
<td>6.6</td>
<td>6.6</td>
</tr>
<tr>
<td>Agree</td>
<td>67</td>
<td>17.7</td>
<td>17.7</td>
<td>24.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>1</td>
<td>.3</td>
<td>.3</td>
<td>24.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>281</td>
<td>74.3</td>
<td>74.3</td>
<td>98.9</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>1.1</td>
<td>1.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>378</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the respondents 74.3% were disagree for the diminish of participants in exposure to HIV/AIDS. Beginning this everyone can understand that the participants are more exposure to HIV/AIDS. Accordingly, it may be one crisis of the festival that should be given a great attention to make light of the participants in hazard to this drugless sickness by working the association with other apprehensive bodies, i.e. with governmental and non-governmental organization.

CONCLUSION

The study outcome showed that the Ethiopian public universities sport festival is vital for strengthen the cohesion and social net work; foster the economic and social development of the community; avoiding discrimination; reflecting diversity; cultural and ethnic development; a power full tool for community development; reflecting nation and nationality unity and equality; fostering the socioeconomic group of the country; as a utensil for mobilization; develops independent and self confidence among life of participants; reduced disagreement or conflict; foster national peace; develop cooperation and multi-cultural exchange; empowering of women’s; develops physical health, cognitive and academic development and mental health and create community solidarity, public behavior, social equity, health awareness and individual quality and for others.

RECOMMENDATIONS

Seeing that a researcher recommended the following recommendations based on the finding of the study.

- The Ethiopian public university sport association is supposed to well organize in staff authority and equipments.
- The Ethiopian sport commission should give acknowledgment for the association.
- The Ethiopian public university sport association should have to vocation with other non-governmental organizations (NGOs).
- The Ethiopian public university sport association should come across out incomes generating system (create financial independence).
- The Ethiopian public university sport association should capture be bothered of the cultural aspects of each university participants.
- The Ethiopian public university sport association should work on HIV/AIDS issues with the concerned institution of the country.
- All the participant universities should give great stress in besides to the teaching learning progression since it is one way of endorsement.
- All the participant universities should have to one club at last by one type of sport.
- The Ethiopian government ought to support Ethiopian public university sport association since it have Social, economical, health, political and educational charge of the country which is central for sustainable development of democratic state inside Ethiopia.
REFERENCES


Non-governmental organizations (NGO) are a legally constituted organization created by private organizations or people with no participation or representation of any government. In the cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status excludes government representatives Allocation of funds is very important for the successful operation of any NGO which includes the Proportion of annual budget spent on training each year, Number of people trained, In which field the NGO needs to spend for training and the amount is utilized in the right direction. This paper is based on primary data analysis that there was adequate fund for all needs but it was not focused properly towards training. Even inadequate management trainees were present in an organization and their training duration was inadequate. NGO’s needs officials and training to ensure the social welfare of our society to be taken care off. Hence Careful steps needs to take to ensure that NGO’s get trained in field projects as well as financial matters.

**Keywords:** NGO; Annual Budget; Training

**INTRODUCTION**

Today the world had become very global. In recent times rapid industrialization in India has taken place. All this would translate into great opportunities, which are expected to grow at faster rate over the years to come. As a result the future should see immense opportunities in various area of management for the under graduates and graduate management candidates. Many Big Businesses have their own NGO’s just to have tax benefits. NGO Management mainly focuses on management of the organization, setting up of the goals and objectives of NGO activities, through understanding of the organizational framework of NGO’s and distribution of portfolios among its members. NGO are responsible for analyzing the various problems prevailing in the society. NGO Management also involves making strategies and operational pathways, supervision and planning of financial and other policies. Now days there are various private organization, government organization and non-governmental organization also. Most of all the organizations are working for the intention of profit and least bothered about the people living in society, people suffering from poverty etc. Here non-governmental organizations are established for the purpose of Social welfare, Education, Environment, Health, Human Rights, Rural development, Training and women issues etc.

**Functions of Ngo**

**Partner Mobilisation** - The process of catalyzing or identifying, mobilizing, assessing and selecting NGOs that have the potential to both work with communities and to effectively manage their organization and its activities. It is a two-way process that centers on building a relationship of mutual respect and trust.
Technical Support - The process of increasing and improving the knowledge, skills and attitudes of NGOs. It can cover a wide range of themes and be carried out through many different methods such as training workshops, exchange visits and one-to-one mentoring.

Grant-Making - The process of providing financial resources and ensuring that they are managed effectively and accountably. It often involves a package of support that, alongside money, can include skills building in areas such as book keeping and financial reporting. The grants provided can vary considerably in terms of their size, duration, restrictions and requirements.

Resource Mobilisation - The process of identifying, encouraging and gathering the wide range of local, national and international resources that are needed by both NGOs. These resources include money, skills, will, interest, influence, time and equipment.

Documentation And Research - The process of finding practical ways to record, learn from, re-package and share experiences, results and lessons. Research is the more scientific and structured process of asking and answering questions in order to confirm or disprove something. Combined, documentation and research is a range of complementary learning activities that aim to benefit the organization in question, its partners, peers and others.

Policy And Advocacy - The process of changing the context - including attitudes, actions, policies and laws - in which people and organizations work. It can be carried out at different levels (such as local, national and international), involve a variety of strategies (such as meetings, briefing papers and events) and target a wide range of influential people and institutions (such as governments, businesses, donors, religious groups, NGOs and the media).

Monitoring And Evaluation - The process of collecting information and measuring it against agreed criteria. It can be carried out to different degrees (from using simple, practical indicators to developing complex frameworks) and at different levels such as community. It usually involves the collection of both quantitative and qualitative.

So the research paper predominantly surveys NGOs working in Chandigarh, Panchkula and Mohali and tries to find out the issues handled by NGOs and different kind of activities performed by NGOs for the development and welfare of the society. The aim of this study was to find kinds of training NGOs are providing to their employees are as per the training needs and the budget allocated is properly unitized or not. The main purpose in these activist-organizations is just how much of their money they spent into training their paid/full time employees. So by personal interaction employees of NGOs were consulted who should be trained properly by optimally utilizing their funds. The employees truly gave a picture that they work for a certain cause and not for glory to make any contribution that drives them away from work. But the encountered problems were dealt with about the allocation of funds provided to them and training of its employees.

OBJECTIVES

1. To explore out the training provided by NGO’s as per the budget allocated and training needs of NGO’s
2. To identify the areas where the management trainees fit into NGO’s

HYPOTHESIS OF THE PROBLEM

To verify the optimum utilization of funds by NGO’s.

Null Hypotheses: There is no significant difference in between allocation and disbursement of funds by NGO’s or

Alternate Hypotheses: There is significant difference in between allocation and disbursement of funds by NGO’s
RESEARCH DESIGN

Exploratory research was used to identify relevant courses of action and or gain additional insights before an approach can be developed. It explored how an NGO uses the annual budget on the training deficiencies in organizations. The main focus was on training areas and training duration provided to the management trainees. Primary data was used to analyze the research problem. 28 NGO’s over the tricity (Chandigarh, Mohali and Panchkula) were randomly selected from the sampling frame of list of working NGO’s by an instrument (Questionnaire). The data has been collected by individually visiting and getting the questionnaire filled from the concerned authority. The list of NGO’s is attached at the end. Survey method using personal interview was adopted for collection of the data. Pre-tested, structured and non-disguised questionnaires were used as instruments for this purpose. For the purpose of data collection from the NGO employees, the offices of various NGOs have been personally visited in order to contact. All the employees have been approached personally and through contacts by the researchers to administer questionnaires.

Fieldwork

Interaction with the people associated with the working NGO, had given maximum information possible on the research work. The information gathered was only possible due to the interactions done for which we visited them frequently.

RESEARCH FINDINGS

It has been revealed that there is no significant training in all the NGO’s selected for the study. In general, most of the organizations are having 10 to 30 full time employees i.e. 46.4% of the total Tricity NGO’s have 10-30 full time employees. On the basis of chi-square test for the independence of attributes we have found that there is no relationship between the percentage of annual budget spent on training and the number of people trained

H0: The amount of annual budget of NGOs spent on training and the number of people trained in the organization is insignificant

H1: The amount of annual budget of NGOs spent on training and the number of people trained in the organization is significant

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>11.026(a)</td>
<td>9</td>
<td>.274</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>10.487</td>
<td>9</td>
<td>.313</td>
</tr>
<tr>
<td>No. of valid class</td>
<td>28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As found in the table above, the value of the Chi Square is only 0.274 which is MORE than 0.05. As the null hypothesis was accepted so it can be concluded the amount of annual budget of NGOs spent on training and the number of people trained in the organization is insignificant. The maximum amount spent by the company is least. So here the NGO should try to increase the amount spent on training process, so as to meet organizational needs, better efficiency and the development of the NGO.

Also, the number of employees being trained by the company is only between 4% to 7%. So with more amount of hand on training, should be provided for improving the work efficiency.

Association between annual budget of organization and amount spent on training last year.

H0: there is insignificant association between annual budget of organization and amount spent on training last year

H1: there is significant association between annual budget of organization and amount spent on training last year
Table 2. Association between annual budget of organization and amount spent on training last year

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>annual budget</th>
<th>Correlation Coefficient</th>
<th>annual budget</th>
<th>training</th>
</tr>
</thead>
<tbody>
<tr>
<td>annual budget</td>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>annual budget</td>
<td>training</td>
</tr>
<tr>
<td>N</td>
<td>.28</td>
<td>.28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Spearman's rho</td>
<td>training</td>
<td>Correlation Coefficient</td>
<td>.223</td>
<td>1.000</td>
</tr>
<tr>
<td>N</td>
<td>.28</td>
<td>.28</td>
<td>28</td>
<td>28</td>
</tr>
</tbody>
</table>

From above output as in table 2 it can be observed that there is negative correlation between annual budget of organization and amount spent on training last year. It was -0.223 i.e. Low degree of negative correlation exists between the annual budget and the percentage of annual budget spent on training. In other words, if the annual budget increases then the percentage of annual budget spent on training decreases but this decrease is relatively lower than the increase in budget. Budget is not showing any association with the amount spent on training and budget; this means that there is not proper allocation of funds of budget. As per the training needs funds are not utilized in that particular area. This implies that there is mismanagement of allocated budget. The amount that is required on training is actually not spent for the prescribed purpose. Hence Training needs should be identified and Budget should be allocated according to training importance of a particular area. Budget should be allocated in such a way that maximum needs of training get fulfilled. If budget is high then proportionate amount should be spent on training. Most of the NGOs feel that they do not require training but training is an ongoing process it should be identified properly.

28 organizations participated in the survey. From there the concern was to know that their focus is towards which different areas. The major areas were education, healthcare, livelihood environment, sanitation and waste management. Out of these the results were examined. Sixteen organizations carry on Education activity in their organization, Twenty organizations are working for health care, Nine organizations are working for livelihood, Five organizations are engaged in improvement of environment, Three for sanitation, No one for waste management, Five organizations are also engaged in miscellaneous. Hence it can be concluded that 38.6% of the total NGO’s the major focus area is Healthcare. Management trainees were identified by working out their percentages. After investigation it was worked out percentage of MBA’s working with NGO’s on the lower side. 67.9% of the total NGO’s have no MBA graduates with them and the remaining 32.1% have only 1-3 MBA graduates. 50% of the NGO’s have annual budget of 10-30 lakhs and 32% are having an annual budget of less than 10 lakhs. Out of the annual budget, 2 to 5% was spent to train people. There are only 3 NGO’s i.e. 10.7% of the total NGO’s spend over 5% of their total annual budget for training. 13 of the 28 NGO’s we have studied had trained more than 7 employees last year. 50% of the NGO’s have trained 1 to 7 employees last year. NGO’s i.e. 50% of the total 28 gave 10-30 man hours of training (both internal and external training) where as 21.4% of the NGO’s gave around 30-70 hours of training. A major chunk of the organizations i.e. 78.6% of the total NGO’s do not provide for online donation facilities. 27.3% of the organizations feel that they need specialized training in “management of field project” where as 18.2% of the organizations need training in “Financial management of NGO’s” and “management of NGO”. 46.4% of the NGO’s deputed around 2-5 people for their courses like CRMC, Management of NGO’s etc. There is no organization which is not hiring any staff. Most of the organizations think that fee charged for training by them i.e.1000/- per day is quite high. Only 32.1% of the organizations feel that the fee charged is just right to charge this amount. Half of the organizations feel that the duration of the courses offered are just right where as 46.4% of them feel that the duration must be increased and only one of total 28 organizations believe that the time duration of the courses should be decreased. 2/3rd of the organizations lack in resource persons who can train participants of the courses like Financial management of NGO’s, Marketing, branding and promotion for NGO’s etc.
CONCLUSIONS AND RECOMMENDATIONS

NGO’s needs to manage their funds properly for which they require MBA people and also they need training for the purpose to manage their field projects. NGO’s need to spend more on their training programs for which they need proper guidance and management. They also need the training for the purpose of financial management of their funds Initially free training needs to be provided to NGO’s as they will not readily accept to pay the fees. Even seminars can be organized to impart knowledge to their officials regarding the need for the proper training. Even Govt. can be involved as their major fund comes from them, so convincing govt. officials will also ensure that we ultimately end up making the NGO’s function more efficiently. NGO should recruit skilled human resources so that the working can be carried out more efficiently. Auditing should be made compulsory for the NGOs so that corruptions can be curbed.

REFERENCES


6. Mitra, M., 2011. NGOs vs India Inc: How are companies gearing up for the face off? The Economic Times. 11 Nov.


APPENDIX

List of NGOs

- State Aids Control Society
- Hitkari Welfare Society
- Voluntary Health Association Of Punjab
• Rural Health Care Society
• Haryana State Council for Child Welfare
• National Rural Health Mission
• Institute for blind
• Family Planning Association Of India
• UMEED(GO for Mentally Retarded)
• Family Planning Association Of India
• State AIDS Control Society
• SOSVA
• SEVA BHARTI
• VHAP
• Society for education health and applied training
• SWACH
• Child welfare association

Old Age Home
• Indian National Portage Association
• Servants Of The People Society
• Old age home, Chandigarh
• All India Women Conference
• Bal Niketan
• Bal Niketan
• All India Women Conference
• Servants Of The People Society
December
2015
### Table of Contents

#### Articles

**APPRASIAL OF CO-OPERATIVE BANKS IN INDIA WITH REFERENCE TO LENDING PRACTICES**
**Tarandeep Kaur**
1-6

**ROLE OF INDIAN BANK’S IN FINANCIAL INCLUSION POLICY THROUGH PRADHAN MANTI JAN DHAN YOJANA (PMDJY)**
**Dr. T. Unnamalai**
7-17

**INNOVATIVE PATH TO ECONOMIC DEVELOPMENT IN A DEVELOPING COUNTRY LIKE INDIA**
**Dr. Medha Gupte**
18-22

**THE IMPACT OF INTERNATIONAL COMPUTER DRIVING LICENSE (ICDL) TRAINING ON CLASSROOM COMPUTER USE BY SECONDARY SCHOOL TEACHERS (SPECIAL REFERENCE ON BADULLA DISTRICTIN SRI LANKA)**
**Jalaldeen Careemdeen**
23-27

**INCLUSIVE GROWTH FOR SUSTAINABLE DEVELOPMENT IN INDIA - THE NEED OF THE HOUR**
**Dr. Medha Gupte**
28-33

**THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM (PAS) ON EMPLOYEE SATISFACTION WITH SPECIAL REFERENCE TO INDIAN CEMENT INDUSTRY**
**Shankar Kumar Jha, Dr. A. K. Pandey**
34-44

**PREFERRED SEASON, OCCASION AND DAY OF VISIT: A CASE OF SHAHDRA**
**Dr. Abdulla Parvez, Dr. Malik Sharaz Ahmed**
45-49

**WORK LIFE BALANCE A CHALLENGE FACED BY WOMEN ENTREPRENEUR OF VIJAYAPURACITY, KARNATAKA**
**Pallavi Ramdurg, Dr. S. B. Kamshetty**
50-59

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APPRAISAL OF CO-OPERATIVE BANKS IN INDIA WITH REFERENCE TO LENDING PRACTICES

Tarandeep Kaur
Assistant Professor in commerce, Mata Gujri College, Fatehgarh Sahib, India
Email: tanusiviya15@yahoo.com

ABSTRACT
Co-operative banks are an integral part of the Indian financial system. They comprise urban co-operative banks and rural co-operative credit institutions. Co-operative banks in India are more than 100 years old. The government of India started the cooperative movement of India in 1904. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure. The study is based on some successful co-op banks in India. The bank’s performance along with the lending practices provided to the customers is herewith undertaken the customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks.

Keywords: ATMs; Bank’s Performance Cooperative Banks; Lending Practices; Loan; Private & Public Sector Banks

INTRODUCTION
Co-operative banks are small-sized units organized in the co-operative sector which operate both in urban and non-urban regions. These banks are traditionally centered on communities, localities and work place groups and they essentially lend to small borrowers and businesses. The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas. These banks, until 1996, could only lend for non-agricultural purposes. As at end-March 2011, there were 1,645 UCBs operating in the country, of which majority were non-scheduled UCBs. Moreover, while majority of the UCBs were operating within a single State, there were 42 UCBs having operations in more than one State. However, today this limitation is no longer prevalent. While the co-operative banks in rural areas mainly finance agricultural based activities including farming, cattle, milk, hatchery, personal finance, etc. along with some small scale industries and self-employment driven activities, the co-operative banks in urban areas mainly finance various categories of people for self-employment, industries, small scale units and home finance. These banks provide most services such as savings and current accounts, safe deposit lockers, loan or mortgages to private and business customers. For middle class users, for whom a bank is where they can save their money, facilities like Internet banking or phone banking is not very important. Although they are not better than private banks in terms of facilities provided, their interest rates are definitely competitive. However, unlike private banks, the documentation process is lengthy if not stringent and getting a loan approved quickly is rather difficult. The criteria for getting a loan from a UCB are less stringent than for a loan from a commercial bank.
OBJECTIVES OF THE STUDY

1. To know the lending practices of cooperative banks in India.
2. To understand different type of loans preferred by different customers.
3. To evaluate the satisfaction level of the customers from Bank’s lending policies.
4. To measure and compare the efficiency of Cooperative Banks of India.

LITERATURE REVIEW

Pal and Malik (2007) investigated the differences in the financial characteristics of 74 (public, private and foreign) banks in India based on factors, such as profitability, liquidity, risk and efficiency. It is suggested that foreign banks were better performers, as compared to other two categories of banks, in general and in terms of utilization of resources in particular.

Chander and Chandel (2010) analyzed the financial efficiency and viability of HARCO Bank and found poor performance of the bank on capital adequacy, liquidity, earning quality and the management efficiency parameters.

Dutta and Basak (2008) suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

Mavaluri, Boppana and Nagarjuna (2006) suggested that performance of banking in terms of profitability, productivity, asset quality and financial management has become important to stabilize the economy. They found that public sector banks have been more efficient than other banks operating in India.

Satyasai and Badatya (2000) conducted a study regarding Credit Co-operative Institutions. They analyzed performance of rural co-operative credit institutions on the basis of borrowings and lending operations, cost structure, financial viability, etc. and found that co-operative system, in general, had failed to perform its functions properly. They advised the co-operative banks to diversify their business and also to overcome internal (rising transaction cost, declining business level, mismanagement of overdues) and external (excessive bureaucratization, politicization) weaknesses.

Singh and Singh (2006) studied the funds management in the District Central Co-operative Banks (DCCBs) of Punjab with specific reference to the analysis of financial margin. It noted that a higher proportion of own funds and the recovery concerns have resulted in the increased margin of the Central Co-operative Banks and thus had a larger provision for non-performing assets.

Jain (2001) has done a comparative performance analysis of District Central Co-operative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in profitability and liquidity as compared to Gujarat and Maharashtra.

RESEARCH METHODOLOGY

Cooperative banks have wide scope in India so I decide to narrow my objectives of my study. For this purpose secondary data is collected. The sources of secondary data are the following.

a. Annual reports of the bank
b. Manual of instructions on loans and advances
c. Books
d. Articles and Research Papers
e. Internet.
DATA ANALYSIS AND INTERPRETATION

Table 1. Preferences of the customers for the loans

<table>
<thead>
<tr>
<th>Kind of loans</th>
<th>No. of Respondent</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>House loan</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>Personal loan</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>Consumer loan</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Education loan</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Vehicle loan</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>Other loan</td>
<td>2</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 1. Preferences of the customers for the loans

Present study reveals that majority of the respondents have taken house loans & personal loans and less respondents prefer consumer, educational and vehicle loans.

Table 2. Range of the amount of loans

<table>
<thead>
<tr>
<th>Loan amount</th>
<th>No. Of respondent</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 20,000</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>20,000-50,000</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>50,000-1 lac</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>More than 1 lac</td>
<td>30</td>
<td>60%</td>
</tr>
</tbody>
</table>

Figure 2. Range of the amount of loans

Present Study reveals that 8% people prefer loan less than 20,000, 20% respondents prefer 20,000 to 50,000, 12% prefer more than 1 lac and 60% of the respondents prefer more than 1 lac.
Table 3. Ranking of the facilities provided by the co-op. banks

<table>
<thead>
<tr>
<th>Rank the Facility</th>
<th>No. of Respondent</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above Average</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>Average</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>Below Average</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

Study shows that 60% of the respondent says that facility provided by the bank are average, 32% say that its above average and 8% says that its below average.

Table 4. Customer’s ranking for service of the bank

<table>
<thead>
<tr>
<th>Rank the customer services</th>
<th>No. of respondent</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Good</td>
<td>26</td>
<td>52%</td>
</tr>
<tr>
<td>Average</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Poor</td>
<td>1</td>
<td>2%</td>
</tr>
</tbody>
</table>

Study shows that 52% of the respondents says that customer service of the bank is good, 24% says that it is excellent and another 24% says its average and only 2% says its poor provided by the bank are average, 32% say that its above average and 8% says that its below average.
Table 5. Preferable banks for borrowing facilities

<table>
<thead>
<tr>
<th>Preferable banks in future</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public banks</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>Private banks</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>Cooperative bank</td>
<td>28</td>
<td>56%</td>
</tr>
</tbody>
</table>

Study shows that 56% of the respondents will prefer loans from co-operative banks, 30% from the private banks and 14% from the public bank.

**FINDINGS / CONCLUSION**

The above study reveals that the most of the people prefers home loans and personal loans as compare to education and other loans, and majority of people take the amount of loan more than one lac. The facilities provided by the co-operative banks are not much sufficient according to the requirements of customers. But the services provided by the banks are almost good or up to average. The majority of population of India prefers co-operative banks to take loans and other facilities. So we find out from the study that co-operative banks are overall good for India and perform better according to the requirements’ of customers.

**Problems Faced By Cooperative Banks**

1. The cooperative financial institution is facing severe problems which have restricted their ability to ensure smooth flow of credit
   a. Limited ability to mobilize resources.
   b. Low Level of recovery.
   c. High transaction of cost.
   d. Administered rate of interest structure for a long time.

2. Due to cooperative legislation and administration, Govt. interference has become a regular feature in the day-to-day administration of the cooperative institution. Some of the problem area that arises out of the applicability of the cooperatives legislative is: Deliberate control of cooperatives by the government. Nomination of board of director by the government. Participation of the nominated director by the government. Deputation of government officials to cooperative institution etc.

3. The state cooperative banks are not able to formulate their respective policies for investment of their funds that include their surplus resources because of certain restrictions.
4. Prior approval of RBI is mandatory for opening of new branches of SCBs. The SCBs are required to submit the proposal for opening of new branches to RBI through NABARD, whose recommendation is primarily taken into consideration while according permission.

SUGGESTIONS

1. The banks should adopt the modern methods of banking like internet banking, credit cards, ATM, etc.
2. The banks should plan to introduce new schemes for attracting new customers and satisfying the present ones.
3. The banks should plan for expansion of branches.
4. The banks should improve the customer services of the bank to a better extent.

REFERENCES

ROLE OF INDIAN BANK’S IN FINANCIAL INCLUSION POLICY THROUGH PRADHAN MANTI JAN DHAN YOJANA (PMDJY)

Dr. T. Unnamalai
Assistant Professor, Bharathidasan University Constituent College,
Kurumbalur, Perambalur, India
Email: drtunnamalai@yahoo.co.in

ABSTRACT
Since independence numbers of initiatives have been taken by our Government for financial inclusion. Even though the number of initiatives a large portion of our population still remains unbanked. Majority of our population both in rural and urban still remains excluded from the banking activities. Till now the objective of financial inclusion has never been achieved. The Financial inclusion plan aims to provide easy access of the financial services at affordable cost automatically it brings them in to the mainstream of financial sector. In order to bring them in to the financial sector through banking our Honorable Prime Minister of India, Sri Narendra Modi announced this scheme on his first Independence Day speech on 15 August 2014. The scheme was formally launched on 28 August 2014 with a target to provide universal access to banking facilities starting with Basic Bank Accounts with overdraft facility of Rs.5000 after six months and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh namely Prime Minister's People Money Scheme (PMJDY). On the inauguration day itself 1.5 crore accounts were opened and the world record of Guinness certify that the most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Banks in India from 23 to 29 August 2014. By 05 August 2015, 17.45 crore accounts were opened, with around ₹22032.68 crore (US$3.4 billion) were deposited under the scheme. With this background secondary data have been collected and analyzed how the banks enroll the people in to this scheme. This paper also highlights the main features and pillars of the PMJDY and performance of this scheme since its inception.

Keywords: Financial Inclusion; Prime Minister's People Money Scheme; RuPay Debit Card

INTRODUCTION
A sound financial system is a corner stone of economic growth, development and progress of our economy. Indian financial system comprising financial market, money market, capital market and debt market to cater the financial needs of the people. In India well-structured banking system has functioning in a successful manner to cater to the financial needs of individuals and households’ and contribute towards the progress and advancement of our nation. Even though we are having sound banking sector majority of our population still unbanked. In order to cater the financial needs of our population and for financial inclusion on 28.8.2014 our Prime Minister launched a scheme namely Prime Minister's People Money Scheme (PMJDY). On the inauguration day itself 1.5 crore accounts were opened and the world record of Guinness certify that the most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Banks in India from 23 to 29 August 2014. By 05 August 2015, 17.45 crore accounts were opened, with around ₹22032.68 crore (US$3.4 billion) were deposited under the scheme. With this background the study has been conducted and tries to find out that the success rate of inclusion process among different types of banks such as
Public Sector Banks, Regional Rural Banks and Private Banks both in rural and urban India. For the purpose of the study only secondary data have been collected.

OBJECTIVES OF THE STUDY

1. To know the salient features of PMJDY Scheme
2. To know the progress of the PMJDY Scheme
3. To know the performance of Public sector Bank’s of PMJDY Scheme
4. To know the performance of Regional Rural Banks of PMJDY Scheme
5. To know the performance of Private banks of PMJDY Scheme
6. To know the accounts opened with nil balance of PMJDY Scheme
7. To know the balance available in the accounts of PMJDY Scheme
8. To know the RuPay debit card issued under the scheme.

HYPOTHESIS OF THE STUDY

1. There is no significance relationship between the numbers of accounts opened in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme
2. There is no significance relationship between the numbers of Accounts opened with zero balance in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme
3. There is no significance relationship between the Balance in Public, Regional Rural and Private Sector banks under PMDJY Scheme
4. There is no significance relationship between the numbers of RuPay Card issued by Public, Regional Rural and Private Sector banks under PMDJY Scheme

METHODOLOGY OF THE STUDY

Only secondary data have been collected for the study. Secondary data have been collected from the journals and websites.

LIMITATIONS OF THE STUDY

Only secondary data have been collected from the websites, books, articles, dailies etc.

Action Plan for Implementing PMJDY

There are two phases of this scheme in which the objective of financial inclusion of the poor people is to be achieved.

Phase-I of PMJDY

The first phase of this scheme starts from August 15, 2014 to August 14, 2015 which envisages the following:

(a) All households across the country have access to banking facilities with at least one Basic Bank Accounts with a bank branch or a fixed point Business Correspondent (BC).
(b) All households have RuPay Debit Card with Rs. 1 lakh inbuilt accident insurance.
(c) If bank account is operated satisfactorily for 6 months, Rs. 5000 overdraft facility will be granted to only Adhaar enabled accounts.
(d) Direct Benefit Transfer facility of various government schemes will be provided through bank accounts to the beneficiaries.
(e) The existing Kisan Credit Card is proposed to be issued as RuPay Kisan Card to the farmers.
Financial literacy programme under the scheme will be implemented up to village level.

**Phase-II Of PMJDY**

The period of Phase II is August 15, 2015 to August 14, 2018 which focuses on the following:

a) Micro insurance will be provided to the people.
b) Swavlamban—an unorganized sector pension scheme is to be proposed through the Business Correspondents.
c) Households in hilly, tribal and difficult areas will be covered in this phase.
d) This phase would also cover the remaining adults and students in households.

**Six Pillars of the PMJDY Scheme**

1. Universal Access to Banking Facilities
2. Providing Basic Banking Accounts with overdraft facility and RuPay Debit card to all households
3. Financial Literacy Programme
4. Creation of Credit Guarantee Fund
5. Micro-Insurance
6. Unorganized sector Pension schemes like Swavalamban

**REVIEW OF LITERATURE**

Paramjeet Kaur, “A STUDY ON FINANCIAL INCLUSION - ROLE OF INDIAN BANKS IN IMPLEMENTING A SCALABLE AND SUSTAINABLE FINANCIAL INCLUSION STRATEGY”(2014) The Government of India and the Reserve Bank of India have been making continuous efforts like the recent “Jan Dhan Yojana” announced in August, 2014 to promote financial inclusion as one of the important national objectives of the country. Financial inclusion is back in the public interest after Prime Minister of India announced the launch of Pradhan Mantri Jan Dhan Yojana, a scheme to bank the poor. The spirit of pushing economic development agenda by making a mandate of Sabka Saath, Sabka vikas will definitely guide banks towards better stability and growth.

Brij mohan, “Pradhan Manti Jan Dhan Yojana (PMJDY): Features, Needs and Challenges”(2014) The Pradhan Mantri Jan-Dhan Yojana, a major socio-economic initiative of the National Democratic Alliance government, was announced by the Prime Minister in his Independence Day speech. Jan Dhan Yojana roughly translates into English as “People’s Wealth Scheme”. India’s prime minister Narendra Modi announced the launch of this scheme at the historic Red Fort on the occasion of India’s Independence Day. It is in infant stage and some suggestions given by the author.

Subramanya P& Alfia Taj H, “Awareness level towards Pradhan Mantri Jan-Dhan Yojana (Special reference to Hassan district of Karnataka State)” (Feb 2015) The present study awareness level towards Pradhan Mantri Jan Dhan Yojana, majorly concentrated only on Hassan Dist. Of Karnataka state, the study reveals that PMJDY is almost successful in the Hassan district. Only 24% of the people not aware about the PMJDY, 36% of the people opened the account under this scheme. May be second phase it reaches more than 60%. The major essentiality for this scheme in Hassan dist. is creating the awareness and advantages of PMJDY. Majorly awareness creation by financial institutions or banks is more effective.

Paramasivan.C & Kamaraj.R, “Commercial Bank’s Performance on Pradhan Mantri Jan Dhan Yojana (2015)” Indian Prime Minister Mr. Narendra Modi announced on August 15, 2014 and simultaneously this PMJDY scheme was launched on 28 August, 2014. The scheme highlight was opening day 1.5 crores people opened this scheme joining baking sectors. This study is focused on commercial banks
performance on PMJDY. This study highlights commercial bank’s performance on Pradhan Mantri Jan Dhan Yojana. This study concludes that, the PMJDY scheme has created an impressive result in the banking sector with regard to eradication of financial untouchability in the country. Mere opening of accounts may not fulfill the aim of the scheme, but there should be continuous operation of bank accounts to give the real success of the scheme.

Gitte Madhukar R., “Pradhan Mantri Jan Dhan Yojana: A National Mission ON Financial Inclusion in India” (2015) The present PMJDY has addressed all the existing and possible deficiencies. This programme is in true sense one of the poverty alleviation programmes. Crores of poor people in India are still outside the organised financial system, despite the nationalisation of commercial banks long ago in 1969. Hence, this is the mission to eradicate poverty through the financial inclusion programme. The poor and the underprivileged people in rural, semi-urban and urban areas are expected to get all the benefits such as financial inclusion, financial stability and financial freedom through the PMJDY.

Hussain Ahmed, “ Pradhan Mantri Jan Dhan Yojana: The most intensive Financial Inclusion scheme in India” (2015) For successful implementation of this mega mission, full support is needed from Banking and other Financial Institutions, private service providers and above all, the responsible citizen. Needful modification in RuPay cards program and life cover has made the scheme more attractive. The progress of all proposed strategies needs to be checked on regular basis and effectively implemented within specified time bound framework. We can say that accountable and transparent organizational structure with their predetermined contribution for implementing PMJDY will be essential for achieving the desired societal outcomes which solely depends on the execution skill of the Government.

Table 1. No. of Accounts during this period under PMJDY Scheme in Rural and Urban

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>As on</th>
<th>Rural</th>
<th>% in Total</th>
<th>Urban</th>
<th>% in Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sep.2014</td>
<td>31708083</td>
<td>58.9778</td>
<td>22054696</td>
<td>41.0222</td>
<td>53762779</td>
</tr>
<tr>
<td>2</td>
<td>Oct.2014</td>
<td>40604949</td>
<td>59.0886</td>
<td>28113748</td>
<td>40.9114</td>
<td>68718697</td>
</tr>
<tr>
<td>3</td>
<td>Nov.2014</td>
<td>49501384</td>
<td>59.4724</td>
<td>33732820</td>
<td>40.5276</td>
<td>83234204</td>
</tr>
<tr>
<td>4</td>
<td>Dec.2014</td>
<td>62348872</td>
<td>59.674</td>
<td>42133595</td>
<td>40.326</td>
<td>104482467</td>
</tr>
<tr>
<td>5</td>
<td>Jan.2015</td>
<td>75016094</td>
<td>59.7865</td>
<td>50457195</td>
<td>40.2135</td>
<td>125473289</td>
</tr>
<tr>
<td>6</td>
<td>Feb.2015</td>
<td>81649227</td>
<td>59.6834</td>
<td>55154668</td>
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<td>75401061</td>
<td>39.1219</td>
<td>192733772</td>
</tr>
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</table>

Sources: www.pmjdy.gov.in

With the help of the above table, it is observed that the total number of accounts opened under PMJDY by Commercial Banks, Private Sector banks and Regional Rural Banks both in rural and urban areas. In the month of September 2014, 53762779 accounts were opened under the PMJDY, of which 59 per cent of accounts were opened in rural areas, and 41 per cent of accounts were opened in urban places. In the month of October 2014, 68718697 accounts were opened under the PMJDY, of which 59 per cent of accounts (40604949) were opened in rural areas, and 41 per cent of accounts (68718697) were opened in urban places. Likewise during the period of November 2015, 192733772 accounts were opened under the PMJDY, of which 61 per cent of accounts (117332711) were opened in rural areas, and 39 per cent of accounts (75401061) were opened in urban places. On the whole, it is observed that
the rural enrollment has been increased from 31708083 to 117332711 (59% to 61%) during the study period. The urban enrollment has been increased from 22054696 to 75401061.

Table 2. No. of Accounts during this period under PMJDY Scheme in Rural and Urban

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<th>Urban</th>
<th>% of increase or decrease</th>
<th>Total</th>
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<td>192733772</td>
<td>1.31</td>
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</table>

Sources: www.pmjdy.gov.in 2014-2015

With the help of the above table, it is observed that the total number of accounts opened under PMJDY by Commercial Banks, Private Sector banks and Regional Rural Banks both in rural and urban areas. In the month of September 2014, 53762779 accounts were opened under the PMJDY, of which 59 per cent of accounts were opened in rural areas, and 41 per cent of accounts were opened in urban places. When compare the accounts opened with the previous month as a base month up to June 2015 the increasing trend in a decreased manner. During the period of August 2015 the number of accounts opened has been increased to 951 times in rural and 576 times in urban. During the month of September the account opened has been decreased to 90 percent in rural and 84 percent in urban. After this period the account opened has shown an increased trend both in rural and urban.

Table 3. No. of Accounts opened in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>As on</th>
<th>Public Sector Banks</th>
<th>% in Total</th>
<th>Regional Rural Banks</th>
<th>% in Total</th>
<th>Private Banks</th>
<th>% in Total</th>
<th>Total</th>
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Table 3. No. of Accounts opened in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme (Contd….)

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<th>% in Total</th>
<th>Regional Rural Banks</th>
<th>% in Total</th>
<th>Private Banks</th>
<th>% in Total</th>
<th>Total</th>
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</table>

Sources: www.pmjdy.gov.in

With the help of the above table, it is observed that the enrollment of accounts through Commercial Banks, Regional Rural Banks and Private Sector Banks. When the scheme started the enrollment through the Commercial banks is higher than the Regional Rural banks and Private Sector Banks (81.8% percent through Public Sector Banks and 15.98 percent through Regional Rural Banks and remaining through the Private sector banks).

Table 4. No. of Accounts opened with zero balance in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme

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<th>% in Total</th>
<th>Regional Rural Banks</th>
<th>% in Total</th>
<th>Private Banks</th>
<th>% in Total</th>
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Sources: www.pmjdy.gov.in

The main pillar of the scheme is the account holder can opened an account with zero balance. With this help of the above table, it is observed that 41296628 number of account holders opened account with zero balance. Out of which 2.13 percent of them having account with private sector banks, 81 percent of them having account with Public sector banks and remaining 17 percent of them with Regional Rural Banks during the month of Sep 2014. It has been increased to 69345925 and majority of them (78%) of them having accounts with Public sector banks 17% of them having account with Regional Rural Banks and remaining with Private Sector Banks. The total number of account holder has been increased by 67.93% during the study period. (Taken as Sep 2014 as a base year)
lic sector banks 17% balance with Regional Rural Banks and sector bank as a balance; 36725.78 lakh Rupees has been maintained with the bank as a balance. Out of which 369461.62 lakh Rupees has been maintained with the Public sector bank as a balance.

The main pillar of the scheme is the account holder can opened an account with zero balance. With this help of the scheme, the balanced amount with the banker is 2693960.5 lakhs Rupees.

<table>
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<th>Sl. No</th>
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</table>

Sources: www.pmjdjy.gov.in

The main pillar of the scheme is the account holder can opened an account with zero balance. With this help of the above table, it is observed that 427319.28 lakh Rupees has been maintained with the bank as a balance. Out of which 369461.62 lakh Rupees has been maintained with the Public sector bank as a balance, 36725.78 lakh Rupees has been maintained with the Regional Rural bank as a balance, and the balance of Rs. 21131.88 lakh Rupees has been maintained with the Private Sector bank as a balance during the month of Sep 2014. It has been increased to 2693960.5 and majority of them (79%) of amount vested with public sector banks 17% balance with Regional Rural Banks and remaining with Private Sector Banks. The balance amount has been increased by 530% during the study period. (Taken as Sep 2014 as a base year). Even though there is no need of balance for opening an account, the balanced amount with the banker is 2693960.5 lakhs Rupees.

Table 6. RuPay Card issued by Public, Regional Rural and Private Sector banks under PMDJY

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>As on</th>
<th>Public Sector Banks % in Total</th>
<th>Regional Rural Banks % in Total</th>
<th>Private Banks % in Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sep.2014</td>
<td>18098246</td>
<td>97.07</td>
<td>399291</td>
<td>2.14</td>
</tr>
<tr>
<td>2</td>
<td>Oct.2014</td>
<td>33722980</td>
<td>95.52</td>
<td>1117745</td>
<td>3.17</td>
</tr>
<tr>
<td>3</td>
<td>Nov.2014</td>
<td>49216661</td>
<td>93.62</td>
<td>2088478</td>
<td>3.97</td>
</tr>
<tr>
<td>4</td>
<td>Dec.2014</td>
<td>73130361</td>
<td>86.41</td>
<td>9304777</td>
<td>10.99</td>
</tr>
<tr>
<td>5</td>
<td>Jan.2015</td>
<td>91232024</td>
<td>82.34</td>
<td>14967614</td>
<td>13.51</td>
</tr>
<tr>
<td>6</td>
<td>Feb.2015</td>
<td>100092148</td>
<td>82.12</td>
<td>16678823</td>
<td>13.68</td>
</tr>
<tr>
<td>7</td>
<td>Mar.2015</td>
<td>108110088</td>
<td>82.22</td>
<td>17822870</td>
<td>13.56</td>
</tr>
<tr>
<td>8</td>
<td>Apr.2015</td>
<td>112015782</td>
<td>81.67</td>
<td>19460990</td>
<td>14.19</td>
</tr>
<tr>
<td>9</td>
<td>May.2015</td>
<td>115917821</td>
<td>81.42</td>
<td>20575711</td>
<td>14.45</td>
</tr>
<tr>
<td>10</td>
<td>June.2015</td>
<td>119512387</td>
<td>81.49</td>
<td>21119474</td>
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</tr>
<tr>
<td>11</td>
<td>July.2015</td>
<td>123249962</td>
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</tr>
<tr>
<td>12</td>
<td>Aug.2015</td>
<td>127652028</td>
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<td>23487245</td>
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<td>13</td>
<td>Sep.2015</td>
<td>130307324</td>
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<td>24001365</td>
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<tr>
<td>14</td>
<td>Oct.2015</td>
<td>132912634</td>
<td>81.17</td>
<td>24447953</td>
<td>14.93</td>
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</table>
Table 6. RuPay Card issued by Public, Regional Rural and Private Sector banks under PMJDY (Contd. …)

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>As on</th>
<th>Public Sector Banks</th>
<th>% in Total</th>
<th>Regional Rural Banks</th>
<th>% in Total</th>
<th>Private Banks</th>
<th>% in Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Nov.2015</td>
<td>134208186</td>
<td>81.16</td>
<td>24740085</td>
<td>14.96</td>
<td>6417570</td>
<td>3.88</td>
<td>165365841</td>
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</tbody>
</table>

Sources: www.pmjdy.gov.in

Another pillar of the scheme is issuing RuPay debit card for international banking. With the help of the above table, it is observed that in the month of September 2014, 18644743 RuPay debit card were issued under the PMJDY, of which 97 per cent of the cards were issued in public sector banks, and 0.79 per cent of accounts (147206) were issued RuPay debits cards in private sector banks, and 2.14 per cent of accounts (399291) were issued RuPay debit cards in regional rural banks. The overall increases in issuing the RuPay debit cards are 786.93 percent taken September 2014 as a base year.

Testing Of Hypotheses

- There is no significance relationship between the numbers of accounts opened in Rural and urban area
- There is no significance relationship between the numbers of accounts opened in Public sector Banks, Regional Rural Banks and Private Banks under PMJDY Scheme
- There is no significance relationship between the numbers of Accounts opened with zero balance in Public sector Banks, Regional Rural Banks and Private Banks under PMJDY Scheme
- There is no significance relationship between the Balance in Public Sector Banks, Regional Rural Banks and Private Sector banks under PMJDY Scheme
- There is no significance relationship between the numbers of RuPay Card issued by Public Sector Banks, Regional Rural Banks and Private Sector banks under PMJDY Scheme

There is no significance relationship between the numbers of accounts opened in Rural and urban area

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rural</th>
<th>Urban</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
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<td>0.33</td>
<td>Accepted</td>
</tr>
<tr>
<td>Urban</td>
<td>0.33</td>
<td>1</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

There is no significance relationship between openings of accounts in Public sector Banks, Regional Rural Banks and Private Banks under PMJDY Scheme

<table>
<thead>
<tr>
<th>Number of Accounts Opened during the study period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Public sector banks</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
</tr>
<tr>
<td>Private Sector Banks</td>
</tr>
</tbody>
</table>

There is no significance relationship between Accounts opened with zero balance in Public sector Banks, Regional Rural Banks and Private Banks under PMJDY Scheme
RESULTS OF HYPOTHESIS

• The hypothesis is accepted. There is no significance relationship between the numbers of accounts opened Rural and Urban area under PMJDY Scheme.

• The hypothesis is accepted. There is no significance relationship between the numbers of accounts opened in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme

• The hypothesis is accepted. There is no significance relationship between the numbers of Accounts opened with zero balance in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme

• The hypothesis is accepted. There is no significance relationship between the Balance in Public, Regional Rural and Private Sector banks under PMDJY Scheme

• The hypothesis is accepted. There is no significance relationship between the numbers of RuPay Card issued by Public, Regional Rural and Private Sector banks under PMDJY Scheme

FINDINGS OF THE STUDY

• During the study period accounts opened in rural has been increased by 270 times, urban growth and the overall growth is 242 times and 258 times respectively For all the calculation September 2013 has been taken as base period.
During the study period accounts opened in Public sector, Regional Rural Banks and Private Banks by 243, 499 and 303 percent respectively. The overall growth has been increased by 258.49 percent. For all the calculation September 2013 has been taken as base period.

During the study period accounts opened with zero balance in Public sector, Regional Rural Banks and Private Banks by 62.47, 72.22 and 240.9 percent respectively. The overall growth has been increased by 67.92 percent. For all the calculation September 2013 has been taken as base period.

During the study period balance amount maintained with Public sector, Regional Rural Banks and Private Banks by 472.66, 1161 and 445.54 percent respectively. The overall growth has been increased by 530.43 percent. For all the calculation September 2013 has been taken as base period.

During the study period RuPay Debit Card issued by Public sector, Regional Rural Banks and Private Banks by 641.55, 6096 and 4259.58 percent respectively. The overall growth has been increased by 786.93 percent. For all the calculation September 2013 has been taken as base period. The bankers did not issue RuPay Debit Card to their entire account holder those who are opened accounts under this scheme.

The hypothesis is accepted. There is no significance relationship between the numbers of accounts opened Rural and Urban area under PMJDY Scheme.

The hypothesis is accepted. There is no significance relationship between the numbers of accounts opened in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme.

The hypothesis is accepted. There is no significance relationship between the numbers of Accounts opened with zero balance in Public sector, Regional Rural Banks and Private Banks under PMJDY Scheme.

The hypothesis is accepted. There is no significance relationship between the Balance in Public, Regional Rural and Private Sector banks under PMDJY Scheme.

The hypothesis is accepted. There is no significance relationship between the numbers of RuPay Card issued by Public, Regional Rural and Private Sector banks under PMDJY Scheme.

CONCLUSION

Since Independence a lot of schemes were introduced by our Government along with the RBI for the financial inclusion policy. PMJDY scheme attracts more customers and it mobilizes deposits to the tune of Rs. 2693960.48 lakh during the study period. This scheme is more beneficial one to its customers whether they are in rural, semi urban or in urban area. This study reveals that the performance of public sector banks is better than the other banks (private banks and regional rural banks). It concludes that the people can easily assess the bank for their financial needs through this scheme and this scheme will be the mile stone and it may be relived them from the hands of the money lenders. This scheme may help to eradicate poverty. This scheme is a major catalyst in achieving the goal of inclusive growth and it may attracts more customers with savings ultimately it will contribute to our country’s economic growth. There is no doubt the progress of the scheme will attract remaining population those who are not having bank account in our country, defiantly PMJDY scheme may become a corner stone of our economic growth, development and progress of our economy.

SUGGESTIONS

The account holder can get overdraft facility of Rs 5000 without any collateral security. If the large number of account holder did not repay the debt at the same time, it would be a huge loss to the bankers. So, the Government makes necessary steps to avoid loss to the banker.
With the help of the study the public sector banks are the leader in opening an account, balance maintained with them, issue of Rubay debit cards etc. The reason behind is they are having more number of branches. So, the Government can open a number of branches for Regional Rural banks and may give permission for the private sector banks for opening branches.

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ABSTRACT

Innovation is considered as a key player in today’s world catering to the needs of the masses. It has been empirically proved that there exists a link between innovation and inclusive growth. Innovation refers to a new idea, a more effective device or process. This is made possible through effective products, processes, services, technologies or ideas that are easily available. In business and economics, innovations can be seen as catalyst to growth. India can be considered as a restless nation with demand for change coming from different sections of society. It is very essential that India harnesses her innate creative potential to sustain competitiveness, economic growth and rising standard of living. It is here that innovations play an important role. The need for innovation arises for providing employment to the youth, catering to the demand of the ‘middle class’ and bringing about balanced economic and human development. In view of the gravity of the situation the Indian Government has been taking a number of initiatives such as establishment of National Innovative Council and introduction of new science, technology and innovation Policy 2013. She faces a number of challenges such in the form of absence comprehensive policy, inadequate funding, lengthy and cumbersome procedures, few deals, non-conducive education policy, inadequate infrastructure facilities particularly in the rural areas, prevalence of risk aversion among entrepreneurs and inadequate intellectual property rights. India has been initiating reforms and the process of growth is slow. With the right policy mix and changed mindset of the people she can encourage and faster the aspersions of her young millions.

Keywords: Innovation; Inclusive Growth; Emerging Middle Class; Science and Technology

INTRODUCTION

Innovation can be looked at as the key change driver around the world – intervening with the aim of providing accessible and affordable solutions to ever-changing consumer needs. It can be considered to be an important ingredient, in the process of improvement of the performance of both the individual and institution. It may not be possible to sustain the existing standard of living by existing tools of development. Often, organizations come across situations which require radical changes and it is only innovations that can facilitate transformation.

Globalization can be considered as a product of innovation. Empirical evidence suggests that there exists a definite link between technological innovation and inclusive economic growth. Inclusive growth implies that the fruits of development are equitably distributed among all sections of society.

This Paper attempts to look into the concept of innovation, the innovation scene in India – the importance of innovation in a developing country like India; the measures adopted by the government; the hurdles to be encountered; and the future of innovative growth in our country.
OBJECTIVES OF THE STUDY

The Paper is based on the following objectives:

1. To study attempt as to examine the concept of innovation and its relevance to inclusive growth
2. To know the Indian situation and the policy measures being adopted from time to time
3. To understand the challenges confronting innovative growth in India
4. To know on the future prospects

Concept of Innovation

Innovation refers to a new idea, a more effective device or process. This is made possible through effective products, processes, services, technologies or ideas that are easily available. In business and economics, innovations can be seen as catalyst to growth. It was the well-known economist Joseph Schumpeter who contributed greatly to the study of innovation economics.

According to Peter Drucker, the general sources of innovation include changes in industry structure, in market structure, in local and global demographic, in human perception, in the available scientific knowledge etc.

Innovation can be considered as a tool which can provide means for creation of sustainable and cost effective solutions for inclusive growth in developing economies.

Innovations and Indian Economy

India can be considered as a restless nation with demand for change coming from different sections of society. The members of the ‘emerging middle class in particular are demanding new customized solutions to address unmet demands. In fact efforts are being made for ensuring that economic growth is accompanied by human development.

Characteristics of the Indian economy

One, she is a young country with rising expectations. The Indian youth seek employment. Unfortunately, India produces graduates year after year who are unemployable. The need arises for providing greater employment and for making the youth employable;

Two, subsequent to India’s rising GDP, an ‘emerging middle class’ characterizes our economy. This class is seeking new proportions. This requires investment in Research and Development. India’s investment in Research and Development is estimated as 0.8% of GDP which is significantly lower than US (2.7%), China (1.9%) and Korea (3.8%);

Three, there is urgent need for balanced economic and human development. India is lagging behind all nations in terms of index parameters such as health, education and income.

One of the major factors responsible for India lagging behind her counterparts, has been the below par performance of all its enterprises be it government bodies, corporate sectors or education institutes.

The absence of adequate growth finance results in limited adoption of technology which creates system inefficiencies and low national productivity. New ventures require talent as is evident in the case of software sector in India.

A Need for Innovative Growth in India

It is very essential that India harnesses her innate creative potential to sustain competitiveness, economic growth and rising standard of living. The three pillars are Right Platform, Public Private Partnership and Building a skilled talent pool of professionals. It is here that innovations can play an important part. Let us look into the need for innovations in the Indian context:
Firstly, innovation will help facilitate economic transformation through human development. It is essential for India to improve her Human Development Index (HDI). India’s HDI in 2013 was 0.59 which was below the world average of 0.70. HDI is a summary measure of average achievements from the viewpoint of three dimensions – that is – long and healthy life, being knowledgeable and having a decent standard of living.

Secondly, innovative path of development helps to address development challenges such as providing access to drinking water, eradicating neglected diseases and reducing hunger.

Thirdly, history shows that buildup of innovation capacities has played an important role in economic development, as an early built up innovative capacity will help the country to ‘catch up’ with the following path.

Fourthly, India has to move from being tagged as developing to being called developed. This requires a strong scientific base, investment from both private and public sectors and a right mix of policies which encourage Research and Development, thus making the case of innovations stronger.

**Objectives and Mechanism of Innovation in A Developing Country Like India**

The following are the factors which a country like ours should adopt:

1) In order to generate the necessary outcome innovation has to respond to local conditions;

2) The need is for inclusive innovation, particularly for the low and middle income households, for improvement of welfare and for providing access to business opportunities. Mobile services and Nano cars can be considered as examples of this;

3) Innovations have to address environmental, health and social challenges with the help of local efforts;

4) Innovations have to help the economy climb the value ladder in global value chains. For example India’s prowess in the Software industry is universally acclaimed.

Research and Development has played an important role in the take-off of Asian economies like China, India and Korea. India has focused strongly on the IT Services. One can in this context cite the example of the Green Revolution of the 60s, which led to the introduction of High Yielding Variety of seeds and increased use of fertilizers and irrigation. This helped in increasing food production. Apart from raising agricultural productivity, it directly addressed the problem of food scarcity among the poor.

**Role Of The Government In Promoting Innovation**

India no doubt has a large public funded science and technology infrastructure and a sizeable education system. She has not been able to realize her innovation potential, on account of fragmented innovation ecosystem.

Two important steps in this direction are:

a) Establishment of National Innovative Council which has to coordinate various innovative related activities and

b) The introduction of the New Science, Technology and Innovation Policy 2013 which aims at promoting entrepreneurship and science led solutions for sustainable and inclusive growth.

India has one of the largest shares of young population, which accounts for 31% of the total population. The government aims at creating greater employment opportunities while focusing on economic growth. In fact in March 2010, the then President of India Mrs. Pratibha Patil declared the current decade as ‘Decade of Innovation’.

Various governments in India have given priority to science, technology and innovation and therefore India has evolved a large publicly funded Research and Development structure. There are various
councils and research structures under different industries catering to different research areas and are distributed around the country, for example CSIR (Council for Scientific and Industrial Research; ICAR (Indian Council for Agricultural Research), ICMR (Indian Council of Medical Research) and DRDO (Research and Development Organization).

There are hundreds of universities in the public sector including institutions of National Importance along with in-house Research and Development Centres and NGOs. Most importantly there are financial institutions like IDBI (Industrial Development Bank of India) and SIDBI (Small Industries Bank of India) who can initiate and foster research.

**Challenges Confronting the Indian Innovation Process**

The Indian innovation ecosystem and key entrepreneurship faces challenges as discussed below:

One, as of now there is no comprehensive policy which focuses on innovation and entrepreneurship. Besides there is absence of a uniform mechanism which would help in operating the fragmented policies. The consequence is lack of desired results. Two, there is inadequate funding for Research and Development. In the years 2011 and 2012 less than 1% of GDP was allocated for research and development.

Three, difficult and lengthy procedures are involved. In spite of funds being available from banks and public sources, the procedures for accessing such funding are often complex, cumbersome, lengthy and bureaucratic leading to wastage of time and energy.

Four, as regards angel, venture capital and seed funding, magnitude of deals are very few and fall short of India’s requirements.

Five, there exists weak link between stakeholders. There is absence of easy exchange of manpower between industries or academia or Research and Development institutions. This limits the capacity for mutual understanding and technology transfer.

Six, Indian education system is non-conducive. The system is focused on grades and careers and not oriented towards innovations and entrepreneurship. It produces graduates year after year who are not suited to innovative industries and entrepreneurship.

Seven, poor infrastructure facilities exist particularly in the rural areas. Basic infrastructural facilities such as electricity, internet, roads and rail are not evenly distributed and are often inadequate in smaller cities, towns and rural parts. This limits the scope for innovations and entrepreneurship to flourish in such areas.

Eight, risk aversion prevails among entrepreneurs. Entrepreneurs are averse to taking in new ideas because of risks involved. This includes low availability of high cost funds that often arrive late. Consequently they look for minimum risks and high returns.

Nine, there is inadequate protection of Intellectual Property Rights. For most entrepreneurs patents and other forms of protection take a long time and involve high cost.

India is increasingly becoming a global innovator for high-tech products and services. However, the performance of the Indian economy is not in keeping with her innovative potential. To realize her innovative potential India will have to:

1. Encourage stronger competition among entrepreneurs. This would help improve the investment climate, to be supported by stronger skills, better information infrastructure and greater public and private finance

2. Greater efforts for creation, commercialization and dissemination of knowledge. The smaller enterprises could be encouraged to absorb such knowledge

3. Steps have to be taken at the grass root level and should also involve weaker sections of society
Future of Innovative Growth in India

In the last few years, India undoubtedly has emerged as a significant global player in several areas of science and technology. However, she faces stiff competition, ranking as low as 66 among 142 countries in terms of Global Innovation Index. Our education system, is characterized by dichotomy: with having few best institutions on one hand and poor ones lacking the most basic facilities on the other. She has to make serious efforts to improve the situation if she has to make her mark as a Global Player.

Science led innovations are important ingredients of growth and development, as also general social and economic well-being. It is necessary to meet the aspirations of the youth of the country for better quality of life and this requires investment in science and technology.

India’s performance in science, technology and innovations over the last fifty years has been lopsided. While she occupies significant global space in Information and Communication Technology, pharmaceuticals and skill-intensive manufacturing sector, she faces acute differences between formal and informal sectors, urban and rural areas and educated elite and rural masses.

India’s innovative capacity is underutilized with her youth living in abject poverty and equipped with low skill sets. To sustain competitiveness and long term growth momentum, India needs to usher in inclusive innovations aiming at economic, social and environmental sustainability.

CONCLUSION

India can be considered as a large heterogeneous country, characterized by youth seeking employment. The country undoubtedly is on the right path to growth being commonly termed as ‘an emerging economy’. The rate of growth, however, has been slow. Realizing the gravity of the situation the Government has been initiating a number of reforms.

In the last twenty years there has been a definite thrust towards science, technology and innovation. The investments however, are yet to yield the desired fruits. The country faces formidable challenges. But with the right policy mix and changed mindset, the desired results would only be a matter of time. This would encourage the potential and enthusiasm of the youth who wish to follow the path of innovative entrepreneurship.

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ABSTRACT

It has become mandatory that the teaching community acquire expertise in the computer to ensure that they cope effectively with the future demands of the knowledge society with respect to the classroom set up. Therefore, the Ministry of Education of Sri Lanka urges all teachers to receive International Computer Driving License (ICDL) training. The purpose of this study is to examine the impact of International Computer Driving License (ICDL) training on classroom computer use by secondary school teachers in Badulla district. Mixed method was selected as the research design. Purposive sampling has been used to select the teacher sample for this study. A sample of 85 teachers was selected from Badulla district. A questionnaire with attitude scales and interviews were the data collecting methods, and data were analyzed using both quantitative and qualitative methods, to achieve the objectives of the study. It was revealed that an average of the ICDL participants (51%) stated that ICDL training resulted in their use of new software applications in the classroom. However, the findings show that computer knowledge and skills have not affected them at all in the use of ICT in the teaching learning process among the teachers who had undergone ICDL training. It was recommended the duration for ICDL training needs to be extended. Additional vendor-specific training might be required for all teachers after obtaining ICDL certification. These findings, conclusions and recommendations would be useful to the authorities to improve ICDL training.

Keywords: Computer; Training; ICT Proficiency; ICT Skills; Software Application

INTRODUCTION

The impact of Information and Communication (ICT) on the present day world has been so tremendous that it has entered the stream of education revolutionizing every branch and stream of education to such an extent that no educational system can avoid being effected positively by ICT. Therefore, it has become mandatory that the teaching community acquire expertise in the computer to ensure that they cope effectively with the future demands of the knowledge society with respect to the classroom set up. Therefore, the Sri Lankan education system has adopted several ICT training courses aimed at improving the use of including International Computer Driving Licensee (ICDL) in the classroom. The ICDL, which is known as the European Computer Driving License (ECDL) within the European Union, is a certification attesting to basic proficiency in the use of certain types of software or computer systems (Csapo, 2002). The Ministry of Education of Sri Lanka urges all teachers to receive ICDL training and to apply for certification regardless of the subject they teach in school. The Ministry of Education considers the ICDL training an effective in-service training approach that allows teachers to acquire fundamental ICT skills. The course aims to improve teachers’ ICT proficiency at three levels: ICT skills, pedagogical skills, and curriculum training. Therefore the
main purpose of this study is to evaluate the impact of International Computer Driving License (ICDL) training on classroom computer use by secondary school teachers. How the ICDL training contributes to the classroom teaching learning scenario whether ICDL training increased teachers’ professional, ICT and pedagogical skills in their day to day teaching and learning process, Whether ICDL training impact on teachers’ use of new software applications and What are the factors affects teacher use of ICT in the class room after ICDL training?

OBJECTIVES

1. To examine how teachers apply practical experiences from ICDL coursework to their teaching.
2. To examine whether ICDL training increased teachers’ professional, ICT and pedagogical skills in their day to day teaching and learning process,
3. To examine whether the ICDL training results in the teachers’ use of new software applications in the classroom and the factors that affects teacher use of ICT in the class room after ICDL training

REVIEW OF THE RELEVANT LITERATURE

According to Rad and Rezaei’s (2001) results show that short-term courses training of computer seven skills (ICDL) effect on increasing teachers professional and specialized skills and content is able to realize course objectives and evaluation was done proper with courses. On the other hand Young (2004) suggested that the ICDL assess only the knowledge and ability to use specific types of software such as word processing or spreadsheet programs. It does not assess critical thinking skills or the ability to use the software to solve research problems.

Findings of Dixie and Wesson (2001), the ICDL modules cannot be used for complete IT proficiency education because of the failure to incorporate critical thinking skills and theory into the instruction.

Abuhmaid, 2011 conducted a research that focuses on the effectiveness of ICT training courses within the Jordanian education system. Interviews, questionnaires, direct classroom observations, and field notes of classroom practices were used for data collection. The findings indicated that ICT training courses usually target two levels of teacher’ ICT skills: ICT skills, and pedagogical use of these skills. Predictably, as the vast majority of teachers from all the three regions reported undertaking the ICDL course, 88 (76.5%) teachers reported developing computer skills (e.g. Word processing, presentation and accessing to information). However, only 58 (50.4%) reported developing pedagogical skills from ICT training.

Al Hatmi (2009) has conducted a study to examine the effectiveness of ICDL training among Omani teachers. findings says that insufficient time in the ICDL training, the focus of the ICDL training on passing the certification test, structural deficiencies in the ICDL instructional methods, change in attitude towards ICT following the ICDL course, and increase in confidence for use of ICT in the classroom. He suggest that while ICDL is effective at teaching basic skills in computer and application use, the training is not effective in training educators on critical assessment of technology or in how to use technology in the classroom.

METHODOLOGY

The study followed Quantitative and Qualitative research techniques including questionnaires, observation and interviews. Quantitative techniques such as percentages, tables and charts were used to analyze data. And qualitative techniques also used for data analysis. Survey design has been the basic research method used in this study. 848 secondary school teachers have qualified in ICDL training in the Badulla district between the period of 2008 and 2013 under EKSP project. From all these 848 Secondary school teachers in the Badulla district, a sample of 85 teachers have been selected representing 10% each Sinhala, Tamil and English medium teachers. Out of 465 Sinhala medium teachers 45 teachers have been selected randomly, out of 241 Tamil medium teachers 25 teachers have
been selected randomly and 15 English medium teachers have been selected randomly out of 142 English medium teachers. The total sample has consisted of 85 secondary school teachers who followed ICDL training under EKSP project so that it would be large enough to ensure the stability of results and small enough for the study to be completed within the given period of time.

RESULTS AND DISCUSSION

ICT Skills of Teachers before Following ICDL Training - In the sample 44% of the teachers had undergone computer training before ICDL. This indicates that a majority of ICDL participants had not undergone any ICT related course before following ICDL. Therefore 56% of teachers who participated in the ICDL training had no any prior knowledge of computer and they were new participants in a computer technology course. 59% of participants already had Power Point Presentation skills before starting ICDL training and also 53% of the participants had Internet skills before starting ICDL. With regard to Word-processing skills only 47% of the teachers stated that they had this skill before staring ICDL training. On the other hand, with respect to Database and Spreadsheets, only 44% of the teachers stated that they had these skills before starting ICDL training. This indicates that a majority of the participants had Presentation (ppt) and Internet skills before starting ICDL training and with regard to Database, Spreadsheets, Word processing and other computer skills only a minority of the participants had these skills before starting ICDL training.

Outcome of ICDL Training On Teachers’ Use of Software Applications - Only 51% of the ICDL participants stated that ICDL training resulted in their use of new software applications in the classroom while 49% of the participants responded that ICDL training did not result in their use of new software applications in the classroom. At the interview, 55% of teachers mentioned that power point presentation was the element of ICDL training that they would most likely to transfer in to class room because of its applicability. 56% of teachers stated that they applied ICT in their teaching because it was a useful resource that impacts on some areas of the curriculum improving student skills in the use of ICT. On the other hand only 15% of the teachers stated that they applied ICT in their teaching as it has an extensive impact on what students learned and how they learned and 12% of teachers stated that it had little impact on student learning (11.76%). However, only 16% of the teachers stated that applying ICT was not applicable to their role. This indicates that a majority of the participants tended to apply ICT in their teaching because it is was useful resource impacting on some areas of the curriculum improving student skills in the use of ICT.

At the interview 65% of participants mentioned that their expectation was passing the ICDL certification exam and they felt that the short period of time giving to learn ICDL was not sufficient so they mentioned they obtained some skills only to pass the examinations within a short period of time.

In the instance of one teacher whose researcher observed it was evident that the teacher was extremely well prepared from the way he delivered the lesson with confidence and the trouble he had taken to make the lesson attractive but his presentation of diagrams and pictures to support the lesson appeared to draw the attention of the students away from his oral delivery.

When asked at the interview about the change in their confidence in using ICT in the class after ICDL training, almost all the participants reported that they had passed the computer tests and were certificated. They mentioned that they had more confidence at Word, Excel, Power Point and Information Communication. These findings in accordance with the findings of Al Hatmi 2009 ICDL training increase in confidence for use of ICT in the classroom.

As one interviewee put: “I was afraid even to a operate computer, but after following ICDL I am confident to use computer technology and I have taught several sessions using computer technology especially Power Point Presentation in a proper way with confidence”

Another interviewee put: “Of course, I learned a lot from the ICDL training and now I can use technology confidently for teaching purposes. Before the ICDL training I only knew to use the MS word, now I know excel, and power point and many other things and I can plan a lesson properly”
As another teacher put: “Before following ICDL training I couldn’t even type a letter using Microsoft word document, but after the training I am able to use Microsoft word document with confidence to do my all my written documents in computer especially I prepare task sheets and annexures attractively to distribute among students in the teaching process”

As one old teacher put: “As most young gents teachers were using Internet through computer and mobile phones to search several things/matters related to education I hadn’t the confidence to use this internet before ICDL training but after training I too started to use Internet without any fear and I am updating my subject knowledge using internet”

It is interesting to note that a small number of teachers considered they were competent but not confident in using computers to teach. This lack of confidence relates to knowing how to integrate ICT into their teaching and understanding the roles of teachers. As one teacher put it:

“I just pretend that I am confident enough to use computers in front of students, but actually, no, I don’t think I can use computers in a proper way and also sometimes I make mistakes. I am more worried that students think I am wasting time and if this happens a lot, they will think I am not a qualified teacher”

When asked at an interview about their changed attitudes towards the use of technology after ICDL training, almost all participants mentioned that using computer technology enhances the students’ performances and teachers were willing to adopt new technology if they gained support at different levels, for example, technical support, support from school leaders, and encouragement from peers.

As one teacher put it: “I was always positive about computers. I may say that the training helped me much to handle these machines perfectly. So I appreciate the ICDL training course offered by the ministry”

Some interviewees did not appreciate the ICDL training offered by the ministry. They expressed that it was not enough to learn about computers competitively.

**Factors Affect Use of Computer Technology after ICDL Training** - 54% of teachers had stated that their use of ICT in teaching and learning has adversely affected a lot by the insufficient number of computers and also 64% teachers have stated that their use of ICT in teaching and learning has adversely affected a lot by the insufficient number of internet-connected computers. 61% of teachers have stated that the insufficient Internet bandwidth or speed adversely affect a lot of their use of ICT in the teaching learning process. When considering the interactive whiteboards, 71% of the teachers have stated that their use of ICT in teaching and learning has been adversely affected a lot by the insufficient number of interactive whiteboards. On the hand while a very high number of the teachers (79%) stated that the insufficient number of laptops/notebooks affected their teaching and learning a lot and 56% of the teachers had stated that the School computers were out of date and needed repairing. This indicates that a majority of the teachers’ use of ICT in teaching and learning had been adversely affected a lot by the insufficient number of computers, insufficient number of internet-connected computers, insufficient Internet speed, insufficient number of interactive whiteboards, insufficient number of laptops/notebooks and damaged computers. While 76% of teachers had stated that their use of ICT in teaching and learning had not been affected at all by their ICT knowledge. This indicates that it has not affected a lot the ICT skills among a majority of the teachers who had followed ICDL training to use ICT in the teaching learning process. However, the findings show that computer knowledge and skills have not affected them at all in the use of ICT in the teaching learning process among the teachers who had undergone ICDL training.

When the researcher visited ICDL trained teachers in the sample teaching rural school and estate schools there was problem of having access to computers since the computer in these schools were predominantly meant for administrative functions. As such it was oblivious that the computer was not available in the teachers day to day teaching learning activities. In the case of schools where computer learning centers (CLC) attached it was noticed that all the computer assigned to the schools were
concentrated in the CLC premises where it became necessary for students to be shifted to the CLC's whenever lesson involving computer had be taught.

CONCLUSION AND RECOMMENDATION

Finding revealed that a high number of ICDL participants were competent in basic skills related to ICDL software applications while only a minority of the participants competent in advanced skills. However, the findings revealed that those who had prior knowledge in certain area in ICT skills with regard to different software applications were more competent after ICDL training in those skills. Obstacles teachers face when using computer technology in the teaching learning process can be summarized as follows. A majority of teachers’ using of ICT in teaching and learning were adversely affected a lot by the insufficient number of computers, insufficient internet-connected computers, poor Internet speed, insufficient whiteboards and laptops, damaged computers, lack of electricity facilities, difficult to cover the work load in the syllabus, high costs of equipment, preparing students for exams and schools time organizations, and dislike of students to use ICT in teaching process and poor support given by the school authorities. However most of teachers who do not use computers have given first preferences to the difficulties in the covering the syllabus and inadequacy of computer facilities. This indicates a lack of knowledge for planning lessons using new technology; teachers may not have experience to prepare lessons using management of time.

However, the findings show that computer knowledge and skills did not affect at all the use of ICT in the teaching learning process among the teachers who had followed ICDL training. This finding supports previous research of Ismail et al., (2010) that the least important barrier noted by teachers was deficiency of knowledge and skills in technology integration”.

It was recommended the duration for ICDL training needs to be extended. Additional vendor-specific training might be required for all teachers after obtaining ICDL certification. These findings, conclusions and recommendations would be useful to the authorities to improve ICDL training.

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INCLUSIVE GROWTH FOR SUSTAINABLE DEVELOPMENT IN INDIA - THE NEED OF THE HOUR

Dr. Medha Gupte
I/c Principal & Associate Professor of Economics
Bhavan’s H.S. College of Arts & Sci. and Jayaramdas Patel College
of Commerce and Management Studies, Mumbai, India
Email: guptemj@rediffmail.com

ABSTRACT
India is soon being recognized as a Global Power. But the big question is how inclusive is India’s growth? Inclusive growth means making sure that everyone is included in growth, irrespective of their economic class, gender, sex, disability or religion. It takes a long term perspective for development. Sustainable development requires inclusive growth. Sustainable development in turn can be defined as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. Inclusive growth is essential for India on account of low agriculture growth, low rate of growth of employment and low level of human development. Majority of India lives in villages devoid of basic facilities, the country is also characterized by corruption and bureaucratic inertia. She faces a number of challenges such as improvement of delivery of core public sector, maintenance of sustained growth, lack of scientific training among the political leaders, uneven infrastructure and social factors like illiteracy and absence of adequate health facilities. For India to remain ‘shining from all angles’ she has to improve her infrastructure in remote areas, increase agricultural productivity, ensure good governance, improve the quality of education and tackle the problem of parallel economy on a massive scale. This would lead to India making her mark as the fastest growing ‘emerging economy.

Keywords: Inclusive Growth; Sustainable Development; Human Development; Poverty

INTRODUCTION
After over three centuries of abject relative and absolute poverty, India is soon being recognized as a Global Economic Power and the process has accelerated over the last few years. However, the principal challenge is how to make India’s growth more inclusive by reducing entrenched poverty. In this study an attempt has been made to look into the concept of inclusive growth for sustainable development with special reference to India, examine the scene in India with reference to inclusive growth, discuss the need and importance of inclusive growth, mention the challenges faced and try to make recommendations for the future.

OBJECTIVES OF THE STUDY
The present topic under consideration has the following objectives:
1. To examine the concept of inclusive growth and sustainable development;
2. To find the scene in India in terms of certain parameters;
3. To discusses the need for inclusive growth in India;
4. To find the various challenges marring inclusive growth and
5. To identify certain suggestions keeping the future in mind.

**Concept of Inclusive Growth for Sustainable Development**

Inclusive growth is a concept which advances economic opportunities for economic participants during the process of economic growth, with the benefits reaped by all sections of society. Further, inclusive growth implies links between the macroeconomic and microeconomic determinants of the economy and economic growth. Microeconomic dimensions emphasize the structural transformation and dimension, while macroeconomic dimensions refer to changes in economic aggregation such as Gross Domestic Product (GDP) and Gross Net Product (GNP).

Inclusive growth means making sure that everyone is included in growth, irrespective of their economic class, gender, sex, disability or religion. It takes a long term perspective for development. Sustainable economic development requires inclusive growth. The World Commission on Environment and Development in its Report: Our Common Feature has defined sustainable development as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept gained importance when it was realized that the fruits of development are not equitably distributed. The same trend is observed at the international level, where there is concern about inequalities and exclusion.

Inclusive growth indicators are a set of 35 indicators which include:

1. Poverty and Inequality;
2. Economic growth and employment;
3. Key infrastructure endowments;
4. Access to education and health;
5. Access to better infrastructure utilities and services;
6. Gender equality and opportunity;
7. Social safety nets; and
8. Good governance and institutions.

To quote the Ex-Chairman of the Planning Commission Shri Montek Singh Ahluwalia “Inclusive growth is achieving a growth process in which people in different walks of life feel that they too benefit significantly from the process”.

**Inclusive Growth in India**

A ‘Shining India’ which is successfully competing in international arena and is reaping the benefits of globalization, technical change and economies of scale, has been drawing a lot of attention. However, what has almost gone unnoticed is ‘Suffering India’ plagued by two major problems: poverty and overpopulation.

**A Need for Inclusive Growth in India**

Several developing countries, particularly those in Asia, are realizing that the fruits of economic growth are not being equally shared. Inclusive growth is essential for substantial development and equitable distribution of wealth. Let us therefore look into the need for Inclusive Growth.

- **India ranks seventh in terms of total world land area and second in terms of population. She also is the fourth most industrialized nation. Yet she is lagging well behind and needs efforts to see that the fruits of development reach the downtrodden and weaker sections of society.**

- **She faces the problem of low agricultural growth, low employment growth and low human development. Indian agriculture still to a large extent depends on the vagaries of the monsoon. Plough and bullock and traditional methods of farming are widely used even today.**
employment level is low and the graduates churned out year after year do not possess employable skills. Most of the rural areas suffer from want of adequate health care and sanitation facilities. The literacy rate is only 74% and is worse in remote rural and tribal areas. All this calls for development efforts, which would reach out to the masses and solve their problems. An educated labor force provides the right foundation for robust and inclusive growth as well as for poverty eradication. Public spending on education has to increase as there is a positive association between the state’s literacy rate and inclusive growth. Widening access to education can raise the quality of labor force and pave the way for a virtuous cycle of higher potential growth. Educational enrolment rates in India are relatively low across levels and quality varies greatly. The end result is difference in the performance of students from different educational backgrounds. There is a large informal economy and many workers are in vulnerable employment situations.

c. India has a heterogeneous population characterized by rural-urban divide, gender inequality and regional disparities. The fruits of development should be enjoyed by every section of society. Majority of India lives in villages and should not be deprived of improvement. Likewise women constitute an important section of society and rightfully deserve an equal status. In addition special attention needs to be given to the backward states, if India wishes to achieve her objective of inclusive growth for sustainable development.

d. Corruption and bureaucratic inertia mar our system. Child labor though banned in India and law been enacted to that effect, is seen in the informal sector. India needs to take note and implement stringent measures if she has to retain her place as a 'shining economy’ in the true sense of the term.

The Current Position

The concept of Inclusive Growth is an old one, having its roots since the days of the Father of the Nation Mahatma Gandhi. Inclusive growth emphasizes economic growth which is an important condition for poverty reduction. It adopts a long term perspective and is concerned about inequalities and exclusion.

Poverty

The 19th and early 20th century saw increasing poverty in India. It is estimated that the poverty rate exceeded 50% in the 1970s and 1980s but remained under 50% between 1972 and 2000.

According to the Reserve Bank of India Annual Report of 2012 the national average poverty stood at 21.9%. The World Bank which set the poverty line on the basis of Purchasing Power Parity estimated that while, on one hand accounted for 17.5% of total population, but on the other she had 20.6% of world poor.

However, in the midst of all this a pleasing factor is that the World Bank’s Global Monitoring Report for 2014-15 on the Millennium Development Goals says that India has been the single largest contributor to poverty reduction between 2008 and 2011.

Poverty in India can be attributed to two main factors namely overpopulation and reducing agricultural growth. The level of poverty is high in states like Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, Chhattisgarh and Jharkhand and the magnitude is more in rural areas.

Agricultural Growth

In the year 2014 agriculture in India accounted for 17% of GDP and employed 49% of the population. The performance of the Agricultural sector has declined in India on account of the following factors:

1) Increased nonagricultural demand, due to higher GDP growth and urbanization;

2) Inefficient use of available resources;
3) Fall in agricultural growth;
4) Widening differences between well irrigated areas;
5) Affected by volatility of world commodity prices;

Agricultural growth in India is low because of:
   a) Malnutrition
   b) Low literacy rate
   c) High dropout rate in education
   d) Low skills for employment
   e) Expenditure on health care is the single largest cause of rural debt.

GDP in India

After independence there has been a significant improvement in India’s economic and social development. The post reform period reveals that India has done well in some indicators like Balance of Payments, resilience to shocks, and growth of service sector. There has been significant accumulation of foreign exchange reserves, growth of IT sector, improvement in telecommunication and increasing savings and investment rates.

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
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<tr>
<td>1947-77</td>
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<tr>
<td>1980s</td>
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<tr>
<td>1990s</td>
<td>5.8</td>
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<td>2005-10</td>
<td>8.5</td>
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<tr>
<td>2011</td>
<td>7.6</td>
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<td>2013-2015*</td>
<td>7.5</td>
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Note: * Estimated rate by World Bank

Employment

From 1983 to 2011 the average unemployment rate has been 9%. This problem has to be taken seriously as employment is considered as a major driver of the economy.

Challenges Confronting Inclusive Growth in India

Since independence India has been successful on several fronts such as maintenance of electoral democracy, reduction of absolute poverty, improvement in literacy and vastly improved health conditions. However, a number of challenges confront her attempt towards seeking inclusive growth.

One, challenge is the need for improving the delivery of core public sector. With increasing income people demand better delivery of core public services, such as regular water and power supply, infrastructure, education, public health. As physical access to these services improves quality becomes central. This calls for reforms of the public sector agencies providing information to the people, strengthening of the local government etc. Merely initiating reforms is not enough. What is crucial is their effective implementation.

Two, achieving a high growth rate is not a sufficient condition for inclusive growth. What is important is that it has to be sustained over a long period, while taking steps to ensure that the benefits are spread more widely, reaching the lower strata of society.

Three, the current infrastructure in India is a lopsided one. While the country boasts of the best roadways, highways and railway networks in some parts, the bullock carts and other outdated modes
characterize some others. There is a danger that poor infrastructure could put a brake on growth. It is here that development of infrastructure becomes crucial in equalizing growth.

Four, India boasts of being the biggest democracy in the world. However, political leadership lacks scientific knowledge. These are our ambassadors and equipping them with the same is required to enhance the growth process.

Five, corruption and political interference are rampant in India and this mars our path. There are too many lengthy procedures involved. Reforms from this angle will provide equitable distribution of growth benefits.

Finally and most importantly are the social factors like illiteracy, poor health and sanitation conditions, subjugation of women and consequent overpopulation, child labor and infant mortality. It is very essential to begin at the grass root level to ensure inclusive growth for sustainable development in India.

**Future of Inclusive Growth in India**

India has the making of being a leading economy in the near future while simultaneously possessing that opportunity to make that growth inclusive. This requires purposive planning on one hand and hard work from different strata of society on the other. One can mention the following steps which can foster inclusive growth.

1. Improvement in agricultural productivity. The point to be remembered is that in spite of massive industrialization, agriculture forms the backbone of our economy, as almost 50% of the population is employed in that sector. Improved agricultural productivity and use of better techniques of production will improve the family income for this vast majority. One can cite the example of Punjab and Haryana, the two richest states in India who are agricultural in nature.

2. Better infrastructure in the countryside. This would imply better rural connectivity, regular water and power supply, extension of financial services and greater investment in irrigation. This could help tackle rural poverty in a better way and pave the way for prosperity.

3. Better governance in the country. India is a mixed economy and the government still plays a major role in key sectors like power, water, transportation, and health services. These fields need to be given more attention if we want to ensure human development with economic growth. The need arises for Public Private Partnership. The latter can be given more social responsibility so as to contribute towards making growth more inclusive. In fact most private enterprises are emphasizing Corporate Social Responsibility.

4. The success of the telecommunication field has to be reproduced in other areas. India unfortunately has a massive parallel economy (black money) which has to be tackled on an urgent basis, and funds have to be diverted to the social sectors.

5. Need for improving the quality of higher education. Indian system of higher education ranks third in the world in terms of enrolment. While the system has made rapid strides in terms of quantity the same is not true of quality imparted. Several factors mar our system such as paucity of funds, high dropout rates, poor infrastructure, dichotomy in the quality of institutions etc. The problem is grave in the rural sector. As mentioned earlier, human development, is one crucial ingredient which can pave the way for inclusive growth.

**CONCLUSION**

Robust economic growth is essential for strong growth of government revenue which would help ensure adequate fiscal space for development spending particularly in the social sector.
As per the Inclusive Growth and Development Report published by the Geneva based World Economic Forum India’s ranking is 71 out of 144 countries, with her ranking low in terms of basic parameters for inclusive growth and development.

The economy has taken off in the Post Reform period. But as is apparent she has a long way to go. However, one can be optimistic and say that, the right policy mix and initiatives will lead to prosperity and inclusive growth. This would make India the fastest growing emerging economy in the true sense of the term.

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THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM (PAS) ON EMPLOYEE SATISFACTION WITH SPECIAL REFERENCE TO INDIAN CEMENT INDUSTRY

Shankar Kumar Jha
Research Scholar, MGCGV, Chitrakoot, India
Email: jha09@gmail.com

Dr. A. K. Pandey
Associate Professor, MGCGV, Chitrakoot, India
Email: anjaneypandey_mgcgv@rediffmail.com

ABSTRACT
The success of any organization will depend in the ability to measure accurately the performance of their human resources (employees) and use it persuasively to optimize them as human resources. Because the strength of any organization is its human resources and human resources are the greatest and remarkable assets of any organizations. The cement industry is undergoing huge changes in the past few years. Rapidly changing circumstances in the present business global scenario demands more powerful and strengthen strategic HR tools. So, it is important to have a proper and transparent performance appraisal system (PAS), in any organization which should aim at helping employees to understand: What is expected of them: know how they are performing; providing help/guidance where required and link rewards with performance. PAS is a vital HR activity that is of critical importance to an organization. If proper attention is given to the employees through recognition of their talents, development of their capabilities and effective utilization of their potential can received as fruitful results to an organization and can make them more dynamic and fast. The PAS is a vital tool to measure the performance standard set by any organization to its employee. The appropriateness and fairness of this system need to be judged in relation to its use for placement, promotion and transfer, career growth and development. This system has to be reviewed regularly and revised system be implemented PAS is the backbone of the HR policies and practices (HRM) in any organization. PAS have the capability to determine the employee satisfaction to motivation level and could be a powerful vehicle to transformed employee’s potential into performance. The effectiveness of PAS is thus strongly related to the effectiveness of an organization. Hence, PAS is nothing but a process of systematically evaluating performance and providing feedback upon which objectives/performance adjustments can be made, where employees get informed well in advance about the factors/criteria on which performance will be evaluated; where there is minimum chances of bias by the supervisor/superior. Fairness and clarity of PAS should be essential which results in satisfaction, improvement in performance, motivation and positive perception towards performance bonuses. In the present study an attempt has been made to study the effects of PAS on employee satisfaction in two working units of Maihar cement industry covering almost all the departments at Satna district. A sample of 150 employees working in two units of Maihar cement at Satna district was carried out by the researcher for the study. For the purpose of this study multi-stage probability sampling was adopted. The data was collected through close ended questionnaire of using five point scales. The results show that there is a positive relationship between the independent and dependent variables. And the employees are satisfied with the PAS prevailing in the industry.
**Keywords:** Cement Industry; Employee Satisfaction HRM; HR Policies And Practices; Performance Appraisal System (PAS)

**INTRODUCTION**

The cement sector notably plays a critical role in the economic growth and is a vital part of its economy, providing employment to more than million people directly or indirectly of the country and its journey towards conclusive growth. The cement industry is the backbone of Indian infrastructural projects. The cement industry of India is the second largest producer in the world and the construction sector alone constitutes 7 percent of the country’s GDP.

There is always large possibility of expansion of cement industries. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost the cement sector. So, the human resources would be the corner stone for the sustainable growth of the companies through satisfying employees goals and objectives. Therefore, PAS is a vital HRM mechanism which should be designed and utilized effectively for the all round development and growth of employees in the organizations; also to evaluate whether employees at various levels to perform their assigned jobs as per norms/criteria. PAS should be carried out with a view to increasing the consistency, fairness and accuracy of employee appraisal. The information generated from the PAS not only help the management but also for the employees what the management has to be implemented certain administrative and development decisions regarding selection, placement, promotion, rewards, training and termination. The PAS also provides management with information that helps in identifying employees potentials giving suitable direction to administrative decisions.

PAS reflects an employee’s actual job performance levels, but in order to get a true picture, the rating must be accurate. Accuracy is the primary goal of any appraisal system. Employment decisions that are based on inaccurate ratings are not valid and would be difficult to justifying if legally challenged. Moreover, employees tend to lose their trust in the system when rating do not accurately reflect their performance levels, and this cause morale and turnover problems, it also obstructs on their opportunity for advancement.

Performance appraisal improves/or enhances employee’s productivity and efficiency as well as motivation and performance. Performance appraisal can be used as an aid in making decision pertaining to promotion, demotion, retention, transfer and pay. It is also employed as a developmental guide for training needs assessment and employee feedback. Employee commitment and productivity can be improved with performance appraisal system (Brown & Benson, 2003).

Performance appraisal is the strength of performance management which in turn affects the organizational performance. It helps to identify and overcome the problems faced by the employees on his/her work (Mackey and Johson, 2003). Ingraham & Jacobson (2001) reported that more that 90 percent of bigger organizations use PAS and more than 75 percent are scheduled annually.

Employee satisfaction is considered a key to organizational success. Khan (2007) defines employee satisfaction with job as how well ones personal expectations at work are in line with outcomes. Malik, Bibi and Rahim (2010) state that people enjoy working and strive to work in those organizations that provide positive work environment where they feel they are making difference and where most people in the organization are proficient and pulling together to move the organization forward. The organizations in this regard are struggling hard to keep their valued employee satisfied.

Malik, Saleem & Ahmad (2007) explained employee satisfaction with work as the degree to which an employee likes his or her job. In simple words, it can be said as the likening ness to the job that motivates the employees to be present at their work places and carry out tasks to accomplish goals. Whereas employee performance appraisal system can be understood as alternate words used for this concept may be employee appraisal, performance review, career development discussion etc. PAS is a combination of all the factors like proposed strategies involving performance appraisal, reward and recognition system are suggested and analyzed in order to improve performance (Marchant, 1999)
Anthony, Perrewe and Kacmar (1996, pp.374-5) state that a PAS must be well defined, corporately supported and monitored. It must also be widely communicated and focused towards achieving corporate objectives. A PAS must be integrated as a part of a performance management system aligned toward achieving corporate goals (Schneier, Shaw & Beattie, 1991, p.298, Marchant, 1999).

Coens and Jenkins (2000) suggest that performance appraisal is a mandated process in which, for a specified period of time, all or a group of an employees work behaviors or traits are individually rated judged or described by a rater and the results are kept by the organization. Hence, performance appraisal represents a formalized process of employee monitoring and is intended be a management tool to improve the performance and productivity of employees (Brown & Heywood, 2005). The study examines the clarity and fairness of PAS in the prevailing cement industry and its effect on employee satisfaction.

### Concept of Performance Appraisal System

What does the term performance actually mean? Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved. The greater output for a given input, the greater the efficiency. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced or percent of crimes solved etc. and hard data on efficiency (average cost per unit or ratio of sales volume to number of calls made etc).

In addition to productivity as measured in terms of effectiveness and efficiency, performance also includes personal data such as measures of accidents, turnover, absences, and tardiness. That is a good employee is one who not only performs well in terms of productivity but also minimizes problems for the organization by being to work on time, by not missing days, and by minimizing the number of work-related accidents. (Ignou, MS-2, PP. 17-18)

### What Is Appraisal?

Appraisal is judgement of the characteristics, traits and performance of others. On the basis of these judgments we assess the worth on value of others and identify what is good or bad. In industry, performance appraisal is a systematic evaluation of employees by supervisors. Employees also wish to know their position in the organization. Appraisals are essential for making many administrative decisions; selection, training, promotion, teamster, wage and salary administration etc. Besides they aid in personal research (Ignou, MS-2, pp 17-18).

Thus, performance appraisal system (PAS) is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. PAS helps to identify those who are performing there assigned tasks well and those who are not and the reasons for such performance.

### Terminology / Nomenclature Used

Employee appraisal techniques are said to have been used for the first time during the first world war, when, at the instance of Walter Dill Scott, the U.S. Army adopted the “Man-to-man” rating system for evaluating military personnel. During the 1920-30 period, relational wage structures for hourly paid workers were adopted in industrial units. Under this system, the policy of giving grade wage increments on the basis of merit was accepted. These early employee plans were called merit rating programmes, which continued to be so called up to the mid-fifties. The later phrase, personnel appraisal places emphasis on the development of the individual as and widely used to evaluate technical, professional and managerial personnel.

Performance appraisal or rating goes by various names such as performance evaluation, progress rating, merit rating, behavioural assessment, employee evaluation, personnel review, employee appraisal progress report, stuff assessment, service rating and fitness report.
REVIEW OF LITERATURE

Numerous researches have been done on performance evaluation and the researchers found different results from those researches. The main purpose is to provide a brief survey of the available literature related to the issues under study.

According to Mackey and Johnson (2003), where the performance appraisal improve, the work performance and employee satisfaction, it can also de-motive employees and leaves a bad impression on the good employees. Most of the employees do not approve of continuous performance appraisal and also consider it as a burden some activity (Anderson, 2002).

For achieving high performance goal of organization, performance appraisal is very important component of human resource management. The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human resource though correct and proper rewarding of their performance (Lillan mathook & sitati, 2011). Employees are likely to feel more satisfied with their performance appraisal results if they have the opportunity to talk, freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals (Scott & Einstein, 2001).

According to Armstrong & Baron (2005), when employees work together effectively and communicate appropriately, the results are continuous and sustainable improvement. The advantages of employee satisfaction that organizations can enjoy has been illustrated by the researchers such as Malik, Zaheir, khan & Ahmad (2010); Malik Ahmad, Saif and Safwan (2010), Al-Hussami (2008); Bhatti and Qureshi (2007). The researcher have examined the relationship of employee / job satisfaction with various variables and found that job satisfaction of an employee is related to many of the variable showing the advantages. In a study, while examining a relationship of different variables the authors founds that there is a negative relationship between employee job satisfaction and their turnover (Malik, zaheer, khan & Ahmad, 2010). The researchers while examining the relationship of organizational commitment, job satisfaction and productivity in a sample of 450 employees found that employee job satisfaction is a positive predictor of employee productivity (Malik, Ahmad, Saif & Safwan, 2010) Bhatti & Qureshi (2007) found out that there is a positive relationship of job satisfaction with employee participation, and employee productivity.

Campbell (1990) defined performance as a behaviour which consists of directly observable actions of a worker, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of set goals. Bailey (1982) cited in Rothwell and Kazanas (2003) gave a classic definition of performance as the result of a pattern of actions carried out to satisfy an objective according to some standard. Pattanayak (2005), the performance of an employee is his resultant behaviour on a task which can be observed and evaluated. It refers to the contribution made by a individual in the accomplishment of organizational objectives. Performance is a multidimensional construct (Bates and Holton, 1995) and this leads to the conclusion that when evaluating and rewarding performance of individuals and teams, a number of factors have to be considered including both inputs (behaviour) and outputs (results) (Armstrong, 2012).

Significance and Purpose

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and merit increases. Accurate information plays a vital role in the organization as a whole. They help pinpoint weak areas in the primary system. It is easier for managers to see which employees need training or counseling because jobs are grouped by categories (Burack, Elmer, H., & Robert D. Smith, p.342).

Formal performance appraisal plans are designed to meet three needs, one of the organization and the other two of the individual, namely:
- Provide systematic judgment to back up salary increases, demotions and terminations.
- Means of telling a subordinate how he is doing and suggesting needed changes in his behaviour, attitude and skills or the job knowledge.
- Used as a base for coaching and counseling the individual by the superior (Mc Gregor, pp. 89-94).

“Performance appraisal determines who shall receive merit increases, counsels employees on their improvement; determines training needs; determines promotability; identifies those who should be transferred. Moreover, it improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook; capacity and potential (Roland Benjamin).”

Performance appraisal (PA), serves many purposes for the worker (or employees), the manager, and the organization (Cleveland et al. 1998). For the worker PA serves as a means of reinforcement and career advancement through praises, pay raises, promotion and increased responsibility. For the manager, PA serves as a basis for making personnel decisions such as promotions, transfers, firing etc. It also serves as a means of assessing workers goal attainments and opportunity to provide feedback and interact with subordinates. For the organization, PA facilitates assessment of the productivity of individual workers and work units. If also serve as a means of validating personnel selection and placement method, means for recognizing and motivating workers, source of evaluating the effectiveness of organizational intervention such as training programmes, system changes etc (Riggio, 2003).

Evaluation Process

Stolz observes that “the process of performance appraisal follows a set pattern, viz., a man’s performance is periodically appraised by his superiors, Questions are raised – Is his potential the greatest as a manager or as a staff specialist? What are his strengths and weakness? When can he make his great contribution? What might be done to advance his development?"

Today, globalization is bringing unprecedented changes in the Indian business scenario. Growing competition and HR policies of the company is exposing Indian business to the globally competitive. In the emerging situation, today many organizations are striving hard to modernize themselves. One of the most important hallmarks of a modern organization is to have a perfect performance appraisal system to meet the ever growing challenges.

Definitions

It is defined as “a process of evaluating an employee’s performance of a job in terms of its requirements.”

“PA is a systematic periodic and so far as humanly possible an impartial rating of an employee’s excellence pertaining to his present job and his potentialities for better job (Edwin flippo p. 269).”

“PA includes all formal procedures used to evaluate personalities and contributions and potentials of group members in working organizations (Daleyoder).”

Performance appraisal should become a strong basis for better relationship between employees and his boss, if it is to be used as instrument for employee development and it should become more objective if it is to provide an important input for salary administration and promotion.

OBJECTIVES OF THE STUDY

This research study aimed to assess the performance appraisal system and its effect on the employee’s satisfaction of Maihar cement industry. Specifically, the study attempted to determine the following:

1. To assessing the existing performance appraisal system in the organization.
2. To investigate the relationship between performance appraisal system and employees satisfaction.

3. To analyze the effect of performance appraisal system on employee satisfaction.

4. To find out the gaps in the implementation of the performance appraisal system of the organization.

5. To suggest measures to improve the appraisal system of the organization.

Hypothesis

To know the extent of accuracy and perfection of the performance appraisal to satisfaction of the employees in the organization. Based on literature review all variables included dependent and independent variables are identify. Based on these variables hypothesis of the study was developed.

H₀: Performance appraisal of employees is not positively related to higher employee satisfaction.

H₁: performance appraisal of employee’s is positively related higher to employee satisfaction.

RESEARCH METHODOLOGY

This study covers both primary and secondary data. In this connection 150 employees from the two working units of Maihar cement industry were selected covering almost all the departments out of 300 employees. Primary data was collected by distributing structured questionnaire consists of closed ended questions using five point scale rating from 5 (Strong satisfied) to 1 (strongly dissatisfies). The secondary data have been collected through published sources such as text books, periodicals articles, journals, unpublished thesis, websites and thesis pertaining to the relevant matter of the subject under study has been surveyed.

Research Design

Population: The research was conducted in the geographic regions of Satna district and the researcher was conducted among cement industry at Maihar in Satna district of Madhya Pradesh.

Sampling Technique

The sample of 150 employees (non-managerial) who are below the management levels of the two working units (i.e. unit 1 & unit 2) of Maihar cement industry covering almost all the different departments in Satna district. Multi stage sampling productivity method was used.

Research Instrument and Data Collection Methods

The structured questionnaire has been designed and administrated to the respondents for collecting primary data by interview method and questionnaire method. The primary data has been directly obtained from the respondents and the secondary data indirectly from various sources. The data was collected by the opinion survey method.

Analysis Tools

The statistical tools were used in the study for the purpose of analysis was simple percentage, ANOVA analysis, correlation and multiple regressions.

DATA ANALYSIS AND RESULTS

Analysis and interpretation of data was based on the results of the survey questionnaire. Questionnaire filled up by the respondents were collected and the results were analyzed based on the five point scale, rating priorities from five to one. After the data collection, the data was tabulated and entered into SPSS software and then edited, coded and verified for validity. The reliability and validity was used. It was observed that the Cronbach Alpha value for performance appraisal system (PAS) was 0.805 and for employee satisfaction (ES) was 0.860 As all variables (independent and dependent) have Cronbach Alpha more than 0.800. Therefore, internal consistency of items to the concept is good and reliable for
the study. The results of reliability analysis shown in table 1 revealed that there is a positive relationship between the independent and dependent variables.

**Table 1. Results of Reliability Analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Nature of variable</th>
<th>No of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance appraisal system (PAS)</td>
<td>Independent variables</td>
<td>5</td>
<td>0.805</td>
</tr>
<tr>
<td>Employee satisfaction (ES)</td>
<td>Dependent variables</td>
<td>8</td>
<td>0.860</td>
</tr>
</tbody>
</table>

The result of the study was analyzed on the basis of descriptive statistics correlations and multiple regression analysis. The purpose of applying descriptive statistics is to find frequency of the data, maximum and minimum range of data.

Regression analysis is a statistic technique used to investigate the relationship between a dependent variable one or more independent variables. It is used to check the strength of relationship among variables. In regression analysis, t-test is used to find the level of significance and R squared test is used. R square test tells that how much dependent is affected by the independent variable. At the last, the present study employed the t-test to check the overall relationship of the independent variable with dependent variable.

The Pearson’s correlation helps in ascertaining the relationship of the variables and results shown in table 2 confirms that there is a positive relationship between performance appraisal system and their effect on employee satisfaction.

**Table 2. Results of Pearson correlations for dimensions of performance appraisal system (PAS) and Employee satisfaction (ES)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Independent variables (dimensions of performance appraisal system)</th>
<th>Dependent variable (Employee satisfaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fair performance appraisal system</td>
<td>0.536**</td>
</tr>
<tr>
<td>2.</td>
<td>Written &amp; formal performance appraisal system</td>
<td>0.348**</td>
</tr>
<tr>
<td>3.</td>
<td>Understanding of how my performance is evaluated</td>
<td>0.449**</td>
</tr>
<tr>
<td>4.</td>
<td>Receive feedback of performance appraisal results</td>
<td>0.237**</td>
</tr>
<tr>
<td>5.</td>
<td>PA is done by the supervisor</td>
<td>0.468**</td>
</tr>
</tbody>
</table>

Note: significant at the 0.01 level (2-tailed)

Table 2 demonstrates the correlation coefficients for dependent variable i.e. employee satisfaction and independent variables i.e., dimensions of performance appraisal system. Pearson correlation coefficients illustrates that there is a strong positive relationship between all the independent variables and employee satisfaction at 1% significance level.

In connection with hypothesis H1, regression analysis was conducted with employee satisfaction as the dependent variable and five dimensions of performance appraisal system as the independent variables. The adjusted R-square is 0.588 and the F-value is 26.945 that is significant at P=0.000, that reveals 58.8% of total variance in employee satisfaction is explained by five dimensions of performance appraisal system jointly (see table 3).

Regression results show that Fair performance appraisal system (t=5.768; P=0.000), receive feedback of performance appraisal results (t=3.662; p=0.000) and PA is done by the supervisor (t=4.216; p=0.016) emerged as the significant variables in explaining the variance in employee satisfaction (see table 3). Fair performance appraisal system had the strongest effect on employee satisfaction with a standardized beta of 0.776 Results of regression analysis support the hypothesis H1 that is performance appraisal of employees is positively related to higher employee satisfaction. Thus, null hypothesis H0 is rejected and its alternative hypothesis H1 is supported and accepted by the data from
maihar cement industry at satna district. Table 3 shows the results regression analysis. Table 4 shows the correlation between the variables.

**Table 3. Results of regression analysis**

<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>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.678a</td>
<td>0.592</td>
<td>0.588</td>
<td>0.08768</td>
</tr>
</tbody>
</table>

**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>Regression</td>
<td>0.137</td>
<td>5</td>
<td>0.086</td>
<td>26.945</td>
<td>0.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>0.261</td>
<td>144</td>
<td>0.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.398</td>
<td>149</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** b. Dependent variable: Transformed ES

**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>(Constant)</td>
<td>2.572</td>
<td>0.048</td>
<td>84.885</td>
<td>0.000</td>
</tr>
<tr>
<td>PAS – Fair performance appraisal System</td>
<td>0.069</td>
<td>0.007</td>
<td>0.776</td>
<td>5.768</td>
</tr>
<tr>
<td>PAS-Written &amp; formal performance appraisal</td>
<td>-0.047</td>
<td>0.002</td>
<td>0.227</td>
<td>2.462</td>
</tr>
<tr>
<td>PAS-Understanding of how my performance is evaluated</td>
<td>0.013</td>
<td>0.004</td>
<td>-0.197</td>
<td>2.668</td>
</tr>
<tr>
<td>PAS-Receive feedback of performance appraisal results</td>
<td>0.017</td>
<td>0.006</td>
<td>0.376</td>
<td>3.662</td>
</tr>
<tr>
<td>PAS-PA is done by the supervisor</td>
<td>0.011</td>
<td>0.0096</td>
<td>0.264</td>
<td>4.216</td>
</tr>
</tbody>
</table>

**Note:** a Dependent variable : Transformed ES

**Table 4. Correlation between the variables**

<table>
<thead>
<tr>
<th>PAS-fair performance appraisal System</th>
<th>PAS-fair performance appraisal System</th>
<th>PAS-written &amp; formal performance appraisal</th>
<th>PAS-understanding of how my performance is evaluated</th>
<th>PAS-receive feedback of performance appraisal results</th>
<th>PAS-PA is done by the supervisor</th>
<th>Transformed ES</th>
</tr>
</thead>
<tbody>
<tr>
<td>pearson correlation sig. (2-tailed) N</td>
<td>1.000</td>
<td>0.428**</td>
<td>0.592**</td>
<td>0.372**</td>
<td>0.187**</td>
<td>0.571**</td>
</tr>
</tbody>
</table>

**Note:** N = 150
Table 4. Correlation between the variables (Contd….)

<table>
<thead>
<tr>
<th></th>
<th>PAS-fair performance appraisal</th>
<th>PAS-written &amp; formal performance appraisal</th>
<th>PAS-understanding of how my performance is evaluated</th>
<th>PAS-receive feedback of performance appraisal results</th>
<th>PAS-PA is done by the supervisor</th>
<th>Transformed ES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAS-written &amp; formal performance appraisal</td>
<td>pearson correlation sig. (2-tailed) N</td>
<td>0.472**</td>
<td>1.000</td>
<td>0.368**</td>
<td>0.481**</td>
<td>0.377**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
</tr>
<tr>
<td>PAS-understanding of how my performance is evaluated</td>
<td>pearson correlation sig. (2-tailed) N</td>
<td>0.665**</td>
<td>0.486**</td>
<td>1.000</td>
<td>0.497**</td>
<td>0.648**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
</tr>
<tr>
<td>PAS-receive feedback of performance appraisal results</td>
<td>pearson correlation sig. (2-tailed) N</td>
<td>0.715**</td>
<td>0.567**</td>
<td>0.487**</td>
<td>1.000**</td>
<td>0.656**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
</tr>
<tr>
<td>PAS-PA is done by the supervisor</td>
<td>pearson correlation sig. (2-tailed) N</td>
<td>0.557**</td>
<td>0.362**</td>
<td>0.645**</td>
<td>0.456**</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformed ES</td>
<td>pearson correlation sig. (2-tailed) N</td>
<td>0.562**</td>
<td>0.358**</td>
<td>0.278**</td>
<td>0.484**</td>
<td>0.489**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
<td>150</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: ** Correlation is significant at the 0.01 level (2-tailed)

FINDINGS AND CONCLUSION

This study found that the results of regression analysis confirm that there exists a positive and significant relationship among dependent and independent variable. The value of adjusted R-square is 0.588 represents that independent variable is responsible for 58.8% change in the dependent variable. The value of F statistic 26.945 confirms the model fitness for the said relationship. Fair performance appraisal had the strongest effect on employee satisfaction with a standardized beta of 0.776. This result supports the previous research findings such as Lillan, Mathooko & sitati, (2011); scott & Einstein, (2001); Mackey & Johnson (2003) Khan (2007); and Boice & Klenier (1997) and differ with the research study of Bricker (1992) which stated that the employees were dissatisfied with the performance appraisal system adopted by their organizations. Many researchers confirmed that the motivated/satisfied employees are the key to better individual or organizational performance (Schneider Hanges, Smith & Salvaggio, 2003; ostroff; 1992; schneider et al., 2003).
SUGGESTIONS

- Development appraisal should be linked with promotion as well as career planning, counseling coaching and motivational enhancements of the employees.
- 360 degree appraisal method should be adopted so that both superior and the subordinate take interest in the appraisal process.
- The employees must be informed well in advance before the employees starts performing about the performance expected out of their jobs and about the factors/criteria on which their performance will be evaluated so that he/she can know/understand how he/she is supposed to perform in his/her job.
- For the purpose of development of the employees, appraisal should be done more frequently than annually, followed by feedback on their performance on job, so that corrective measures can be taken. The appraisal and feedback must be followed by training and counseling, if needed.
- The employees who have excellent performance should be used as mentor for other employees who would motivate others to perform better.
- The appraisal system should cover all the level of employees in the organization with fairness and clarity.
- The awareness sessions for the employees should be made more interactive and the views and opinion of the employees regarding appraisal should be given due consideration.

LIMITATION AND FUTURE RESEARCH OF THE STUDY

- The study is only limited to the Maihar cement industry at Satna district because it collects data only for employees of two working units of the Maihar cement industry. So, the results of this study may not be valid for other cement industry in Satna district.
- The study is based upon the data provided by the respondents only so, the results of the research although valid the employee considered for the study and for the type of an organization, the result may not be fully valid for the country overall.

The outcome of the study may help the organization to differentiate the satisfying from dissatisfying one’s and to take effective and efficient steps to implementing performance appraisal system to increase the employee satisfaction/motivation, morale and productivity. Although performance, appraisal system should be developed and maintained with transparency for all the level of employees. Therefore it is suggested for further research and improvement for all the private and public sectors organization to clarify that these organizations operating in Satna district are following the fair and clear (i.e. transparent) system, of PAS.

REFERENCES


ABSTRACT

Season, Occasion and Day are broadly one and same thing as these all entities are synonyms of Time but technically and in the field of Economics and Tourism these entities are totally different terms. Each of the term has a specific importance and carries a different meaning. Visit of a tourist and pilgrim impacted a lot by particular season, occasion and a day to a particular destination in a particular point of time. Thus this study has been purposely taken up for understanding tourists/pilgrims travel behaviour and visiting preference with respect to these entities and also to know the donation patterns of pilgrims to Shahdra Shrief Shrine, Rajouri (J&K), India.

Keywords: Travel; Preferred; Season; Occasion

INTRODUCTION

Over the past six decades, tourism experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged apart from the traditional favourites of Europe and North America. Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth – from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and 1,035 million in 2012. International tourist arrivals worldwide would increase by 3.3% from 2010 to 2030 to reach 1.8 billion by 2030. The market share of emerging economies increased from 30% in 1980 to 47% in 2012, and is expected to reach 57% by 2030, equivalent to over one billion international tourist arrivals.

The travel and tourism sector holds strategic importance in the Indian economy providing several socio economic benefits. Provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc. are some of the important economic benefits provided by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy. According to the World Economic Forum’s Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia pacific region and 65th globally out of 140 economies ranked on travel and tourism Competitiveness Index. India has been witnessing steady growth in its travel and tourism sector over the past few years. Total tourist visits have increased at a rate of 16.3 per cent per annum from 577 million tourists in 2008 to 1057 million tourists in 2012. With the international tourist arrivals in India (pegged at 7.5 million in 2013) expected to witness an annual growth rate of 6.2 per cent over the next decade, visitor exports (expenditure generated by foreign tourists) are expected to amount to INR 2958 billion by 2023.

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growing at 9.6 per cent per annum. This growth can mainly be attributed to the rising income levels and changing lifestyles, diverse tourism offerings and policy and infrastructural support by the government such as simplification of visa procedures and tax holidays for hotels.

**OBJECTIVES**

1. To understand the tourists/pilgrims travel behaviour and visiting preference with respect to occasion, season and day.
2. To know the donation patterns of pilgrims to Shahdra Shrief Shrine, Rajouri (J&K).

**HYPOTHESIS**

There is no association between visit of pilgrims/tourist to Shahdra with respect to occasion, season and day of visit.

**METHODOLOGY**

Research methodology is based upon sound research design in which 734 sample size have been finalized and accordingly data has been tabulated using excel. Similarly same data has been analysed in SPSS by applying very basic statistical tool as per need and requirement of the study.

**REVIEW OF LITERATURE**

Following are the studies which were conducted by different authors across the world.

Mbaze-Eboc and Esu (2009) in their study in Sydney and Canberra found that there are issues within the cities pertaining to movement of tourists. This spatial issue within cities which restricts tourist mobility has a negative impact on economic benefits. Thus it can be concluded to prosper tourist destination need to be free of aggravations and disturbances.

Vukonic (2002) throws light on the fact that pilgrimage has highest degree of potential to generate economic benefits, as most of the countries in this regard have taken a back seat. In fact pilgrimage need to be given boost as there is no difference between pilgrimage tourism and conventional tourism as both generate revenue for the state.

Wearing (2001) explains that within a period of time the concept of tourism has changed altogether. This change in terms of expansion of tourism is because of contributions made by the advancement of communication tools, mobility and transportation facilities, hospitality industry etc. Researches in the field suggest tourism has an interdisciplinary in approach, it has a direct relationship with economic growth, has an impact on society, impact on culture and impact on the environment. It can be concluded that shaping of the impacts so that outcome is positive. As per Liu (2006), tourism has a role to play in strengthening of the rural economy. It is seen tourism has all potential to add value to rural economy by development of marketable channel for the domestic produce adjoining tourist/pilgrim destination.

**Analysis of Preferred Season for Visit to Shrine (Shahdra)**- Summer season is considered to be the most pleasant season for the all types of the tourism activities. This proves true in this case also, as large number of pilgrims i.e. 66% as shown in the below table 1 prefer to visit in the month of April, May June and July. Beside them there were 12% pilgrims who responded that they are not restricted to any season for the sacred travel. Remaining 11% and 10% pilgrims responded that they prefer the month of August, September, October and November, and the month of December, January, February and March for the visit to the Shrine. So there is a need for additional arrangement in Shrine to cope with pilgrim's arrival during summer season.
Preferred Season: It is evident from the above table 1 that almost half of the pilgrims are not restricted to any specific season for visit to Shahdra. Contrary, 35% pilgrims responded that they prefer visit to Shahdra during festival/Anniversary of the Baba (RA), 12% prefer visit during Ramdan and 2% prefer to visit Shahdra during Hajj.

Preferred Occasion for the Visit to Shahdra: It is evident from the above table 2 that almost half of the pilgrims are not restricted to any specific occasion for visit to Shahdra. Contrary, 35% pilgrims responded that they prefer visit to Shahdra during festival/Anniversary of the Baba (RA), 12% prefer visit during Ramdan and 2% prefer to visit Shahdra during Hajj.

Preferred Day for the Visit to Shahdra: Result of the table 3 shows that 39% pilgrims prefer “Thursday” to visit to Shrine, 29% pilgrims responded that they are not restricted to any day; they visits to Shrine as and when they get time. Moreover, as 23% pilgrims responded that they prefer Sunday, remaining 8% like to visit on Saturday. On an average it is found that maximum pilgrims prefer 'Thursday'.

Donation at Shrine: Donations is the most confidential thing of each and every pilgrim, it is very difficult to get this information. Still an attempt has been made to obtain information from pilgrims about their offering and amount of donation at Shrine.
Table 5. Amount of Donation

<table>
<thead>
<tr>
<th>Amount of Donation</th>
<th>Pilgrims</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nothing</td>
<td>111</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Rs. 100-500</td>
<td>502</td>
<td>68.4</td>
<td>68.4</td>
<td>83.5</td>
</tr>
<tr>
<td>Rs. 501-1000</td>
<td>66</td>
<td>9.0</td>
<td>9.0</td>
<td>92.5</td>
</tr>
<tr>
<td>Rs. 1001-1500</td>
<td>17</td>
<td>2.3</td>
<td>2.3</td>
<td>94.8</td>
</tr>
<tr>
<td>Rs. 1501-2000</td>
<td>14</td>
<td>1.9</td>
<td>1.9</td>
<td>96.7</td>
</tr>
<tr>
<td>Rs. 2001-5000</td>
<td>19</td>
<td>2.6</td>
<td>2.6</td>
<td>99.3</td>
</tr>
<tr>
<td>More than Rs. 5000</td>
<td>5</td>
<td>.7</td>
<td>.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>734</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Expenditure of Respondent on Parshad /Tabrook

<table>
<thead>
<tr>
<th>Expenditure on Parshad / Tabrook</th>
<th>Pilgrims</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nothing</td>
<td>272</td>
<td>37.1</td>
<td>37.1</td>
<td>37.1</td>
</tr>
<tr>
<td>Rs. 100-200</td>
<td>223</td>
<td>30.4</td>
<td>30.4</td>
<td>67.4</td>
</tr>
<tr>
<td>Rs. 201-300</td>
<td>47</td>
<td>6.4</td>
<td>6.4</td>
<td>73.8</td>
</tr>
<tr>
<td>Rs. 301-500</td>
<td>71</td>
<td>9.7</td>
<td>9.7</td>
<td>83.5</td>
</tr>
<tr>
<td>More than Rs. 500</td>
<td>121</td>
<td>16.5</td>
<td>16.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>734</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Type of Donation** - It is evident from the table 4 that about 73% of the pilgrims donated money to the shrine, other 5% donated Chaders. Other i.e. 3.4% and 2.9% pilgrims donated Goats and hens at the Shrine. This Pahari Shrine was earlier famous for this characteristics of devotees who usually visit to this Shrine and donates Ghee/Murga, Sheep, Goats and other live stocks. Now, trend of donation has been changed as maximum pilgrims offer money rather than donation in the form of livestock etc. It has also been shown in the below mentioned phi chart.

**Figure 1. Type of Donation**

**Total Amount of Donation** - Distribution Table 5 shows that there were 68% pilgrims who donated Rs. 100 to 500. An amount between Rs. 501 to 1000 and Rs. 1001 to 1500 donated by group of 9% and 2 % pilgrims. There were 2%, 3% and 0.7%, who donated an amount of Rs. 1501 to 2000, Rs. 2001 to 5000 and more than Rs. 5000 respectively at Shrine.

**Expenditure on Purchasing Of Parsad** - Pilgrims visiting to the Shrine purchase items like Agarbatties, Sweets, and oil etc for worship. They usually spend a proportion of their money on these things as shown in table 1.6 that 30% pilgrims spend Rs. 100 to 200 on these items. Besides them 7%,
10% and 16% spend an amount Rs. 201 to 300, Rs. 301 to 500 and more than Rs. 500 on purchasing of these things.

CONCLUSION

It has been concluded that April to July is the preferred season, Annual anniversary (Uras) is the preferred occasion and Thursday is the preferred day of pilgrims to visit Shahdra Shrief Shrine. Similarly maximum pilgrims offered donation in the form of money, average donation of pilgrims to Shahdra is Rs. 300. It also has been found that maximum pilgrims not usually spend money on purchasing of parsad at Shahdra but 30% spend Rs. 100 on parsad.

REFERENCES

ABSTRACT

Work life balance is a term used to describe the balance between an individual’s personal life and professional life. Career and goals are the most important factors in life. Most of the women are coming forward to work in order to support their family. This change is now natural and dynamic due to change of environment and economic conditions. The biggest challenge for women is how to balance the demands of family and career. A healthy balance between both assumes great significance for working women. In today’s competitive environment the demands and pressures of work make it difficult for balancing both. A study has revealed that only 5.6% of Indian professionals make it to the top position rest quit failing imbalance and pressure i.e. responsibilities of family life. A women entrepreneur is a women involved in business or commerce. The sample consists of 150 women entrepreneurs residing in Vijaypur city of Karnataka. This paper reveals the overview of the various challenges and issues faced by women entrepreneur to achieve Work Life Balance. The sources referred in this paper include various journals, reports, internet sites etc. and the details has been given in the reference section.

Keywords: Work; Women; Vijaypur; Karnataka

INTRODUCTION

Balance is essence of life.

Work Life Balance of working women has become an important subject since the women are equally sharing the earning responsibility for the betterment of their family. Women are getting into jobs and they continue to work even after marriage. Work life balance is an ongoing effort of juggling with different roles in life. And trying to create a balance in the multiple roles played by one. It is basically a feeling which makes an individual feel stress free.

As for women she by birth plays most of the roles as a sister, daughter to her younger sibling as caretaker. When she is married she here in Indian culture it is said that a women not only marries a man but marries entire family in since that right from day one she is expected to be an all rounder that is an obedient daughter in law, helpful sister in law, caring mother, and lovable wife. Her new family expects her to fit in their frame work and take responsibilities from first day. The good work life balance includes the priorities of fixing women, schedule for various tasks at home and at work, monitoring self performance.

Many women today are entering into business. The Women entrepreneur respondents are into beauty parlor business, home based business like food making, women who run canteens, cloth merchants,
women who teach art like dance, music etc. total number of women respondents are 150 from various part of Vijaypur city, India.

About Vijaypur City

Vijayapur city, formerly known Bijapur city is known for its historical monuments and is a tourist destination. Vijay pururban population as per 2011 census is 326,000, perhaps the 9th biggest city in Karnataka. Vijayapura Mahanagara Palike (VMP) is the newest Municipal Corporation in the state formed under KMC act.

The foundation of this historic city was laid during the reign of the Chalukyan dynasty of Kalyani between the 10th and 11th centuries. They called it VIJAYAPURA or the City of Victory. Vijayapura experienced a great burst of architectural activity under the Adil Shahi dynasty. The Adil Shahis encouraged building activity to such an extent that Vijayapura itself has over 50 mosques, more than 20 tombs and a number of palaces. Vijayapura is mainly famous for Gol-Gumbaz, Jumma Masjid, Bara Kamaan, Gajanan Temple, Ibrahim Rauza, Taj Bawdi, Mallike-e Maidan, Methar Mahal, Gagan Mahal, Jala Manzil, Upli Buruj, Shivagiri, Siddeshwar Temple etc.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Population</td>
<td>327,427</td>
<td>165,177</td>
<td>162,250</td>
</tr>
<tr>
<td>Literates</td>
<td>237,343</td>
<td>127,277</td>
<td>110,066</td>
</tr>
<tr>
<td>Children (0-6)</td>
<td>42,207</td>
<td>21,962</td>
<td>20,245</td>
</tr>
<tr>
<td>Average Literacy (%)</td>
<td>83.21 %</td>
<td>88.87 %</td>
<td>77.51 %</td>
</tr>
</tbody>
</table>

As one can see from the above data out of 162250 female populations 110066 are literate which potrates on importance given to female education in the city.

OBJECTIVE OF THE STUDY

1. To study the various problems faced by Women entrepreneur.
2. To study how Women entrepreneur put efforts to balance work and family life.

HYPOTHESIS

1. H0: Women entrepreneur require effort to balance both work and personal life.
2. H1: Women entrepreneur do not require effort to balance both work and personal life.

SCOPE OF STUDY

This study was under taken in Vijaypur city state Karnataka India. Populations selected are Women entrepreneur who are residing in the city.

METHODOLOGY

- Primary data: The questionnaire was distributed to 150 samples. Non probability sampling was used.
- Secondary data: Reviews were collected from various journals, magazines and through internet sites.

LIMITATION OF THE STUDY

The study is confined to Women entrepreneur who are residing in Vijaypur city.

Women Entrepreneurship in India

With the changing socio-cultural environment and increasing educational opportunities, women have become aware of their potential to develop entrepreneurial skills. These socio-cultural changes, along with the support from many non-governmental organizations (NGOs), have played a vital role in the emergence of female entrepreneurship over the past few decades. Even though gender equality and
equal opportunity are constitutional rights in India, different standards of behavior for men and women still exist, including in the work environment. In rural areas, female participation in employment outside the home is in fact viewed as slightly inappropriate, subtly wrong and definitely dangerous to chastity and womanly virtue (Dube & Palriwala, 1990). Because of these societal standards and beliefs, female entrepreneurship in India is a comparatively nascent phenomenon. Dileep Kumar (2006) and Khanka (2010) have reported that Indian women have started becoming entrepreneurs in sizeable numbers only recently, partly due to the formation of various self-help groups (SHGs), support from NGOs, higher levels of education and economic liberalization. However, despite all of this support for women, female entrepreneurs are still far from on par with men in India.

Status of Women Entrepreneurs in India

The status of women entrepreneurs in India is rising day by day. Today many women want to start their own enterprise big or small and be economically independent.

The government has also emphasized the need for special entrepreneurial training programs for women to enable them to start their own ventures. Some of the agencies involved in this effort are the Federation of Ladies Organization (FLO), the Technology Development Board (TDB) of Department of Science and Technology, the Entrepreneurship Development Institute of India (EDI) and the Federation of Indian Chambers of Commerce and Industry (FICCI). To encourage women entrepreneurship in India, selected financial institutions have also established special cells to assist female entrepreneurs. Association of women entrepreneur of Karnataka (AWAKE), Federation of Indian Women Entrepreneur (FIWE). Along with the changing paradigms, Indian society has witnessed some highly successful women entrepreneurs, such as Sheehan Husain (a world-renowned Indian herbal beautician who owns a chain of beauty parlors), Etta Kapok (a celebrated Indian film and television productions) and Karan Maunder (a leading Indian businesswoman and founder of the biotechnology firm Beacon). However, the majority of female entrepreneurs, especially in the middle and lower middle classes as well as in rural areas, still find it difficult to simultaneously meet their entrepreneurial and familial demands so as to attain a proper work-life balance (Mathew & Panchanatham, 2009a).

According to Nelasco (2008), even though the leadership potential of women is very high, this potential is hidden by social, economic and political constraints. Therefore, women who venture into entrepreneurial activity must be extraordinarily motivated and determined enough to carry forward a creative idea on their own. By doing so, they also contribute to the wealth of the country.

Why India Needs More Women Entrepreneurs

According to Forbes India, In India, women comprise about 30 percent of corporate senior management positions, which is notably higher than the global average (24 percent). But Women entrepreneurs constitute only 10 percent of the total number of entrepreneurs in the country. A Dow Jones study called Women at the Wheel: Do Female Executives Drive Startup Success? Offers some interesting conclusions:

- The overall median proportion of female executives in successful companies is 7.1 percent, compared to 3.1 percent at unsuccessful companies.
- A company’s odds of success increase with female executives at the VP and director levels.
- Statistically significant evidence shows that there is dependence between a company having female executives and its success.

Work-Life Balance (WLB) Issues of Women Entrepreneurs

After overcoming many inherent disadvantages related to the deeply embedded traditional mindset and stringent etiquette, today we find Indian women engaged in different types of business (e.g., garment-making, beauty care, fashion design, founding financial institutions, educational institutions, entertainment companies) entrepreneurial activities. In addition to their challenging entrepreneurial
work, many of these women must also perform several roles in their families. These roles include being a spouse, caretaker and mother; daughter in law, co-sister, and sister in law, daughter, sister and also is expected to manage daily household chores; and providing services to the community and society. Self nurturing is also important in order. Women also must take care of their own health and other personal activities, which are often neglected because of role overload as well as time limitations.

Figure 1. Showing various Roles played by women entrepreneur

REVIEW OF LITERATURE

Conducting a literature review is a vital component of the research process. Familiarity with the previous research and theory in the area of the study would help in conceptualizing the problem, conducting the study and interpreting the findings. Main purpose of the study is to evaluate how women balance work and family. Therefore the factors affecting the work family balances and problems faced by working women is evaluated with the help of already exiting literature. This chapter includes various opinions of different authors and their research finding. ‘Whatever women do, they must do twice as well, as men to be Thought half as good’- is a popular saying. Yet it is now common to find women in almost every scheme of human endeavor.

Farmer et al (1971) pointed out that women faced unique challenges in the occupation arenas, because of their gender. Women were caught in a conflict between sex-role expectations and Expectations of fulfilling one’s occupational potential. Due to this conflict woman often selected occupations that were more compatible with family roles.

The study of Chitnis (1975) examined the different facets of life of women, like, household status, economic or political status and discussed the social issues affecting women’s status.

Mishra (1977) felt that what curbed the educated employed women was the dissonance between social expectations and her actual situation. The workingwoman was seeking a consistent frame of Reference to anchor herself to a relatively stable set of values. According to him, the role-person- system complex is in a state of flux, essentially due to inevitable value lag.

Masako SETO et al, (2004) have examined the effects of work related factors and Work Family Conflict on depressive symptoms among working women living with young children In a Japanese Metropolis.
Vijaya Mani (2013) has revealed the major factors influencing the Work Life Balance of Women professionals in India such as role conflict, lack of recognition, organizational Politics, gender discrimination, elderly and children care issues, quality of health, problems in time management and lack of proper social support.

Mathur’s ‘Women Family and Work’ (2000) was a study on women professionals. She analyzed the motivational level of the professionals, their decision to seek employment, the implications of dual role and the problems and conflicts they experienced. The study revealed that among the many problems faced by women professionals, the most common problems were: - Work overload, Burden of domestic chores, Inability to cope with both roles simultaneously and the consequent problem of Role conflict. It was found that role conflict was directly related to the pressure of young children and a ‘home oriented’ personality while, it was inversely related to level of motivation, spouse support and supportive attitude of colleagues. The study also found that women professionals curtailed their occupational role in nearly 30 percent, domestic role in 18 percent and both roles in 15 percent cases due to role conflict.

Review of Literature Women Entrepreneur

Bowen &Hirsch, (1986), compared & evaluated various research studies done on entrepreneurship including women entrepreneurship. It summaries various studies in this way that female entrepreneurs are relatively well educated in general but perhaps not in management skills, high in internal locus of control, more masculine, or instrumental than other women in their values likely to have had entrepreneurial fathers, relatively likely to have first born or only children, unlikely to start business in traditionally male dominated industries & experiencing a need of additional managerial training.

Cocoon, Waxhaw& Mitchell, (2010), present a detailed exploration of men & women entrepreneurs motivations, background and experiences. The study is based on the data collected from successful women entrepreneurs. Out of them 59% had founded two or more companies. The study identifies top five financial & psychological factors motivating women to become entrepreneurs. These are desire to build the wealth, the wish to capitalize own business ideas they had, the appeal of startup culture, a long standing desire to own their own company and working with someone else did not appeal them. The challenges are more related with entrepreneurship rather than gender. However, the study concluded with the requirement of further investigation like why women are so much concerned about protecting intellectual capital than their counterpart. Mentoring is very important to women, which provides encouragement & financial support of business partners, experiences & well developed professional network.

Women network report on Women in Business & in Decision making focus on women entrepreneurs, about their problems in starting & running the business, family back ground, education, size of business unit. Some interesting facts which came out from this report are less educated women entrepreneurs are engaged in micro enterprises, have husband & children but have no help at home. Most of the women establish enterprises before the age of 35, after gaining some experience as an employee somewhere else. The motivational factors were desire for control & freedom to take their own decision as well as earning handsome amount of money. Dedication of more than 48 hours in a week with the family support to their enterprises gave them a sense of self confidence. However, to maintain balance between family & work life is a major challenge before women entrepreneurs especially for those who have children & working husband.

Darren, Harped and Mayer, (2008) performed a study on finding the relationship between elements of human capital and self employment among women. The study showed that self employed women differ on most human capital variable as compared to the salary and wage earning women. The study also revealed the fact that the education attainment level is faster for self employed women than that for other working women. The percentage of occupancy of managerial job is found to be comparatively higher in case of self employed women as compared to other working women. This study also shed light on similarity and dissimilarity of situations for self employed men and self
employed women. Self employed men and women differ little in education, experience and preparedness. However, the main difference lies in occupational and industry experience. The percentage of population holding management occupation is lower for self employed women as compared to self employed men. Also the participation levels of self employed women are found to be less than of self employed men in industries like communication, transportation, wholesale trade, manufacturing and construction. The analysis is based on data from the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) from 1994 to 2006.

Singh, 2008, identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

Problems Faced By Indian Women Entrepreneurs

Besides the above basic problems the other problems faced by women entrepreneurs are as follows:

**Family Ties**

Women in India are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are over burden with family responsibilities like extra attention to husband, children and in laws which take away a lots of their time and energy. In such situation, it will be very difficult to concentrate and run the enterprise successfully.

**Male Dominated Society**

Even though our constitution speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry to business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All this puts a break in the growth of women entrepreneurs.

**Lack of Education**

Women in India are lagging far behind in the field of education. Most of the women (around sixty per cent of total women) are illiterate. Those who are educated are provided either less or inadequate education than their male counterpart partly due to early marriage, partly due to son's higher education and partly due to poverty. Due to lack of proper education, women entrepreneurs remain in dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

**Social barriers**

The traditions and customs prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper. Castes and religions dominate with one another and hinder women entrepreneurs too. In rural areas, they face more social barriers. They are always seen with suspicious eyes.

**Shortage of Raw Materials**

Neither the scarcity of raw materials, sometimes nor, availability of proper and adequate raw materials sounds the death-knell of the enterprises run by women entrepreneurs. Women entrepreneurs really face a tough task in getting the required raw material and other necessary inputs for the enterprises when the prices are very high.
Problem of Finance
Women entrepreneurs stiffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of business failure. They also face financial problem due to blockage of funds in raw materials, work-in-progress finished goods and non-receipt of payment from customers in time.

Tough Competitions
Usually women entrepreneurs employ low technology in the process of production. In a market where the competition is too high, they have to fight hard to survive in the market against the organized sector and their male counterpart who have vast experience and capacity to adopt advanced technology in managing enterprises.

High cost of production
Several factors including inefficient management contribute to the high cost of production which stands as a stumbling block before women entrepreneurs. Women entrepreneurs face technology obsolescence due to non-adoption or slow adoption to changing technology which is a major factor of high cost of production.

Low risk-bearing capacity
Women in India are by nature weak, shy and mild. They cannot bear the amount risk which is essential for running an enterprise. Lack of education, training and financial support from outsides also reduce their ability to bear the risk involved in an enterprise.

Limited mobility
Women mobility in India is highly limited and has become a problem due to traditional values and inability to drive vehicles. Moving alone and asking for a room to stay out in the night for business purposes are still looked upon with suspicious eyes. Sometimes, younger women feel uncomfortable in dealing with men who show extra interest in them than work related aspects.

Lack of Entrepreneurial Aptitude
Lack of entrepreneurial aptitude is a matter of concern for women entrepreneurs. They have no entrepreneurial bent of mind. Even after attending various training programs on entrepreneurship women entrepreneurs fail to tide over the risks and troubles that may come up in an organizational working.

Limited Managerial Ability
Management has become a specialized job which only efficient managers perform. Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, staffing, directing, motivating etc. of an enterprise. Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.

Legal Formalities
Fulfilling the legal formalities required for running an enterprise becomes an upheaval task on the part of a women entrepreneur because of the prevalence of corrupt practices in government offices and procedural delays for various licenses, electricity, and water and shed allotments. In such situations women entrepreneurs find it hard to concentrate on the smooth working of the enterprise.

Exploitation by Middle Men
Since women cannot run around for marketing, distribution and money collection, they have to depend on middle men for the above activities. Middle men tend to exploit them in the guise of helping. They add their own profit margins which result in less sales and lesser profit.
Lack of Self Confidence

Women entrepreneurs because of their inherent nature, lack of self-confidence which is essentially a motivating factor in running an enterprise successfully. They have to strive hard to strike a balance between managing a family and managing an enterprise. Sometimes she has to sacrifice her entrepreneurial urge in order to strike a balance between the two.

Factors Influencing Women Entrepreneurship

1. PUSH FACTORS- Push factors are elements of necessity such as insufficient family income, dissatisfaction with salaries job, difficulty in finding work and a need for flexible work schedule because of family responsibilities. These factors may have more importance for women than for men.

2. PULL FACTORS- Factors that work as entrepreneurial drive factors relate to independence, self-fulfillment, entrepreneurial drive and desire for wealth, power and social status, cooperation and support of family members and a strong network of contacts. The most prominent factor is self achievement expressed in terms of challenge which helps women to start, run their own business and turn it into a profitable venture. When a strong need for achievement could not be fulfilled through a salaried position or when there was a desire to transform a perceived opportunity into a marketable idea, then these factors work for a person to start their own venture.

Work Life Balance

Work Life Balance means the competence to schedule the hours of an individual Professional and Personal life so as to lead a healthy and peaceful life. The pressures of work have been intensifying in recent decades, for both men and women. Factors such as the advances in information Technology demand for speedy response, existence of tight deadlines, importance attached to quality customer service - demand the time of those in the labor force, which frequently lead to tremendous stress and pressure. It emphasizes the values, attitudes and beliefs of women regarding their age to work in organizing and balancing their work and personal life. (K. Santhana Lakshmi & S. Sujatha Gopinath, March 2013). The following variables influencing the experience of WLB were identified while reviewing the various Literatures

- Work Family Conflict and Family Work Conflict
- Women in various roles
- Career Advancement
- Work Stress
- Child care

Work Life balance is not something that just happens. It involves the efforts of a number of Partners: the employee, the organization for which the employee works, the family with whom the employee lives and the society in which all are embedded. It involves mutual Understanding and respect between all of these players. (N. Gayathri & Dr. P. Karthikeyan, August 2013).

FINDINGS

Percentage Analysis:

1. Majority of women are from 25-55 years.
2. 92% of the women are married.
3. 86% of women are hailing from joint families.
4. 47% of women have started business in last 3 years.
5. 69% of women have children less than 12 years.
6. Majority of them earn around 15000 a month.
7. 71% respondents said they can manage stress at work.
8. Among 150 respondents only 41% said their families supported their idea of setting a business unit.
9. 36% respondents said their spouses let them travel for business purpose and work over time.
10. 55% of the young mothers get their children in evening to work place.

Weighted Average Method
According to weighted average method the work family conflict factor has deep impact on how much quality time is spent with the family.

Correlation Analysis
There is a significant relationship between working time and stress. There is no significance on time spent on personal activities and time spent with family.

SUGGESTION
More support from immediate family will help Women entrepreneur of Vijaypur city balance both work and family life. If spouse help in home work and also take equal responsibility of children it will be easy to balance work and personal life. As respondents said if few social restrictions were made flexible in their favors it would help them to be more efficient like work time constraint, investment into new venture without restrictions.

CONCLUSION
When one has determination to successes then all hurdles look small. Through this research the researcher got to know how a woman did all her household work, took care of children, managed work life balance and is moving on towards achieving bigger success. Most of Respondents even said they would like to expand their business to new places if had more flexibility to balance work and personal life. Despite the odd conditions faced by few respondents they are highly self motivated women who want to achieve great heights. Overall conclusion is that knowing when to priorities work and when to priorities life creates a balanced and stress free life.

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**Table of Contents**

**Articles**

**THE GLOBAL FINANCIAL CRISIS AND ITS IMPACT ON THE INDIAN STOCK MARKETS**  
Sunil Saleha Javed Abbas Syed  
Pages: 1-7

**SOCIAL CORPORATE RESPONSIBILITY: AN INDIAN PERSPECTIVE**  
Sonia Aggarwal  
Pages: 8-12

**SUCCESSION PLANNING IN PSBS**  
Shiva Kumar Shukla  
Pages: 13-22

**CORPORATE SUSTAINABILITY REPORTING FOR ACCOUNTING**  
Dr. Birajit Mohanty, Arun Saha  
Pages: 23-33

**REGIONAL TRADE AGREEMENTS: THEIR IMPLICATIONS FOR WTO**  
Dr. Mukunda Sonawane  
Pages: 34-39

ISSN: 2347–7571
ABSTRACT

In the modern world, no economy can flourish without an efficient financial system. The financial system plays the role of an intermediary by facilitating movement of funds from the savers to users, and thereby increases the efficiency of economic resources allocation and distribution. A stock market aims to mobilize the savings, channel them into productive sectors, encourage savings culture that contributes to the country’s economic growth, and facilitates wider access to resources. Today, stock markets are considered as economic barometers or indicators of the economic events that would unfold in the near future. Stock markets are one of the most complex and dynamic organizations in the modern world. They can be quiet volatile. The reasons for the fall or rise in the value of a stock or securities can be varied and complex. More often, stock values are affected directly or indirectly by a number of factors and events. Since 2007, the world economy has been experiencing one of the worst financial crises since the great depression of the 1930’s. The global financial crisis which started with housing market crash in the United States in 2007-2008, has in no time engulfed the entire world. While the US economy started showing signs of recovery from late 2009 onwards, the current EUROZONE crisis (European sovereign debt crisis 2009-2012) has only added fuel to the already raging fire. As such, the scale and intensity of the current crisis has been unprecedented. The present paper attempts to study the effect of the current global economic crisis on the stock markets in India.

Keywords: Crisis; Financial; Stock Market

INTRODUCTION

“If you must play, decide on three things at the start: the rules of the game, the stakes, and the quitting time”.

A ‘Stock market’ or ‘Stock Exchange’ is a place where the stocks or securities of joint stock companies are traded. Participants in the stock market range from small individual retail stock investors to large financial entities, which include institutional investors such as mutual funds, banks, insurance companies and hedge funds, and also listed public joint stock companies trading in their own shares.

In the modern world, no economy can flourish without an efficient financial system. The financial system plays the role of an intermediary by facilitating movement of funds from the savers to users, and thereby increases the efficiency of economic resources allocation and distribution. A stock market aims to mobilize the savings, channel them into productive sectors, encourage savings culture that contributes to the country’s economic growth, and facilitates wider access to resources.

Today, stock markets are considered as economic barometers or indicators of the economic events that would unfold in the near future. The size of the world stock market (equity) is estimated to be US $59.12 trillion as of April, 2011. The cumulative value of global derivatives markets at US$ 601...
trillion is estimated to be almost eleven times the size of the entire world economy. As such, the role of the stock market in current global financial set-up cannot be overemphasized.

Stock markets are one of the most complex and dynamic organizations in the modern world. They can be quiet volatile. The reasons for the fall or rise in the value of a stock or securities can be varied and complex. More often, stock values are affected directly or indirectly by a number of factors and events. Since 2007, the world economy has been experiencing one of the worst financial crises since the great depression of the 1930’s. The global financial crisis which started with housing market crash in the United States in 2007-2008, has in no time engulfed the entire world. While the US economy started showing signs of recovery from late 2009 onwards, the current EUROZONE crisis (European sovereign debt crisis 2009-2012) has only added fuel to the already raging fire. As such, the scale and intensity of the current crisis has been unprecedented. The present paper attempts to study the effect of the current global economic crisis on the stock markets in India. In context of the constraints faced by the researcher, the paper is based on the study of the two premier stock markets in India, viz: Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

OBJECTIVES

1. To study the impact of stock markets on the Indian and global economy.
2. To undertake a comparative analysis of the domestic and global stock market trends.
3. To study the impact of financial crisis on domestic and global economy.
4. To study the linkages between stock market performance and FII’s.

RESEARCH QUESTIONS

1. How do stock market variations affect the financial health of the domestic and global economy?
2. What role does stock market indices play in FII’s attitude towards an economy?
3. How do global economies react to financial crisis in a post WTO globalised economy?

LITERATURE REVIEW

Nirupam Bajpai (2011) studied the impact of global financial crisis, 2008 on the Indian economy and the policy. Though India had a banking and investment system that had little or negligible exposure to the subprime mortgages that triggered the 2008 Global financial crisis, It could not insulate itself from the after effects of the crisis. The GDP growth rate declined and fell before the 7% mark after five consistent above 7% growth years. The RBI responded to the increase in FII’s outflow by encouraging monetary expansion through decrease in CRR, Repo Rate and Reverse Repo Rates and the Statutory Liquidity Ratio (SLR).Dr. D. Amutha (2013) studied the impact of the financial crisis on the Indian economy and the challenges faced by the monetary and fiscal authorities in containing the fallout of the financial crisis on the domestic economy. The monetary and fiscal stimulus undertaken by the then government is expected to see the economy through to the path of recovery and growth in the fiscal year 2010-11.

METHODOLOGY

The study is based exclusively on reliable and authentic secondary data sourced from various government and stock market websites and publications.

Impact of Crisis on Indian Stock Market

The term ‘crisis’ refers to a crucial or a decisive or a turning point, as in social, economic or political affairs, leading to an abrupt or decisive change. In essence, it implies a critical situation that calls for effective decision making. Although, social and political events do affect the economy, historically, their effects on the fortunes of the stock exchanges have been insignificant. It is the financial
happenings in the world economy that have found a resonance on the stock exchanges. Though, the Indian economy as a whole had been more or less immune to the global events due to its protectionist policies in the post-independence era, the economic reforms of 1991 and the globalization of the economy post WTO(1995), has made the Indian markets more vulnerable to global trends than ever before.

Global Financial Crisis 2008

The global financial crisis of 2008 also known as the ‘sub-prime crisis’ had a severe impact on the global as well as the Indian stock market. Both the NIFTY and SENSEX, the benchmark index of National stock exchange (NSE) and the Bombay stock exchange (BSE) respectively, went in a free fall. Within a period of a year in 2008, the SENSEX fell by over 50 percent. From a high of 21,206 in January 2008 it fell to low of 8467 at a point in December, 2008 (see Table 2). The NIFTY fell by almost three times during the same period. From a high of 6357 in January, 2008 it recorded a low of 2252.75 at a point in October, 2008 before closing marginally higher in December, 2008 (see Table 1).

Table 1. NSE S&P CNX Nifty Market Statistics (2008)

<table>
<thead>
<tr>
<th>Months(2008)</th>
<th>Open</th>
<th>Close</th>
<th>Change (%)</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>6138.6</td>
<td>5137.5</td>
<td>-16.31</td>
<td>6351.7</td>
<td>4448.5</td>
</tr>
<tr>
<td>February</td>
<td>5137.45</td>
<td>5223.5</td>
<td>1.67</td>
<td>5545.2</td>
<td>4803.6</td>
</tr>
<tr>
<td>March</td>
<td>5223.5</td>
<td>4734.5</td>
<td>-9.36</td>
<td>5222.8</td>
<td>4468.5</td>
</tr>
<tr>
<td>April</td>
<td>4734.5</td>
<td>5165.9</td>
<td>9.11</td>
<td>5230.75</td>
<td>4628.75</td>
</tr>
<tr>
<td>May</td>
<td>5165.9</td>
<td>4870.10</td>
<td>-5.73</td>
<td>5298.85</td>
<td>4801.90</td>
</tr>
<tr>
<td>June</td>
<td>4870.10</td>
<td>4040.55</td>
<td>-17.03</td>
<td>4908.80</td>
<td>4021.70</td>
</tr>
<tr>
<td>July</td>
<td>4040.55</td>
<td>4332.95</td>
<td>7.24</td>
<td>4539.45</td>
<td>3790.20</td>
</tr>
<tr>
<td>August</td>
<td>4332.95</td>
<td>4360.00</td>
<td>0.62</td>
<td>4649.85</td>
<td>4201.85</td>
</tr>
<tr>
<td>September</td>
<td>4360.00</td>
<td>3921.20</td>
<td>-10.06</td>
<td>4558.00</td>
<td>3715.05</td>
</tr>
<tr>
<td>October</td>
<td>3921.20</td>
<td>2885.6</td>
<td>-26.41</td>
<td>4000.50</td>
<td>2252.75</td>
</tr>
<tr>
<td>November</td>
<td>2885.6</td>
<td>2755.10</td>
<td>-4.52</td>
<td>3240.55</td>
<td>2502.90</td>
</tr>
<tr>
<td>December</td>
<td>2755.10</td>
<td>2959.15</td>
<td>7.41</td>
<td>3110.45</td>
<td>2570.70</td>
</tr>
</tbody>
</table>

Table 2. BSE SENSEX Market Statistics (2008)

<table>
<thead>
<tr>
<th>Months(2008)</th>
<th>Open</th>
<th>Close</th>
<th>Change (%)</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>20325.27</td>
<td>17648.71</td>
<td>-13.17</td>
<td>21206.77</td>
<td>15332.42</td>
</tr>
<tr>
<td>February</td>
<td>17820.67</td>
<td>17578.72</td>
<td>-1.36</td>
<td>18895.34</td>
<td>16457.74</td>
</tr>
<tr>
<td>March</td>
<td>17227.56</td>
<td>15644.44</td>
<td>-9.19</td>
<td>17227.56</td>
<td>14677.24</td>
</tr>
<tr>
<td>April</td>
<td>15771.72</td>
<td>17287.31</td>
<td>9.61</td>
<td>17480.74</td>
<td>15297.96</td>
</tr>
<tr>
<td>May</td>
<td>17560.15</td>
<td>16415.57</td>
<td>-6.52</td>
<td>17735.7</td>
<td>16196.02</td>
</tr>
<tr>
<td>June</td>
<td>16591.46</td>
<td>13461.6</td>
<td>-18.86</td>
<td>16632.72</td>
<td>13405.54</td>
</tr>
<tr>
<td>July</td>
<td>13480.02</td>
<td>14355.75</td>
<td>6.33</td>
<td>15130.09</td>
<td>12514.02</td>
</tr>
<tr>
<td>August</td>
<td>14064.26</td>
<td>14564.53</td>
<td>3.56</td>
<td>15579.78</td>
<td>14002.43</td>
</tr>
<tr>
<td>September</td>
<td>14412.99</td>
<td>12860.43</td>
<td>-10.77</td>
<td>15107.01</td>
<td>12153.55</td>
</tr>
<tr>
<td>October</td>
<td>13006.72</td>
<td>9788.06</td>
<td>-24.75</td>
<td>13203.86</td>
<td>7697.39</td>
</tr>
<tr>
<td>November</td>
<td>10209.37</td>
<td>9092.72</td>
<td>-10.94</td>
<td>10945.41</td>
<td>8316.39</td>
</tr>
<tr>
<td>December</td>
<td>9162.94</td>
<td>9647.31</td>
<td>5.29</td>
<td>10188.54</td>
<td>8467.43</td>
</tr>
</tbody>
</table>

Comparative Analysis Of Indian And World Stock Markets

A comparative analysis (of yearly performance for the year 2008) of major world indices reveals that the Indian stock market reacted in synchrony with the other major world stock markets in the aftermath of the sub-prime crisis. In fact the impact of the crisis was much more intense and deeper on the Indian stock markets (see table 3). The crisis in the USA, a major Indian export market, led to a loss of demand for Indian exports hence loss of export earnings for India. India’s merchandise
exports reached a level of US $ 185.3 billion during 2008-09 registering a growth of 13.6 percent as compared to a growth of 29.1 percent during the previous year—a fall of 15.5%. Indian IT firms also bore the brunt of fall in demand in the US market. Major Indian IT firms reported a fall in their earnings for the period which had a negative effect on their stock prices.

### Table 3. Major World Stock Market Indices yearly performance (2008)

<table>
<thead>
<tr>
<th>Major World Indices</th>
<th>Open</th>
<th>Close</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE SENSEX</td>
<td>20325.27</td>
<td>9647.31</td>
<td>-52.53</td>
</tr>
<tr>
<td>S&amp;P CNX Nifty</td>
<td>6138.6</td>
<td>2959.15</td>
<td>-51.79</td>
</tr>
<tr>
<td>NASDAQ Composite</td>
<td>2,652.28</td>
<td>1,577.03</td>
<td>-40.54</td>
</tr>
<tr>
<td>Dow Jones Ind’t Average</td>
<td>13,264.8</td>
<td>8,776.39</td>
<td>-33.83</td>
</tr>
<tr>
<td>S&amp;P 500 US</td>
<td>1,468.36</td>
<td>903.25</td>
<td>-38.48</td>
</tr>
<tr>
<td>FTSE 100</td>
<td>6,456.90</td>
<td>4,434.20</td>
<td>-31.33</td>
</tr>
<tr>
<td>DAX</td>
<td>8,067.32</td>
<td>4,810.20</td>
<td>-40.37</td>
</tr>
<tr>
<td>Hang Seng</td>
<td>27,812.65</td>
<td>14,387.48</td>
<td>-48.27</td>
</tr>
<tr>
<td>Nikkei 225</td>
<td>15,307.78</td>
<td>8,859.56</td>
<td>-42.12</td>
</tr>
</tbody>
</table>

**European Sovereign Debt crisis (2009-2012)**

While the world was still coming to terms with the devastating effects of the US sub-prime crisis, another financial crisis was brewing in the Euro zone countries in the late 2010. "The European sovereign Debt crisis” or the “Euro crisis” as it is more popularly known, resulted from a combination of complex and varied factors, including the globalization of finance, easy credit conditions during the 2002–2008 periods that encouraged high-risk borrowing and lending practices. The immediate trigger for the crisis was the fact that five of the region’s countries namely Spain, Greece, Ireland, Italy, and Portugal(GIIPS) have, to varying degrees, failed to generate enough economic growth to pay back their sovereign debts. This has resulted in a severe credit crunch for the world’s largest trading bloc. Any crisis in the Euro zone is bound to have significant adverse effects given that it accounts for twenty percent of global trade and twenty seven percent of developing countries exports.

India seems to be much more vulnerable to the ongoing European Debt crisis of 2012 as the country has exhausted most of its firepower in tackling the 2008 crisis and not much room for fiscal maneuverability (given the high inflation and interest rates) is left to mitigate the more “challenging and difficult” second crisis that hit the nation and the world within a period of four years. Like the US sub-prime crisis of 2008, the current Eurozone crisis has adversely affected the Indian stock markets. Over the fourteen months period ending May 2012, the NIFTY fell by 15.59% (see Table 4) whereas the BSE SENSEX shed 16.67% (see Table 5) of its value over the corresponding period.

### Table 4. NSE S&P CNX Nifty Market Statistics (2011-12)

<table>
<thead>
<tr>
<th>Months</th>
<th>Open</th>
<th>Close</th>
<th>Change (%)</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2011</td>
<td>5833.05</td>
<td>5749.50</td>
<td>-1.44</td>
<td>5944.45</td>
<td>5693.25</td>
</tr>
<tr>
<td>May 2011</td>
<td>5749.50</td>
<td>5660.15</td>
<td>-3.29</td>
<td>5775.25</td>
<td>5328.70</td>
</tr>
<tr>
<td>June 2011</td>
<td>5560.15</td>
<td>5647.40</td>
<td>1.57</td>
<td>5675.90</td>
<td>5195.90</td>
</tr>
<tr>
<td>July 2011</td>
<td>5647.40</td>
<td>5482.00</td>
<td>-2.93</td>
<td>5740.40</td>
<td>5453.95</td>
</tr>
<tr>
<td>August 2011</td>
<td>5482.00</td>
<td>5001.00</td>
<td>-8.77</td>
<td>5551.90</td>
<td>4720.00</td>
</tr>
<tr>
<td>Sept 2011</td>
<td>5001.00</td>
<td>4943.25</td>
<td>-1.15</td>
<td>5169.25</td>
<td>4758.85</td>
</tr>
<tr>
<td>October 2011</td>
<td>4943.25</td>
<td>5326.60</td>
<td>7.76</td>
<td>5399.70</td>
<td>4728.30</td>
</tr>
<tr>
<td>Nov 2011</td>
<td>5326.60</td>
<td>4832.05</td>
<td>-3.92</td>
<td>5264.45</td>
<td>4639.10</td>
</tr>
<tr>
<td>Dec 2011</td>
<td>4832.05</td>
<td>4624.30</td>
<td>-4.30</td>
<td>4999.25</td>
<td>4531.15</td>
</tr>
<tr>
<td>January 2012</td>
<td>4624.30</td>
<td>5199.25</td>
<td>12.43</td>
<td>5217.00</td>
<td>4588.05</td>
</tr>
<tr>
<td>Feb 2012</td>
<td>5199.25</td>
<td>5385.20</td>
<td>3.58</td>
<td>5629.95</td>
<td>5159.00</td>
</tr>
<tr>
<td>March 2012</td>
<td>5385.20</td>
<td>5295.55</td>
<td>-1.66</td>
<td>5499.40</td>
<td>5155.95</td>
</tr>
<tr>
<td>April 2012</td>
<td>5295.55</td>
<td>5248.15</td>
<td>-0.90</td>
<td>5378.75</td>
<td>5154.30</td>
</tr>
<tr>
<td>May 2012</td>
<td>5248.15</td>
<td>4924.25</td>
<td>-6.17</td>
<td>5279.60</td>
<td>4788.95</td>
</tr>
</tbody>
</table>
Though the impact of the current crisis on Indian stock market would seem to be much lesser vis a vis the financial crisis of 2008, the comparisons at this point of time may be misleading. Economist and financial experts at home and the world alike, are of the view that the worst is still to come. Montek Singh Ahluwalia, deputy chairperson of the Planning Commission of India has acknowledged that it might take the country at least 2 years to come back to a reasonable growth rate given the current downturn in the Indian economy. The other reason for lessened impact of crisis on the Indian economy as a whole could be the reduced dependency of Indian exports on the European and the US markets. Latin America and West Asia are the fastest growing export markets for India (2010-2011). China, including Hong Kong, accounts for 12 per cent of India’s export and is the largest export market for engineering goods. The BRICS region, as a whole, now accounts for one-sixth of India’s merchandise exports. Whereas, the share of Europe has reduced from 28% in 2000-2001 to 21% in 2010-2011.

**Comparative Analysis of Indian and World Stock Markets Performances**

A comparative analysis based on the table 6 below, shows that unlike the sub-prime crisis of 2008, the world stock markets during the current period of study (April 2011 to May 2012) have not reacted synchronously. The Asian stock markets including those in India seem to be more adversely affected their western counterparts. In fact, the New York based NASDAQ and Dow Jones have managed to give positive returns for the corresponding periods. This shows that some of the world economies have been able to contain the adverse effects of the Euro zone crisis to this point of time.


<table>
<thead>
<tr>
<th>Major World Indices</th>
<th>Open</th>
<th>Close</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE SENSEX</td>
<td>19,463.11</td>
<td>16,218.53</td>
<td>-16.67</td>
</tr>
<tr>
<td>S&amp;P CNX Nifty</td>
<td>5833.75</td>
<td>4924.25</td>
<td>-15.59</td>
</tr>
<tr>
<td>NASDAQ Composite</td>
<td>2,781.07</td>
<td>2,827.34</td>
<td>1.66</td>
</tr>
<tr>
<td>Dow Jones Ind’l Average</td>
<td>12,319.73</td>
<td>12,393.45</td>
<td>0.60</td>
</tr>
<tr>
<td>S&amp;P 500 US</td>
<td>1,325.83</td>
<td>1,310.33</td>
<td>-1.17</td>
</tr>
<tr>
<td>FTSE 100</td>
<td>5,908.80</td>
<td>5,320.90</td>
<td>-9.95</td>
</tr>
<tr>
<td>DAX</td>
<td>5,908.80</td>
<td>6,264.38</td>
<td>6.02</td>
</tr>
<tr>
<td>Hang Seng</td>
<td>23,527.52</td>
<td>18,629.52</td>
<td>-20.82</td>
</tr>
<tr>
<td>Nikkei 225</td>
<td>9,755.10</td>
<td>8,542.73</td>
<td>-12.43</td>
</tr>
</tbody>
</table>
The current global financial crisis has affected the credit and liquidity environment in all nations the world over. The fallout of the crisis and the resultant credit crunch has been more severe and intense in developed countries with high per capita income. As a result investors from crisis hit countries, who form the bulk of investors worldwide, started liquidating their investments in the developing and emerging markets. This severely affected capital deficit countries like India who are heavily dependent upon the FIIs for their investments. During the year 2008, the FIIs were net sellers with a net outflow of Rs.529874 million. In the twelve months ending May 2012, the FIIs have had a net inflow of Rs. 431381 million. In fact during the period January to March 2012, the Mumbai: Foreign institutional investors (FIIs) have bought Indian equities worth US $9.06 billion (Rs. 463.15 billion) the highest in the first quarter of any calendar year since 1993. However, given the current state of the economic and political environment in the country and the prevailing negative sentiments in the global financial market, experts are skeptical of the sustainability of the current investments on a long term basis.

Table 7. Net Investment by FIIs in Indian Stock Market

<table>
<thead>
<tr>
<th>Months</th>
<th>FIIs (Rs Million)</th>
<th>Change (%) (Monthly)</th>
<th>Months</th>
<th>FIIs (Rs Million)</th>
<th>Change (%) (Monthly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2008</td>
<td>-130357.00</td>
<td>-333.65</td>
<td>June 2011</td>
<td>45722</td>
<td>169.12%</td>
</tr>
<tr>
<td>Feb 2008</td>
<td>17333.00</td>
<td>-113.30</td>
<td>July 2011</td>
<td>80301</td>
<td>75.63%</td>
</tr>
<tr>
<td>March 2008</td>
<td>-1304.00</td>
<td>-107.52</td>
<td>August 2011</td>
<td>-108336</td>
<td>-234.91%</td>
</tr>
<tr>
<td>April 2008</td>
<td>10748.00</td>
<td>924.23</td>
<td>Sept 2011</td>
<td>-1585</td>
<td>-98.54%</td>
</tr>
<tr>
<td>May 2008</td>
<td>-50115.00</td>
<td>-566.27</td>
<td>Oct 2011</td>
<td>16770</td>
<td>-1158.04%</td>
</tr>
<tr>
<td>June 2008</td>
<td>-100958.00</td>
<td>-101.45</td>
<td>Nov 2011</td>
<td>-41979</td>
<td>-350.32%</td>
</tr>
<tr>
<td>July 2008</td>
<td>-18368.00</td>
<td>-81.81</td>
<td>Dec 2011</td>
<td>979</td>
<td>102.33%</td>
</tr>
<tr>
<td>Aug 2008</td>
<td>-12117.00</td>
<td>-34.03</td>
<td>Jan 2012</td>
<td>103577</td>
<td>10479.88%</td>
</tr>
<tr>
<td>Sept 2008</td>
<td>-82781.00</td>
<td>583.18</td>
<td>Feb 2012</td>
<td>252121</td>
<td>143.41%</td>
</tr>
<tr>
<td>Oct 2008</td>
<td>-153473.00</td>
<td>85.40</td>
<td>March 2012</td>
<td>83811</td>
<td>-66.76%</td>
</tr>
<tr>
<td>Nov 2008</td>
<td>-25983.00</td>
<td>-83.07</td>
<td>April 2012</td>
<td>-11091</td>
<td>-113.23%</td>
</tr>
<tr>
<td>Dec 2008</td>
<td>17501.00</td>
<td>167.36</td>
<td>May 2012</td>
<td>-3471</td>
<td>-68.70%</td>
</tr>
</tbody>
</table>

Source: SEBI (www.sebi.gov.in)

A comparative analysis of the returns/yields of the world stock market for the 53 months period ended May 2012 (2008-2012) reveals that the world stock markets more or less move in tandem (see table 8). This reflects the truly globalised nature of the present day economy. Moreover, after the initial upheavals caused by the 2008 sub-prime crisis, the stock markets the world over could manage to offset the downturns in the succeeding years. This reflects a mature and a resilient response by the global financial markets to the crisis situation on hand.

Table 8. Major World Stock Market Returns/Yield (%)

<table>
<thead>
<tr>
<th>Major World Indices</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012(Jan to May)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE SENSEX</td>
<td>-52.53</td>
<td>81.03</td>
<td>17.43</td>
<td>-24.21</td>
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CONCLUSION

“Charms do not perform miracles on the shelf; they perform for those who are brave.”

The current global financial crisis has affected all and sundry the world over. It has driven the wits out of economic planners and managers in the developed and the developing world alike. To term it as the worst global financial crisis since the period of the Great Depression of the 1930’s, won’t be an understatement. It has affected countries all over the world albeit to a varying degree. At present, the rich and the developed world are bearing the brunt of crisis triggered by years of over consumption and lax credit regulations. The impact of the European Debt crisis has just begun to be felt. Globally, job markets are shrinking, productivity declining, liquidity markets crunching at an unprecedented scale. Experts foresee the crisis to escalate in the coming months and year’s. Economist and planning experts have identified the problem areas and have offered possible solutions to aid policy makers. The unprecedented scale and the globalised nature of the current financial crisis has offered the researcher a unique opportunity to understand the linkages between the economic system and a highly relevant economic institution with a significant impact value viz the stock market before the crisis and its resilient characteristics in face of an extremely volatile and fragile global financial environment.

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ABSTRACT

We make a living by what we get, but we make a life by what we give.” – Winston Churchill.

India is a developing economy, here Corporate Social Responsibility (CSR) play important role in organizations. In Indian industry one can easily notice a paradigm shift from corporate philanthropist to being socially responsible. The importance of CSR is increasing in Indian corporate scenario because organization have realize that ultimate goal is not profit making beside this trust building is viable and assert able with societal relationship. The compulsion of CSR has emerged in last two decades when Indian organization realizes the importance of sustaining in this cutthroat competition era. Before this Indian industries had materialistic culture. In the hue and cry of LPG (Liberalization, Privatization and Globalization) companies were only focused toward profit maximization which led social backwash. To overcome this fashion CSR play an important role in sustainable development which is only possible when there is a balance between profit and lowering social backwash or eradicating it. This research paper try to analyze the study of CSR status in India, this can give insight to what extent companies can follow the CSR. I would like to throw light on CSR for Indian organization which would be helpful for both economic and social interest which would be futuristic majors to provide valuable information as well as suggest on their CSR practices and performance.

Keywords: Corporate Social Responsibility; Firm Incentives; Social Welfare; Efficiency; Regulation; Enforcement

INTRODUCTION

Being Socially Responsible means, the people and organisations must behave ethically and with sensitivity toward social, cultural, economic and environmental issues. Striving for social responsibility helps individuals, organisations and governments have a positive impact on development, business and society with a positive contribution to bottom-line results. The International Organisation for Standardisation (ISO) states: “In the wake of increasing globalisation, we have become increasingly conscious not only of what we buy, but also how the goods and services we buy have been produced. Environmentally harmful production, child labor, dangerous working environments and other inhumane conditions are examples of issues being brought into the open. All companies and organisations aiming at long-term profitability and credibility are starting to realise that they must act in accordance with norms of right and wrong.” Social responsibility is a means of achieving sustainability. Adopting key social responsibility principles such as accountability and transparency can help ensure the long-term viability and success of any organization or system.

OBJECTIVES

1. To analyze the CSR status in India,
2. To have insight to what extent companies can follow the CSR
3. To throw light on CSR for Indian organization.
4. To suggest on their CSR practices and performance.

Supporting Arguments

The important arguments offered in favour of business assuming social responsibilities are as follows.

- **Response to Social Demand**: It is a well known fact that business is set up to earn profit by producing goods or rendering services to the members of the society. Thus, the business is the creation of the society in the sense that its primary objective is to fulfill the needs of the members of the society. In case the business fails to do so, the society through people’s representatives in Government will either force them to do so through laws or may no longer permit them to survive.

- **Long-term self-Interest of Business**: There is a growing realization on the part of the enlightened businessmen that it will be in their self-interest to fulfil the demands and the aspirations of the society. People who have a good environment, education, and opportunity make better employees, customers and neighbours for business than those who are poor, ignorant and oppressed. To quote Arjay Miller: “Under current conditions, management cannot effectively discharge its long-run responsibilities to shareholders unless it also behaves responsibly towards employees, customers, government, education and the public at large. The ability of a corporation to protect and enhance the stockholders equally depends crucially upon the prosperity, goodwill and confidence of the larger community. Acceptance of a large measure of responsibility towards the community is, therefore, good business as well as good citizenship.”

- **Government Intervention**: If the businessmen do not rise to the occasion in meeting the social responsibilities, the Government will step in and make them assume such responsibilities through legislation. Such legislative regulation is expensive for business and stand in the way of flexibility and freedom in making decisions and meeting competition. Hence it would again be in the interest of business community to voluntarily undertake to fulfill the social responsibilities. In doing so the business will also retain the needed credibility with the public pressure.

- **Public Image**: The antennas of business managers are turned to the public opinion as good public opinion is a precondition to the success of any business. Therefore, they seek to maintain a proper image of their business in the public mind by assuming social responsibilities.

- **Socio-Cultural Norms**: A business operates within a set-up of socio-cultural norms and restraints. No society will allow a business to maximize its profits at the cost of the society. It requires the business to respond to social obligations. It may even report to legal means to enforce discipline among the businessmen.

- **Consciousness Among Consumers**: The consumers of today are well informed. They accept higher quality products at reasonable rates from the business. They can organize themselves in case a business resorts to malpractices such as adulteration and black marketing.

- **Strong Trade Unions**: The level of education among the workers has been increasing. They understand the need of organizing themselves into unions to advance their economic and social interests. The government has also enacted social security measures due to which it has become difficult for the business houses to ignore the interests of the work force.

Objecting Arguments

The case against assuming Social Obligations. The classical view has been against the business assuming social responsibilities. It is argued that business is an economic institution and as such its
primary responsibility is to produce goods and services efficiently and to earn profits for its owners, namely, the shareholders. Milton Friedman, a noted world economist and Nobel laureate supports the view of the classic in this regard. Friedman argues that “in a free enterprise, private property system, a manager is an employee of the owners of the business and directly responsible to them as his employers. Since stockholders want to make as much profit as possible, the manager’s sole objective should be to try to do this. If a manager spends stockholder’s money in the public interest, he is spending stock holder’s money without their approval and perhaps in ways stockholders would oppose. Similarly, if the cost of social action is passed on to consumers in the form of higher prices the manager is spending their money also. This is taxation without representation.” He further goes on to observe that “there is one and only one social responsibility of business— to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engages in open and free competition, without deception or fraud. Few trends could so thoroughly undermine the very foundation of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stock-holders as possible. This is a fundamentally subversive doctrine. In addition to the observations made by Milton Friedman, some more arguments are advanced opposing the idea of business assuming social responsibilities. These arguments are as follows

1. Violation of Rule of Profit Maximization: As a businessman moves away from the simple rule of profit maximization that guides his actions into the social and political realm, he has two guides to him know what social responsibilities he should assume in the public interest. The businessmen should not try to determine what is the public interest because “the economic system is not a playground on which businessman may exercise their peculiar preferences.”

2. Less Efficient Use of Resources: The doctrine of social responsibility implies acceptance of socialist view that political mechanisms rather than market mechanisms are the appropriate ways to allocate scare resources to alternative uses. As this process evolves, there will be an erosion of the drive to use resources efficiently and a loss of the greater productivity of the present economic mechanism.

3. Burden on Consumers: If the market price of a product does not truly reflect the relative costs of producing it, but includes costs for social actions, the allocative mechanism of the market place will be distorted. The customer will have to pay a higher price than necessary to call the goods into the market because the business is spending funds on social responsibilities.

4. Lack of Social Skills: Businessman do not necessarily have social skills. Because of this they may not able to solve social problems even though they spend a large amount for this purpose.

5. Lack of Self-Interest: There is no substitute for the power of self interest to get people to act. Assumption of social responsibilities will hinder the achievements of self interests of businessmen. Any replacement of the altruism for self-interest will, therefore, be fatal to the efficiency of the business system. THE INDIAN CONTEXT In India, the big corporate houses like Tata’s and Birla’s have long been associated with their employee welfare and immediate community programmes by way of engaging themselves in creating infrastructure for schools, hospitals and temples. The tradition of Tata philanthropy goes back to 1892 when Jamsetji first gave grants to two lady doctors to go abroad and specialise in gynaecology. In the next hundred years the JN Tata Endowment for the higher education of Indians was to give loans to 2000 students towards their studies abroad. The book 100 Great Modern Lives by John Canning concludes: ‘Probably no other family has ever contributed as much in the way of wise guidance, economic development and advancing philanthropy, to any country as Tatas have to India’ (Lala, 1992)

Examples of Corporate Social Responsibility in India

Tata Group- Tata Group in India has a range of CSR projects, most of which are community improvement programs. For example, it is a leading provider of maternal and child health services,
family planning, and has provided 98 percent immunization in Jamshedpur. The company also endorses sports as a way of life. It has established a football academy, archery academy, and promotes sports among employees. It offers healthcare services all over the country with programs like rural health development. Tata Group also has an organized relief program in case of natural disasters, including long-term treatment and rebuilding efforts. It did laudable work during the Gujarat earthquakes and Orissa floods. It also supports education, with over 500 schools, and also is a benefactor of the arts and culture. It has done abundant work in improving the environment and local populations around its industries.

**Aptech**- Aptech a leading education player with a global presence that has played a broad and continued role in encouraging and nurturing education throughout the country since its inception. As a global player with complete solutions-providing capabilities, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the deprived, and training and awareness-camps.

**Infosys**- Infosys is aggressively involved in a variety of community growth programs. In 1996, the company created the Infosys Foundation as a not-for-profit trust to which it contributes up to 1 percent of profits after tax every year. Moreover, the Education and Research Department at Infosys also works with employee volunteers on community development projects. The management team at Infosys continues to set examples in the area of corporate citizenship and has involved itself vigorously in key national bodies. They have taken initiatives to work in the areas of research and education, community service, rural outreach programs, employment, healthcare for the poor, education, arts and culture, and welfare activities undertaken by the Infosys Foundation.

**Mahindra & Mahindra**- At Mahindra & Mahindra, The K. C. Mahindra Education Trust was established in 1953 with the purpose of promoting education. Its vision is to renovate the lives of people in India through education and financial assistance across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education plans, which make a difference to the lives of worthy students. The Trust has provided more than Rs. 7.5 crore in the form of grants, scholarships and loans. It promotes education mostly by the way of scholarships. The Nanhi Kali (children) project has over 3,300 children under it and the company aims to increase the number to 10,000 in the next two years by reaching out to the underprivileged children, especially in rural areas.

As the product differentiation is becoming difficult day by day; emotional binding with the customer or the consumers provide a one stop solution in sustaining brand image of the companies. Through the eChoupal, IBD has changed the business model of commodity trading. By marrying technology with trading in rural market, IBD has brought in a new paradigm. The strategy of dealing with the end farmer directly has been very successful with both farmers and the erstwhile middlemen being co-opted (Munshi, 2009). The company now sells its wide range of consumer brands thorough eChoupal initiative. Their direct relationship with farmers opened rural market for ITC through sustained branding for many years to come. Amul’s soft advertisements on the other hand helped in creating an emotional bonding with the consumers in long run. The persistent effort on the part of Amul has helped the company in sustaining its consumers across its product range. This ultimately resulted into increased sales by means of a sustained consumer loyalty.

**CONCLUSION**

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept—Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business. Corporate Social Responsibility came a long way from just fulfilling the responsibility restricted to welfare of its immediate employees and their families. Indian
businesses have long been associated with charity and philanthropy. Today, companies are better aware about efficient use of available resources; their environmental responsibility; their commitment to the society and mother earth at large. As a result, businesses now enjoy benefits like lesser government and regulatory pressure, highly motivated workforce, customer loyalty, enhanced brand image, value-based supplier network and a favourable public opinion about company. This holistic approach to the corporate social responsibility has resulted into achieving business sustainability. To conclude it would be fit to quote Axel Sahlin’s speech given in England when prospectus for the projected iron and steel works was published by socially committed Tata’s in 1907 which shows the power of social responsibility, it reads, ‘From early morning till late at night, the Tata offices in Bombay were besieged by an eager crowd of native investors. Old and young, rich and poor, men and women they came, and at the end of three weeks, the entire capital required for construction requirement ... was secured, every penny contributed by some 8,000 native Indians.’

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ABSTRACT

Succession Planning is “Thinking about Tomorrow, Today itself”. It is very crucial activity for any organization that aspires to withstand the test of time. Succession planning ensures that an organization has the right people at the right time for the right jobs. The aim of this study is to determine the nature of succession planning in union bank of India. The banking industry is a volatile industry with cut throat competition for best talents and brains so as to gain competitive advantages. This study plans to determine whether succession in PSBs are to be planned in advance and prepared for or whether succession is emergent and only happens when a vacancy occurs. Furthermore, the study aimed at establishing the factors that influence succession planning in public sector banks. Lack of continuous succession planning by public sector banks in India has made it impossible for majority of the banks to name a suitable successor within a year. PSBs are required to change, modify & revisit their HR policies which are key to acquire & retain talents in banking industry, it is therefore imperative to take succession planning sincerely and make it a continuous process that will ensure a pool of talent is available at any particular time for selection whenever a vacancy opens up.

Keywords: Public Sector Banks (PSB); Human Resource (HR); Information Technology (IT); Succession Planning (SP); Institute of Banking Personnel Selection (IBPS); Banker’s Leadership Development Institute (BLDI)

INTRODUCTION

“The purpose of succession planning is to ensure that there are qualified and capable people in all key and critical positions not just for the present but at least for the next five years and such an assessment should be made every year. The process involves identification of all key positions and future potential candidates and developing them through appropriate training, job rotation and mentoring” (Khandelwal Committee Report on HR Issues of Public Sector Banks).

The public sector banks in particular did not recruit personnel for a fairly long time, owing to this large scale retirements have already started to happen. “On an average, about 25 per cent of officers and employees would retire by 2020 in PSBs,” Minister of State for Finance Sri Jayant Sinha said in written reply in the Rajya Sabha.

There is a serious crunch of leadership in several areas like Risk management, IT, credit appraisal etc. there are hardly any leaders in pipeline. Like many other PSBs union bank of India is witnessing crunch of matured officers to handle important portfolios of the bank.

Human resources are the most valuable and unique assets of an organization. The successful management of an organization's human resources is an exciting, dynamic and challenging task, especially at a time when the world has become a global village and economies are in a state of flux. The scarcity of talented resources and the growing expectations of the modern day worker have further increased the complexity of the human resource function. From the risk management aspect, provisions are made in case no suitable internal candidates are available to replace the loss of any key person.
“People are my most precious assets & I learn from their experience “is rightly said by Mr. Sam Watson (late founder of walmart) about human resource.

PSBs assess and anticipate vacancies including retirements annually and take necessary action to fill the same including intimating their requirement to Institute of Banking Personnel Selection (IBPS) for making allotment well in advance. The new government has granted managerial autonomy to the PSBs in the matters related to Human Resource including recruitment; Government has also advised all PSBs to prepare a succession plan. – Minister of State for Finance Sri Jayant Sinha.

The strategic goals of the banking industry must be identified for the workable design and execution of Succession Planning. Additionally, employee development must be aligned with business development and constructively support the cultural, leadership and communication elements.

Succession Planning involves having senior executives periodically review their top executives and those in the next-lower level to determine several backups for each senior position. This is important because it often takes years of grooming to develop effective senior managers. There is a critical shortage in Banks of middle and top leaders for the next five years. Organizations will need to create pools of candidates with high leadership potential. Succession planning involves a careful balancing of the concerns and needs of top management.

A well-developed succession planning process increases the retention of superior employees because they recognize that time, attention and skill development is being invested in them for the purpose of career development. When you continue to challenge and reward talented employees, you eliminate their need to seek opportunities elsewhere.

Developing leadership talent is a long-term investment. A working succession system results in having more than one good person available for a key job. Real success requires choices between two or more qualified people. In order to have choices, you need to identify who is ready now and what it will take to make others ready when you need them.

In today’s business perspective every organization, in particular Union Bank of India, has its eye on bottom line. Today it is possible to convert human resource activity in monetary term due to emergence human resource accounting system.

The issue of succession planning has presented a pivotal opportunity for HR to demonstrate its value to the organization. Unfortunately, a large majority of HR departments are not prepared to take on the more strategic role of managing “people risk” and leveraging the company’s intellectual capital.

OBJECTIVE OF THE STUDY

1. To address the issues in Succession Planning in Union Bank looking towards dynamic changing trends in banking industry.
2. To ensure our bank has the executives and key talent with the skills and depth of experience required to meet short and long-term operational and strategic plans.
3. To touch such some important areas of concern in future in Union Bank in connection with requirement, attrition, & retention
4. To understand that succession planning is not just about replacement planning.
5. To promote the best and the brightest across the bank having the right person in the right place at the right time for the right job

SCOPE OF STUDY

Our main focus of study is succession planning in Public Sector Banks
What Is Succession Planning?

According to top succession planning specialists such as Ram Charan and William Rothwell, Succession Planning is not just an activity of going through the motions of filling vacancies with available recruits. It is a process of active engagement by boards and top executives who build a foundational strategy for the Organization and set the tone for mentoring and guiding development of managers.

Succession Planning (SP) - is the systematic effort by an organization to ensure continuity of prepared leaders to fill key positions in the near and long term.

To understand that succession planning is not just about replacement planning “The chief aim of replacement planning is to minimize injury from the immediate and unplanned loss of the key job incumbents. Succession planning goes beyond this because it focuses on proactive steps and attempts to ensure the continuity of leadership by developing internal talent through planned development activities” (Rothwell, 2002).

Many organizations have recently moved away from the traditional term of succession planning to “talent management,” a term that is more inclusive of the many activities that are necessary in identifying, developing and retaining talent (Falmer, 2002).

The study of organizations and strategic behaviors is a young science and “succession” topics have only become popular in the last 15 to 20 years due to highly public and disastrous leadership transitions at successful financial institutes. Rapid changes in operations, business processes, and information based work, and portfolio diversification from mergers and acquisitions challenge the ability of top management to guide their organizations and train the visionaries that will take over in the future.

The transfer of “how to get work done” processes is being lost with the aging and retirement of senior management and the mobility of the younger workforce. Now Leadership is in crisis ! Early identification of successor “candidates” or “high-potentials” (hi-po’s) that can be groomed and given experience in understanding the larger context of running the corporation is the key to succession planning.

Drivers for Succession Planning

The interest in succession planning has grown to include an understanding of “leadership” behaviors and core competencies that aspiring individuals must possess.

“Organizations are often faced with the need to replace key management staff on a very short notice due to rapid change of mergers, acquisitions, downsizing, rightsizing, and re-engineering. Also, there is an increasingly competitive market for skilled and talented individuals.”

HR is challenged with becoming a strategic business partner. Like other functional units, HR is expected to demonstrate an understanding of the business and to use this understanding to develop and leverage the company’s key source of competitive advantage- its people.

Research Suggests That Succession Planning Impacts the Bottom Line

- “Companies with above-average bench strength are four times more likely to outperform their industry peers than companies with below-average bench strength.

- Similarly, companies with below-average bench strength are four times more likely to under-perform compared to their industry peers than companies with above-average bench strength”.

- A 2003 study by Hewitt Associates revealed that top companies that regularly focus on leadership development “outperform their industry peers in both financial growth and returns and consistently perform at or above the 50th percentile, relative to the industry, in total shareholder return”.

VOL. 3, ISSUE 1 (January 2016)
Different Models Of Succession Planning In Different Organizations

- The “Traditional” model involves CEOs and other top executives identifying their own replacements.
- The “Integrative approach” includes both succession planning and succession development. It is future-oriented and consistent with the strategic planning process.
- The succession planning “Pools” model stresses the identification of high potential candidate [exceptional performers] pools. It can be created through an assessment center process or through an interview/evaluation process.
- “Fast Track” program: Often the HR department puts together fast track programme through which they assist the person to develop an individual development plan (IDP).
- “Best practice” organizations: Most companies identified as “best practice” organizations for succession planning. Best Practice organizations perceive Human Resources as a strategic business partner.

Key Recommendations of Khandelwal Committee

Important highlights of the report on the chapter succession planning & Leadership development:

- Although most PSBs identify succession as a major problem, very few initiatives have been taken to tackle this problem. This neglect has led to serious problems for finding successors for even critical positions, when the incumbents either retire or leave the bank. At the leadership levels too, PSBs have no reliable management succession plans to ensure continuity and progress of the organization.
- The need for succession planning is far more urgent in the immediate future, given the number of mass retirements PSBs are going to face in the coming years.
- From 2012 onwards, PSBs are likely to face top management crisis. The leadership gaps in PSBs are palpable in as much as that in the next 5 years, 80% of GMs, 65% of DGMs, 58% of AGMs and 44% of CMs would be retiring. The pool of these experienced executives cannot be replaced only through promotions. Mere promotion on accelerated basis without grooming and advance planning would not solve the problem. Apart from this, there will be huge gaps arising in the middle
- Succession planning and leadership development can help banks create a leadership pipeline to manage business Continuity risk and offer career growth to their existing employees.
- Recommendation of committee to deal with this situation : The Committee feels that succession planning should be thought of by the banks in two ways:
  - Identified critical position
  - Leadership positions.
- Crux of succession planning - Ideally each critical position should be backed up by 3 potential successors in the reserve and on whom the bank can fall back in the event of any contingency. They should be groomed sufficiently in advance to take up the vacant positions when they arise.
- There is absence of a well knit and comprehensive strategy to develop people to take up strategic positions in senior and top management.
- The quick promotion system adopted currently to tide over the problem of finding successors to retiring top management levels without exposure to leadership grooming is far from adequate in meeting the new challenges. Quick promotion without well rounded exposures
does not produce leaders for strategic roles. The tendency to ‘fill the position’ will not serve the purpose. Class room training and attending a few seminars on leadership would not be good enough to produce leaders.

- Leadership Pipeline for the Top: The Committee strongly recommends that PSBs follow processes of both individual and team development when focusing on succession planning. This will help to ensure that banks build not just one leader but key abilities are developed in a number of people and teams simultaneously.

- PSBs now require tech-savvy, customer savvy, execution driven and bold decision makers who are strongly focused on people

- As per McKinsey’s study, PSBs, as a group, will need to groom about 10,000 leaders over the next 5 years:

<table>
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<tr>
<th>Cadre</th>
<th>Purpose</th>
<th>Required No of vacancies</th>
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<tbody>
<tr>
<td>General Managers</td>
<td>Business &amp; functional leadership</td>
<td>500-600</td>
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<tr>
<td>Regional Managers</td>
<td>Geographic business leadership</td>
<td>1500-2000</td>
</tr>
<tr>
<td>Branch Managers</td>
<td>Branch leadership</td>
<td>6000-7000</td>
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</table>

- The Committee is of the considered view that leadership development has to occupy a centre stage agenda for both the

- Government and the individual banks. A comprehensive leadership development strategy will have to be put in place for the banking sector and appropriate steps will have to be taken to introduce rigour into the entire process.

- Assessment Centre is a comprehensive, standardized procedure in which multiple assessment techniques such as situational exercises and job simulation (business games, discussions, reports and presentations) are used to evaluate individual employees for a variety of higher level jobs and leadership. Data from such assessments should be maintained for each candidate and used for promotion decisions along with his performance appraisal reports, experience profile and other biographic information.

- Recommends use of Assessment Centre as a reliable and valid method of assessing the extent to which a given executive has the competence to perform the new tasks. Promotions in executive cadre have to be preceded by a thorough testing of competencies and potential for holding the position to which the employee is being promoted.

- Data from such assessments should be maintained for each candidate and used for promotion decisions along with his performance appraisal reports, experience profile and other biographic information.

**Bankers’ Leadership Development Institute (BLDI)**

- In order to respond to the huge requirement for developing leaders for the banking sector, there is need for a serious strategy which can address the problem in totality. The Committee, therefore, proposes setting up of BLDI to develop world class leadership talent.

- On the tenure of Chief Executives of the banks, Narasimham Committee Report II (1998) had, interalia, made the following recommendations:

  - “The Committee is of the view that in today’s increasingly challenging business environment, a large institution can only be led effectively by a Chief Executive who has a reasonable length of tenure, which the Committee believes should not be less than five years”. 
KEY RECOMMENDATIONS

PSB is to introduce system of succession planning for key critical and leadership positions. Each critical position should be backed up by three potential successors in the reserve. Review of critical positions to engage the attention of the proposed Steering Committee of the Board on HR.

- The identified potential successors should be groomed through variety of mechanisms to prepare them for the identified positions.
- A comprehensive leadership development strategy, based on leadership competency model for each role, must be developed by each bank for executives in Scale IV and above.
- Leadership competency should be developed through a planned exposure to different jobs, tracking performance, training and development at different stages of career and grooming through management and leadership courses and through project work. Focus should be on developing high potential individuals.
- Potential identification should be done through modern HRD tools like Assessment Centre and 360 ° feedbacks to identify talent for various roles. Eventually this should become part of leadership development process and managed by BLDI. BLDI or any other institution which facilities this for PSBs should also help them develop mentors to guide, coach and promote internal talent.

Man Power Planning In Changing Banking Scenario

Manpower Planning also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization.

Steps in Human Resource Planning

Analyzing the current manpower inventory- Before making forecast of future manpower, the current manpower status has to be analyzed. For this the following things have to be noted-

- Nature of organization
- Number of departments /verticals
- Employees in these work units

Making future manpower forecasts- Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.

Manpower Forecasting Techniques

Expert Forecasts: This includes informal decisions, formal expert surveys and Delphi technique.

- Trend Analysis: Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
- Work Load Analysis: It is dependent upon the nature of work load in a department, in a branch or in a division.
- Work Force Analysis: Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.
- Other methods: Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.
Developing Employment Programmes

Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

Design Training Programmes

These will be based upon extent of diversification, expansion plans, development programmes, etc. training is be done to improve upon the skills, capabilities, knowledge of the workers & willing to work skill.

Variables Affecting Human Resource Planning

Internal Variables

- Retirement pattern in forthcoming years
- Attrition ratio
- Promotion policy
- Gap in specific skill set
- Implementation of new technology
- Role of unions & associations

External Variables

- Demand & supply of skill sets in market
- Regulatory factors affecting recruitment & promotion policies
- Peer bank ‘s policies

Importance of Manpower Planning

1. Key to managerial functions- The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.

2. Efficient utilization- Efficient management of Human Resources becomes an important function in this scenario.

3. Motivation- Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.

4. Better human relations- A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

5. Higher productivity- Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities (Performance appraisal, training and development, remuneration)
Need of Manpower Planning

Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draws employment programmes.

- Shortages and surpluses can be identified so that quick action can be taken wherever required.
- All the recruitment and selection programmes are based on manpower planning.
- It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.
- It also helps to identify the available talents in a concern and accordingly training programmes can be chalked out to develop those talents.
- It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in the best manner.
- It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

Changing Trends in Indian Banking in Terms of Manpower Planning

- Today’s customers: Customer profile of growing younger India is changing rapidly. Contemporary customer is having more avenues to park their money like mutual fund, pension products, insurance etc. So the banks have no choice to offer all the financial services under single umbrella or to lose the customer.
- Customer of 21st century are more demanding in terms of tech services & returns
- Cut throat competition among banks
- Challenges of getting & retaining right skill set
- Branch banking to branchless banking.

Suggestions for Succession Planning

1. Creation of a talent pool of SMART-I persons [up to scale III]: means the people who are Skilled Meticulous, Adaptive (willing to work in any environment), Responsible & Trust worthy (reliable) in terms of customer service. This pool of officers should be given special training for various challenging assignments.
2. To create a second line leadership-SMART -2 Persons-[basically Scale IV & above] LEADERS who can Strategize things, Meticulous planners, Articulate & advocate changes required, Result oriented, Tough team builder.
3. To create High Potentials (Hi-Po) – Exemplary performers perceived to have high potential for future advancement into higher levels of leadership. They can be Key source of replacement for critical positions.
4. Link succession planning outcomes to business objectives in order to ensure the right people, in the right place, at the right time. SP should complement and leverage HR strategies and programs like recruitment, training & development, and performance management.
5. Identify key critical positions and develop profiles that describe the skills, experience and competencies needed. Identify individuals with potential to go into these roles. Factors which can be considered include career aspiration, performance results and leader attributes.
6. The grooming of officers for future roles: Transfer of expertise from rich experienced existing employee to Gen Y less experienced. We should make proper study of our workforce to
identify & plug the potential knowledge drain. Creation of second line leadership is oxygen for any organization to survive & sustain.

7. Mentoring of newly joined employees: To create a self moving chain of knowledge sharing every retiring employee should adopt two employees to give them required skill knowledge experience & value of the organization. Though it is a good step taken by training system to mentor newly joined Pos. but all newly recruited should be given mentoring by Branch manager in the branch or immediate supervisor in administrative offices.

8. Performance management system: PMS is be stabilizing and employees should be sensitized toward the usage of PMS. It should not be done as a ritual. PMS also should be linked to training & career path.

9. Keeping employee motivated & effectively engaged is very important in today’s scenario when lot of tech graduates is joining in banking services.

10. Creating business mindset with ethics among employees: which in turn will change the “chalta hai (complacent) attitude” towards customer service which is backbone of any service industry like banking?

11. Manpower planning should be given to Different verticals as per their need. HR should play a role of a bridge between available resource and skill required by that vertical. Employee should have their choice of field where they can optimize their contribution.

12. Establishment of R&D department: This department will be responsible for innovative study on our own employees about their strength & developmental areas to optimize the employee resource. This study can be utilized to find out SMART -1 & SMART- 2 type (refer para 1) of officers within organization.

13. Assessing the impact of training in monetary terms: Return on learning (ROL) should be calculated by making post training evaluation in terms of performance & productivity of trained manpower. Training system already has taken a proactive step in this direction that is very good sign.

14. Technology based training : It is need of the hour when bottom line is our concern to save the employee as well as banks precious time this not only will cut the cost but also user friendly in particular Gen Y employee.

CONCLUSION

In the age of global village it is pertinent to retain & reserve a pool of talents ready to cater the need of intellectual capital to mitigate the risk of human capital. The future predictions of changing banking industry we may conclude that in future union bank may have sufficient number of working employee in quantities terms but the “skill to work & will to work” hands will be the concern of the bank.

If we visualize the Indian banking scenario we can firmly say that this decade is the decade of retirement & we are recruiting the young talents from the market trough IBPS. Today’s Gen Y has so many avenues to get employment in this global village era which poses another challenge of talent retention in the bank.

So the Succession planning is the mantra of identifying the future talent needs of bank and taking the appropriate and necessary steps to spot the talents & groom them for future challenges& assignments. This pool of talents will be intellectual capital of the bank to recoup the loss of talents in form attrition, resignation, retirement.

Those days are gone in banking, which were based on LOOK BEHIND & GO AHEAD BANKING. In this era of banking if we want to survive we must have work forces with special skills, knowledge &competency with right mind set. It is rightly said that. “One cannot solve today’s problem of with yesterday’s solution.
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ABSTRACT

In this globalised world, there has been a growing demand for sustainable development from different stakeholders of the corporate across the globe against the backdrop of depletion of natural resources as a result of greed for more profit, expansion, need for longer survival in the market. There have been several social, economic and environmental challenges to the activities of corporate. How do corporate meet these challenges? The answer to these questions calls for insight into the details of corporate sustainability reporting process and its other dimensions. Accounting measures and reports all the economic activities of the firm but sustainability reporting for accounting measures and reports both economic and non-economic activities of the firm and accountable to stakeholders (both internal and external) for organizational performance towards the goal of sustainable development. In this paper, an attempt has been made to reflect upon the various dimensions of corporate sustainability reporting for accounting vis-a-vis basic accounting policies and managerial relevance for improved performance and management control.

Keywords: Sustainability Development; Sustainability Reporting

INTRODUCTION

Corporate Sustainability Reporting for Accounting

The concept of sustainability is - being responsible with resources - “people, land, energy, water, materials and capital.” Thus, with the adoption of sustainable development concept as defined by the Brundtland Commission of United Nation on Environment and Development, 1987, the view of the enterprises is changing across the globe. The enterprise is interpreted as units of environment, social and economical dimensions and only reproduction of these three dimensions allows its sustainable development (Bent, 2008). Taking a clue from this definition, many accounting practitioners have viewed sustainability almost exclusively as representing environmental, i.e. ecological and sometimes social issues, and sustainability reporting as telling how green and socially responsible a corporate has been. But sustainability, especially in an accounting context is that a sustainable entity is one that is well off at the end of a period as at the beginning with respect to use of all resources e.g. environmental, human, social, ecological, financial, technological, etc. Therefore, Corporate Sustainability Reporting or Triple Bottom Line (TBL) reporting has indeed become an important tool being used by the organizations to become more sustainable. This shows how traditional accounting is extended by improving transparency and accountability by reporting on Triple P’s.
Sustainability is a broad concept which talks about the sustainability of the enterprise as a business involving production, sales, marketing, as well as sustainable financially, legally, etc. The users of financial information constantly desire more information about the organisation (both financial and non-financial) to assess the corporate sustainability and risk associated with sustainability.

**OBJECTIVE**

1. To educate the accounting professionals on the relevance of sustainability issues. This responsibility lies with the organizations and institutions which want to see increased sustainability disclosure, such as responsible investors, NGOs, special interest groups, consumers, governments, and stock exchanges.

2. To build awareness that the process of reporting is integral to the long term strategic goals of companies.

3. To guide companies and regulators, on regular basis, to raise awareness of sustainability and the benefits of sustainability reporting as mandating sustainability reporting may not be conducive to the production of comprehensive and useful reports.

**Purpose of this paper**

The purpose of this paper is to educate the professionals as how to evaluate the environmental, social and governance performance of companies through an account of their management of various forms of non-financial capital associated with sustainability– social, economic and environmental – and corporate governance issues, which they rely upon for sustained, long-term value creation.

Secondly, inform to various stakeholders about development of an integrated business strategy for corporate management and assess sustainability risks and opportunities inherent to investment decisions.

Thirdly, this paper is intended as a complement to financial accounting, such that financial information and sustainability information can be evaluated side by side and provides a complete view of a corporation’s performance and value creation, both financial and non-financial, and across all forms of capital.

**Why Corporate Sustainability Reporting For Accounting?**

In recent times, call for corporate sustainability reporting for accounting have become stronger, more frequent and more urgent. As there is no common notion of sustainability, per se, especially in an accounting context, most of the previous researchers have adopted the definition of sustainability developed by Bruntland (1987) over 25 years ago for the World Commission of Environment and Development of the United Nations. This definition while being innovative and ground-breaking for the time, can be seen as somewhat obsolete for the current era of research in the field of accounting for sustainability. Among other things, it focuses on external sustainability, i.e. sustainability of ecological and social systems, while the current focus on accounting for sustainability is on sustainability of an entity or enterprise as a whole.

Thomas L. Friedman, a New York Times Columnist and award winning author, in his recent book on sustainability, *Hot Flat and crowded* (release 2.0, 2009) has explicitly used accounting terminologies to describe inadequacies of accounting practice for sustainability. He links both financial sustainability in the recent US financial crisis and environmental sustainability as being part of the same phenomenon: inadequate accounting that does not adequately consider risk. If the risk involved in the subprime mortgages or default insurance had been properly priced into these products, they would never have been rated the way they were. Investors would have been much more wary and demanded much higher yields before buying them, which would have forced the mortgage brokers to be more careful in deciding whom to give these mortgages and the banks to be more careful in choosing which ones to bundle.
The well-known financial sustainability failures and near failures of companies like Enron, WorldCom, Parmalat and Ahold in the last few years have called for serious concerns and review of financial reporting, auditing and enforcement. These financial sustainability failures resulted not only in investor and creditor losses but also massive losses for society and are clearly social and environmental sustainability issues as well. The sustainability failures were directly related to non-compliance with accounting standards, audit failure and enforcement failures.

While pricing of product may be viewed as a marketing issue, under IFRS and accounting standards of most industrialized nation, valuation of cost of goods sold and the inventory of buyers would require an adequate risk assessment to measure amounts in financial statements of both sellers and buyers. Furthermore, the principle of going concern applies to all valuations in financial statements and under pricing of financial risk raises serious issues of going concern. As a result, corporate sustainability failures in the recent financial crisis related to inadequate pricing of risk in products are indeed issues of accounting for corporate sustainability. Friedman (2009, pg.25), citing the WWLF’s Living Planet 2008 Report, has reported that many companies are over-valuing its financial assets and under-value the environmental assets, thereby causing an ecological credit crunch that are the basis of all life and prosperity. Further, most nations do not put a price on the natural resources consumed and they too are ‘underpriced’ and therefore overexploited – with the profits privatized and losses socialized.

**Accounting For Corporate Sustainability Measurement**

In this perspective, it is imperative to identify the role of accounting to measure economically the social and environmental activities, taking decisions on social and environmental related issues based on cost-benefit analysis, managing social and environmental costs, taking capital budgeting decisions, green justification of processes and products, preparing financial statements in compliance with GAAP, getting the financial statements audited by an independent qualified auditor and disclosure in financial statements for decision making by the shareholders. The basic objective is to account for economic effects of social and environmental activities of firm to promote quality of life. In a broader sense, accounting includes financial and cost and management accounting issues besides control functions like internal and external audits. Some of the relevant and conflicting issues are;

- How to recognize the social and environmental effects on traditional accounting practices and framing of accounting policies?
- Are the social and environmental related costs and revenues separately identified, measured, and reported in the traditional accounting system?
- What are social and environmental costs? Is proper classification and allocation of social and environmental costs result in better decision making?
- What is the financial and operational effect of social and environmental protection measures on capital budgeting decisions and earnings of the company for the current year? Do they have any specific effect in the future periods?
- What accounting standards do we need for measurement or reporting of economic activities that care of social and environmental issues? Has the FASB or IASB issue such standards? How can Indian accounting standards authority cooperate with other important international accounting standard setters to capture, identify and measurement and disclosure of socio-economic costs and benefits of a firm in India?
- Is the capital budgeting decision making process suitably adjusted for justifying ‘green technology’?
- What policies are being followed for amortization of social and environmental expenditure?
- How does the company treat additional expenditure incurred for training of employees to enhance their environmental awareness?
How much is spent annually on R&D to innovate social and environment-friendly processes and products?

Is there any provision for setting up of a catastrophe reserves?

What are environmental benefits? Can these be identified, measured and classified such as; process/ product/fiscal benefits?

What is the impact on profitability of the company for getting ISO 14000 accreditation and for following ISO 14001 standards? Can ISO14001 increase net operating profit of the company?

Has the firm/company introduced a separate social and environmental audit system? What is the composition of the team?

What is the level of corporate social responsibility in the annual report of the company? Is it shown separately or is it shown as a part of Director’s report?

Does the company show the expenditure towards social and environmental activities under a separate head or are they clubbed together with the items of operating expenditure in the income statement?

The above-mentioned issues are pertinent in context of accounting for corporate sustainability and reporting. Some of important issues are discussed briefly in the following paragraphs.

Accounting Policies

Accounting policies form the basis of measurement and reporting of economic activities of the firm. These refer to specific accounting principles and the methods of applying those principles adopted by the enterprise in the preparation and presentation of financial statements. There is no single list of accounting policies which are applicable to all circumstances. The differing circumstances in which enterprises operate in a situation of diverse and complex economic activity make alternative accounting principles and methods of applying those principles acceptable. The choice of the appropriate accounting principles and the methods of applying those principles in the specific circumstances of each enterprise call for considerable judgment by the management of the enterprise. The social and environmental awareness of the company, translation of the awareness into social and environmental measures leading to some economic activities and treatment of social and environmental-related expenses can be captured well only when accounting policies of the company make a suitable disclosure of them in appropriate places of the financial statements.

In India, Accounting Standard (AS) -1 deals with Disclosure of Accounting Policies. The purpose of this standard is to promote better understanding of financial statements by making the disclosure of significant accounting policies in the financial statements in the prescribed manner and such disclosure facilitates a more meaningful inter-period and inter-firm comparison.

A few of the disclosures that form part of the accounting policies are;

- Basis of classification of expenditure (whether revenue or capital) towards environmental and social protection measures and their financial outcome
- Capitalization and accumulation of such costs and amortization thereof
- Identifying revenue related environmental and social expenditure and their classification into suitable heads, like recycling, remediation, accident and safety, etc
- Disclosure of environmental and social related liabilities and provision
- Setting up of catastrophe reserve and use of the same
- Disclosure of contingent liability
Amongst the above, the disclosure of contingent liabilities is a complex issue. Contingent liabilities are disclosed, if material, in the notes to financial statements. The contingent liabilities relating to social and environmental activities of the company include;

- Liabilities, provisions and reserves that have been set for the current period and amounts accumulated to date;
- Contingent liabilities with an estimate of the amount involved, if the event is likely to occur. The possible loss could be quantified to the extent reasonably practicable. A feasibility study of remediation costs may be taken to estimate the contingent liability. However, if the possible loss cannot be reasonably estimated, a description of the nature of contingent liability should be furnished and the reason why an estimate of the amount of the loss cannot be made should also reappear as part of the note.

It may be worthwhile to mention that AS-4, Contingencies and Events Occurring after the Balance Sheet Date, is to be complied with both in letters and spirit. The standard requires disclosure in respect of those contingencies and events which affect the financial statement to a material extent.

Further, corporate strategic cost and management accounting policies cannot ignore social and environmental factors. Social and environmental costs may be hidden, contingent and reputation-cum-goodwill building or be an important part of allocated costs of the asset used for prevention of social and environmental degradation. The hidden costs are included in overhead expenses borne by all operations, rather than charged back to the departments actually using the services. Therefore, these items need proper analysis and allocation for decision-making and management control.

Corporate Sustainability Reporting Principles and Contents

In general, across the globe, Generally Accepted Accounting Principles (GAAP) governs the preparation and presentation of financial reports that are applicable in a particular context. But reporting of social, economical and environmental performances of the corporate is generally considered as a part of Corporate Social Reporting (CSR) and is likely to be guided by the same principles, guidelines and regulatory framework. Here, issues concerning sustainability are raised. Therefore, sustainable development includes social, economic and environmental performances of the corporate. The reporting principles and contents rooted in the premise of sustainability are briefly discussed below.

Corporate Sustainability Reporting Principles

A helping hand was offered to the companies by the Global Reporting Initiative (GRI), which has produced a set of rules and guidelines for corporate sustainability reporting. GRI follows the principles of sustainable development and its aim is to promote voluntary disclosure of environmental, economic and social aspects of companies. Global Reporting Initiative (GRI) was founded in 1997. It is a global initiative independent of institutions. Its purpose is to create generally applicable recommendations for reporting on sustainable development of an organisation. In 2000 GRI published its first guidelines, Guidelines 2000. The year 2002 saw a release of further guidelines: Sustainable Reporting Guidelines 2002. Currently, updated guidelines of the third generation are in force – so-called G3, which were issued in 2006. The GRI Guidelines on reporting constitute probably the most comprehensive framework for reporting on sustainable development of a company – i.e. on economic development that observes environmentally-sound approach and takes into account social aspects of business (Hřebíček, Kokrmet 2005). The GRI Sustainability Reporting Guidelines are periodically reviewed to provide the best and most up-to-date guidance for effective sustainability reporting. Subsequently it has witnessed few changes with the introduction of G3.1 and G4 versions. The G3.1 version contains general and sector-specific content that has been agreed by a wide range of stakeholders around the world to be generally applicable for reporting an organization’s sustainability performance. The aim of G4, the fourth such update, is simple: to help reporters prepare sustainability reports that matter contain valuable information about the organization’s most critical sustainability-related issues, and
make such sustainability reporting standard practice. The GRI Reporting Framework is presented in Fig-1 below.

![GRI Reporting Framework](image1.png)

**Fig. 1. GRI Reporting Framework**

*Source:* Source: Sustainability Reporting Guideline, 2011

The GRI reporting principles seeks to answer the following questions in the context of sustainability reporting:

1. What are the core principles that form the framework of the report? The core principles are Transparency, Inclusiveness and Auditability.
2. What information should involve the content of the report? The content of the report should have Completeness, Relevance and Sustainability.
3. What will be the quality of the reported information? The criteria of quality of the reported information are Accuracy, Neutrality and Comparability.
4. What will be the accessibility of the reported information? The accessibility of the reported information includes two important quality aspects, such as Clarity and Timeliness.

The principle of auditability depends on host of above-mentioned principles such as comparability, accuracy, neutrality and completeness. Auditability displays that the process underlying report preparation and information in the report itself meets standards for quality, reliability and other similar expectations. The principles of Corporate Sustainability Reporting are presented in Fig.2 below.

![Principles of Corporate Sustainability Reporting](image2.png)

**Fig. 2. Principles of Corporate Sustainability Reporting**

The auditability principle refers to the extent to which information management system and communication practices lend themselves to being examined for accuracy and both internal and external parties. The reported data and information should be recorded, compiled, analysed and
disclosed in a way that would enable internal or external auditors to attest to their reliability. In a nutshell, the principles outlined above should help ensure that the sustainable development report presents a balanced and reasonable account of economic, social and environmental performance, and the resulting contribution of the organisation to sustainable development. Further, it facilitates comparison over time and across organisation and credibly addresses issues of concern to stakeholders.

**Contents of Corporate Sustainability Report**

Part C of GRI Guideline clearly elucidates the content of the report under the following broad headings:

1. Describe how a company’s sustainability priorities are integrated into its overall vision and business strategy
   - Define sustainability
     - Describe understanding of what ‘sustainability’, ‘social responsibility’ or ‘corporate citizenship’ means to the company
   - Reveal vision
     - Vision should look to the sustainability opportunities and challenges of supplying energy into the future.
     - Often presented in the context of existing corporate values, principles and policy commitments
   - Explain strategy
     - How to create value for its shareholders by means of its current performance; describing principal sustainability issues and approach to addressing them

2. Report on the role of the board and/or executives with regard to sustainability-related governance and management systems.
   - Outline board governance
     - How it functions, how often it meets, whether board members are associated with sustainability issues, etc.
     - Discuss the role of the most senior executives and their structure for managing the day-to-day business.
   - Detail management systems
     - The status, implementation and effectiveness of such management systems are usually addressed in a sustainability report

3. Report should be relevant to users and should be provided consistently to enable comparability
   - Defining materiality
     - Material issues for sustainability reporting are those that, have the potential to significantly affect sustainability performance
   - Use a simple process
     - Companies should establish a simple process to identify those material issues that warrant inclusion in their report.

4. Select Indicator and Data Collection
• Indicator selection
  • Material issues for reporting should inform the selection of indicators
  • The Guidance contains 33 performance indicators for use by companies to demonstrate how the issues are being addressed
  • Companies may choose to customize indicators or develop additional measures to report on key issues

• Data collection
  • Determine what quantitative data and qualitative information will be collected within the company
  • A choice of ‘reporting elements’ is provided that may be applicable to the company’s operations, and which define the types of information or data that can be collected.

5. Analyse the indicator data and incorporate the results into a narrative that describes performance progress

• Putting results into context
  • Developing a narrative requires a company to think strategically about how it communicates material issues and indicator data
  • How the results are relevant to the company’s operations
  • The nature of impacts on relevant stakeholders
  • The opinions of stakeholders or other credible third parties on those impacts
  • How the results may compare to relevant industry benchmarks or averages
  • Strategic responses, goals or lessons learned
  • Explain progress against goals
  • Plot progress against plans to achieve goals, together with explanations for variations in related performance
  • Recognize complex issues
  • Material issues may have many dimensions and involve reporting against a variety of indicators
  • Employ case studies
  • Including real-world challenges illustrate how a company can manage and integrate sustainability performance into its operations
  • Incorporating financial data
  • Can be useful to incorporate selected financial and operating information to provide business context when reporting on sustainability issues.

6. Inclusion of information to provide assurance on the content of sustainability reports is a common practice

• Assurance processes provide an opinion regarding the quality of reported information
• Audit-based verification
Typically focuses on quantitative data, may also seek to test materiality processes or assess qualitative statements or claims

Third-party commentary

Can be statements by experts, a stakeholder panel, or academic, non-governmental organization (NGO) or community comments

May include views on management performance, progress and recommendations.

May also provide an opinion on whether the report includes the most relevant and material issues

Important to explain how assurance is achieved

7. Performance Indicators (Social, Economic, Environmental and integrated, if possible)

Performance Indicators are categorized in terms of three dimensions of the conventional definition of sustainability – social, economic and environmental. Performance indicators may be expressed either in qualitative or quantitative form or in both. Quantitative indicators are auditable and are more authentic information to rely upon. Qualitative indicators may be complementary to present a complete picture of an organisation’s social, economic and environmental performance. In a highly complex situation, where it is not possible to identify or measure quantitative indicators that capture the organisation’s contribution – positive or negative to social, economic and environmental performance, qualitative information may be the most appropriate one. The details of sustainability performance indicators based on performance category are presented in Exhibit-I below.

Exhibit-I. Sustainability Performance Indicators

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<tr>
<th>S.I</th>
<th>Category</th>
<th>Indicators</th>
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<td>1</td>
<td>Social:</td>
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<td></td>
<td>Labour practices and decent work</td>
<td>Employment</td>
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<td>Labour and management relation</td>
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<td>Health and safety</td>
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<td>Training Education</td>
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<td>Diversity &amp; Opportunity</td>
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<td>(ii) Human rights</td>
<td>Strategy and management</td>
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<td>Non-discrimination</td>
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<td>Collective bargaining</td>
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<td>Child Labour</td>
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<td>Forced and compulsory labour</td>
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<td>Disciplinary practices</td>
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<td>Security practices</td>
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<td>Indigenous rights</td>
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<td>Society</td>
<td>Community</td>
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<td>Bribery and corruption</td>
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<td>Political contribution</td>
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<td>Competition and pricing</td>
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<td>Product responsibility</td>
<td>Customer health and safety</td>
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<td>Product and services</td>
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<td>Advertising</td>
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<td>Respect of privacy</td>
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<td>S.I</td>
<td>Category</td>
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<td>2</td>
<td>Economic:</td>
<td>Direct Economic Impact</td>
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<td>Customers</td>
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<td>Suppliers</td>
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<td>Employees</td>
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<td>Providers of capital</td>
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<td>Public sector (taxes, subsidies, etc)</td>
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<td>Environmental</td>
<td>Materials</td>
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<td>Biodiversity</td>
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<td>Emissions, effluents and waste</td>
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<td>Product and services</td>
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<td>Overall</td>
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**Managerial Relevance**

The sustainability reporting for accounting needs to be extended as a pragmatic imperative by moving beyond the procedural tasks designed to emphasize report preparation, information verification and disclosure and towards behavioral change within corporations, such that performance is improved (Schaltegger & Wagner, 2006). Moreover, the sustainability reporting can help the organisation improve its performance and drive towards innovative sustainability solutions. Sustainability is a broad concept that requires strategic assessment, interpretation and application. It cannot be quickly or temporarily addressed. It requires an organisation to strategically and systematically rethink what it does, and how it delivers products and services, like integration within all functional areas of management and activities through strategy, planning, operations, supply-chain, finance, HR, facilities management, projects, corporate reporting, etc.

In this context, sustainability reporting for accounting remains at an early stage of development and at present is still more of a buzz word than a well-defined approach. A further pragmatic challenge for research is the need to provide a framework for and evidence about measurement and reporting which balances the need for integration of the variety in information about sustainability with the differentiated unitary information effects between the dimensions of sustainable development at various corporate management levels and for various management functions.

Researchers need to recognize that to fall short of a convincing conceptualization will leave sustainability reporting for accounting as abroad umbrella term, with little practical usefulness. Finally, the tasks for applied research, development and training are: derecognize and accept the limited function of accounting information and the need for its serviceable information in business; to capitalize on the specific guidance for mangers offered by sustainability accounting; and to conceptualise an acceptable proportionality in sustainability challenges to business and to independently research links between this proportionality and the mindsets, actions, attitudes and behaviours of managers, given the predetermined policy goal of sustainable society. Of course, the debate remains open to those with a philosophical bent, to challenge this goal and the whole edifice constructed on the premise of sustainability, its operationalisation and its accountings.

**CONCLUDING REMARKS**

In this paper, an honest attempt has been made to discuss the social, economic and environmental aspects of business and looking for possible ways how to report all those factors and their interconnections. It is true that reported information would not to be complete without the disclosure
of entity’s policy, its approaches to recognizing and reporting on particular elements, its methods of measurement, presentation and reconciliation of changes between the beginning and the end of the current period and last but not least, its resorted strategy and tactics concerning its future development. Such information is common, by IFRS required part of financial information in annual reports. In conventional accounting such information concentrates only on economic information. If the information about social and environmental dimensions of a business need to be included in an annual report and connect these information with economic information, the information in the same structure as the information about economic dimension need to be disclosed. The user of accounting information can, therefore, have a complete, multidimensional view of the present situation, the future development of an entity, its future opportunities and risks as well.

Sustainability reporting requires interpretation and application – it is not adding a GRI index to the back of an annual report! Sustainability reporting is not about producing a report – the process can drive progress with sustainability and innovation in many areas. Sustainability needs to be integrated throughout all areas of an organisation to be effective and maximize value.

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ABSTRACT

The World Trade Organization (WTO) or formerly GATT was established primarily to achieve free trade across the globe based on the principle of non-discrimination and the process of multilateral trade negotiations. The fact that most countries are members of WTO reflects the worldwide belief in the benefits of a global free trade. Despite its achievements since the first round of multilateral trade negotiations was held, the effectiveness of such process has however been called into question or doubt. Most WTO members are now either current members or are proposing for new regional trading arrangements (RTAs).

Keywords: Regional Trade Agreement; WTO

INTRODUCTION

What implication do these RTAs have for the WTO and its multilateral trade process? Should developing countries give regionalism priority over the WTO-based multilateral approach? To answer these questions, the paper will first summarize the motivations behind the formation of RTAs before presenting the merits and demerits of RTAs as an approach to achieve universal free trade and maximize developing countries' welfare. It is argued that despite its inherent limitations it is important for developing countries to remain primarily committed to the principles of WTO and the process of multilateral trade negotiations.

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What implication do these RTAs have for the WTO and its multilateral trade process? Should developing countries give regionalism priority over the WTO-based multilateral approach? To answer these questions, the paper will first summarize the motivations behind the formation of RTAs before presenting the merits and demerits of RTAs as an approach to achieve universal free trade and maximize developing countries' welfare. It is argued that despite its inherent limitations it is important for developing countries to remain primarily committed to the principles of WTO and the process of multilateral trade negotiations.

Why RTAs?

There has been a plethora of proposals for new bilateral and regional trade arrangements in recent years. From bilateral such as Singapore-US, Singapore-India, Japan-Korea, Japan-Singapore to
regional such as ASEAN-China, ASEAN-India, ASEAN+3 and other regional groupings. Up until recently, these countries have only opted for a multilateral and non-preferential route to trade liberalization. Under this approach these countries undertook unilateral liberalization on an MFN basis. However, since the late 1990s there has been a shift from the non-preferential route to trade liberalization. Although few of these proposals have reached negotiation stage or been formalized, it is evident that many economies in the region are seriously engaged in the development of new preferential trading relationships, while others are actively considering moves in this direction. This includes economies which were in the past staunchly against the preferential route to trade liberalization such as Japan and Korea.

These initiatives have come in the wake of a global trend towards regionalism. As a result, most industrial and developing countries in the world are members of a regional trade or integration agreement, and many belong to more than one such agreement. More than one third of world trade takes place within such agreements and if Asia Pacific Economic Cooperation (APEC), a somewhat looser organization comprised of more than twenty high-income, middle-income, and low-income countries of the Pacific Basin is included, this figure increases to 59 percent (World Bank. 2000, pi).

Although all RTAs are committed to trade liberalization between the members by reducing the barriers, they vary in terms of the level of integration. At the base is the 'Free Trade Agreement (FTA)' where trade barriers (usually tariffs) between partner countries are abolished. However, each member independently determines its own external trade barrier with non-FTA members. A prominent example of an FTA is the 'North American Free Trade Agreement (NAFTA)' between US, Canada, and Mexico. The next level of integration is the "Customs Union" where a common external trade policy is adopted by member countries (e.g., MERCOSUR comprised of Argentina, Brazil, Paraguay, and Uruguay). "Common Markets" like the European Community adopt further provisions to facilitate free movement of factors of production and harmonization of trading and production standards across member countries. Finally, "Economic Unions" such as the European Union, extend the harmonization to macroeconomic (such as fiscal and monetary), and social as well as legal policies.

There are a number of reasons for this global trend towards regionalism. Despite the substantial tariff reduction on manufactured goods resulting from the WTO-sponsored trade negotiations, there has been a growing dissatisfaction over the multilateral approach to trade liberalization under the auspices of the WTO (formerly GATT) for a number of reasons. New forms of trade restrictions such as the Voluntary Export Restraints (VERs), Orderly Marketing Arrangements (OMAs), technical standards, customs procedures and others have emerged as disguised forms of protectionism. The large membership of the WTO has made negotiations more complicated and difficult to resolve, let alone monitor compliances. The Western countries, particularly Western Europe and the US are increasingly disillusioned with the slow progress in trade liberalization and there has been a growing perception that multilateralism has failed to provide a level playing field. The Special and Differential treatment (S & D) accorded to developing countries in the form of the Generalized System of Preferences has been cited as an example.

There has been a perception that the European market is becoming more inward-looking with the establishment of the European Union (EU) and the extension of integration to the European Free Trade Area (EFTA) and Eastern European countries. The decline in US economic dominance and increased competition from Europe and Japan has reduced US commitment to multilateralism and pushed it to form a countervailing bloc. The US-Canada Free Trade Area (FTA) was later followed by the North America Free Trade Area (NAFTA). The enterprise for the Americas' initiative envisages more FTAs with South American countries.

The collapse of the WTO talks in Seattle and recently in Cancun has made countries even more pessimistic about the effectiveness of multilateralism and has driven a number of countries to form regional groupings as an insurance policy. Singapore Trade Minister George Yeo, who was in Cancun for the failed WTO talks said on his return to Singapore that Singapore would seek more bilateral free trade agreements following the breakdown of Cancun (The Business Times, 23 September 2003). He
highlighted the importance to Singapore of already signed FTAs with New Zealand, Japan, the European Free Trade Association and Australia. He said Singapore intended to sign similar deals with Canada, India, Chile, Jordan and South Korea. Bob Zoellick, America's top trade negotiator, claimed that countries were approaching him to push for bilateral deals even as the Cancun meeting was crumbling (The Economist. 18 September 2003).

More countries may now divert their negotiating energies into bilateral FTAs. After the failure of the Cancun talks, Mr Zoellick said that America would now push on the bilateral and regional route. The United States undoubtedly will push ahead and start new FTA talks with Colombia and Thailand (and maybe Peru and Sri Lanka). These talks were being considered before Cancun, but will be given greater priority. Efforts to deepen North American economic integration, in part for security, could also advance. However, negotiation of the Free-Trade Area of the Americas (FTAA), which requires a convergence of American and Brazilian positions and which is linked substantially to the Doha round, could be set back.

The EU will probably give more attention to problems of enlargement and trade initiatives with Eastern European and Mediterranean countries. The EU also may drop its self-imposed moratorium on new FTA negotiations in order to keep pace with America. Given European sensitivities on agriculture, however, there is a big risk that such new initiatives could focus primarily on manufacturing trade and investment, leaving protection for most farm products untouched. But cutting out agriculture means that the stalled EU negotiations with the Mercosur countries - which have proceeded in parallel with the FTAA - may well continue to drift.

In Asia, countries have engaged more aggressively in negotiating FTAs. China is negotiating an FTA with ASEAN, which Japan and India are trying to emulate. Long-delayed trade talks between Japan and South Korea have just been announced. Both are also pursuing other FTA, though agriculture remains a stumbling block. However, if China proposes moving forward with a North East Asia FTA, it will be hard for South Korea and Japan to resist. For now, a FTA involving East Asia's "big three" is a long-term vision, not a negotiating initiative - but that could change quickly if the WTO process remains stalled.

Finally, the faltering support of the US and Western Europe for the multilateral system has created a sense elsewhere that regionalism is the order of the day. Smaller countries are seeking regional trading arrangements with their large neighbours. Ex-President of Mexico Salinas pushed Mexico into NAFTA because of concern that European investments would be diverted to Eastern Europe and that domestic reforms in Mexico might be derailed under political pressure. On the other hand, there was the US concern with cross-border problems should the Mexican economy collapse.

Due to the above sources of dissatisfaction over WTO-sponsored multilateral approach, there has been a proliferation of regional trading pacts. According to me WTO report (1995), 109 regional trading arrangements were submitted to GATT between 1947 and 1994. There were 33 registered pacts between 1990 and 1994. The formation of RTAs worldwide gathered momentum in the past decade. For example, of the total 194 agreements recorded with the World Trade Organization at the beginning of 1999, 87 came into existence since 1990 (World Bank, 2000, p1). Of some 200 RTAs notified to WTO (or GATT) so far, more than 130 agreements are still in force today.

**OBJECTIVE OF THE STUDY**

Regional Trade Agreements

1. To study Regional Trade Agreements
2. To study their implications for WTO.

**Regional Trade Agreements as Building Blocks**

Critics of the WTO-based multilateral approach to free trade who are frustrated with the slow progress made under WTO in trade liberalization have translated the GATT acronym as a general agreement to
talk and talk. They have argued that regional trading arrangements among like-minded nations produce faster agreements on trade liberalization. It is suggested that certain disciplines must be observed to minimize the incidence of trade diversion; for example, that the common external tariff in a CD is not higher or more restrictive than the pre-CU level, that duties and regulations in a FTA are not higher than the pre-FTA level, and that greater discipline is exercised with regard to antidumping and VER actions.

Under the dynamic view of regionalism as a building block for multilateralism, the threat of regionalism could produce multilateral trade agreements that otherwise would have been held up. It was reported that one of the forces that prompted the eventual successful conclusion of the Uruguay Round in 1993 was the decision of the EU to form a Single Common Market in 1992. Thus, there could be a positive interaction between regional and global approach to trade liberalization.

In a political economy sense, negotiations and agreements where few parties are involved are easier to achieve than in situations where a number of parties are involved. There are over a hundred countries currently involved in the process of multilateral trade negotiation which makes the achievement of agreements and resolutions under the Most Favored Nation (MFN) principle much more complex and difficult than if negotiations are conducted with few parties under regional reciprocity. The free rider problem has constrained groups of countries to extend preferential arrangements under the MFN principle.

Further, public support for a regional trading arrangement tends to be more focused and mobilized than support for multilateralism. The politics of preferential trade arrangements implies that it is easier for businessmen to secure trade diversionary deals in a Free Trade Area or Customs Union than in the non-discriminatory world of the General Agreement on Tariffs and Trade.

Regional Free Trade Arrangements (Share Of World Trade, 1994)

<table>
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<tr>
<th>Region</th>
<th>Share</th>
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<tr>
<td>European Union</td>
<td>22.8%</td>
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<tr>
<td>EUROMED</td>
<td>2.3%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>7.9%</td>
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<tr>
<td>Mercosur</td>
<td>0.3%</td>
</tr>
<tr>
<td>Free Trade Area of the Americas</td>
<td>2.6%</td>
</tr>
<tr>
<td>ASEAN Free Trade Area</td>
<td>1.3%</td>
</tr>
<tr>
<td>Australia-New Zealand</td>
<td>0.1%</td>
</tr>
<tr>
<td>APEC</td>
<td>23.7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>61.0%</td>
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Critical Factors for Making RTAs Building Blocks

Given that there are positive as well as negative implications of RTAs to achieving global free trade, it is not certain how RTAs can contribute to achieving the goal of WTO.

Arguably, whether regionalism will lead to a fragmented world economy or to non-discriminatory free trade through building blocks depends on the willingness of member governments, behaviour of interest groups, the reactions of governments and interest groups in non-member countries and the types of rules on accession adopted.

RTAs can become building blocks if it is open to everyone and if everyone who wants to join in is admitted on the same terms as the original members. RTAs can also become building blocks through mergers of blocks. This situation occurs when each economy forms a bloc with one neighbour. In the next stage the members of one agreement merge with those of another agreement and so on. This process continues until global free trade is reached. But could this process continue until global free trade is reached or are there circumstances in which it will stop before then? Some analysts have found that this is possible but only if the general level of inter-bloc tariffs is low enough to allow firms to make greater profits with unrestricted access to all markets. These two possibilities highlight the importance of having rules on accession and the use of preferential agreements. These rules will place...
a discipline on preferential agreements constraining the process of dynamics in a particular direction. In the absence of these rules, the bloc will stop growing short of global free trade. That is, when bloc members are given discretion over who can join, they will stop letting in others before global free trade is reached.

Should Regionalism Be Given Priority Over WTO-Based Approach?

Although there are inherent problems in the multilateral approach to global free trade, the approach by way of regionalism is also fraught with inherent costs and dangers.

There is a cost of having a series of bilateral and regional trade agreements in terms of the risk of complex rules of origin. As pointed out by Findlay (2001), the more dimensions there are to an agreement, the more scope there is to apply discrimination in a variety of ways and the more difficult it will be to bolt together the agreements that emerge. The range of issues now being considered such as services, standards, investment and so on, add to the dimensions of the agreements. The outcome could be a bowl of noodles made up of the crisscrossing of agreements with different coverage which apply different principles to resolving new issues. The cost of doing business could increase due to the inconsistencies between the various elements of the agreements, such as different schedules for phasing out tariffs, different rules of origin, exclusions, conflicting standards and differences in rules in dealing with anti-dumping and other regulations and policies. The more dimensions there are to the new agreements and the more agreements there are, the wider the scope for inconsistencies to emerge.

To take advantage of a tariff preference, an exporting countries must satisfy certain "rule of origin" to substantiate the claim that it indeed produced the good rather than import it from another one excluded from GSP privileges. The commonest rule makes the preference contingent on a minimum value addition to the product with the exporting countries. This requirement can be a major deterrent since many small and poor countries are able to perform only simple assembly operations. The rules of origin also introduce an element of discrimination between Small and poor developing countries and their richer and larger counterparts. Many small, poor countries are able to perform only simple assembly operations so that they may not be able to satisfy the rules of origin. In contrast, richer, larger developing countries may succeed in satisfying these rules and better able to take advantage of the preference. The rule-of-origin requirements and related inspection procedures can be quite costly. The associated paperwork and administrative requirements are likely to be a major reason that many eligible products do not enter developed-country markets under the preference provisions. Instead exporters pay the applicable MFN tariff.

Most of the academic research on preference programmes concluded not only that they generally yield modest export increase at best, but also that a significant portion of these gains is from trade diversion from non-beneficiaries. Therefore, it is important than ever to successfully complete the Doha round of negotiations, bringing trade barriers down in developed and developing countries on a non-discriminatory basis. Such liberalization will not only promote genuine free trade but also remove the uncertainty associated with one-way trade preferences, reduce the existing discrimination across countries and help clean up the spaghetti-bowl phenomenon that now characterizes the trading system. (Panagariya, 2002). Because of the weaknesses and ineffectiveness of the preference schemes, they will continue to have little impacts on the exports of developing countries if the Doha round is not successfully concluded.

CONCLUSION

Despite the limitations of the WTO process in achieving global free trade, it is still a relevant organization. Regional trade agreements should remain a second best policy option. Countries and in particular developing countries should remain primarily committed to the ideals and modus operandi of the WTO.

In the face of the recent spurt of interest in regionalism, developing countries should adopt a pragmatic approach. We should continue to place the highest priority on the multilateral trading system promoted
by the WTO as countries can only prosper if goods and services can (low freely with minimum impediments within a rule-based global trading framework. At the same time, since countries are closely tied to their neighbours, it is in their interest to help promote deeper regional economic integration to enhancing one's competitive strength and attractiveness. By meeting the conditions and guiding principles set by the WTO for the formation of an RTA, we can also create the conditions for the RTAs to further accelerate the momentum of trade liberalization without hurting one's trade positions under the WTO framework.

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