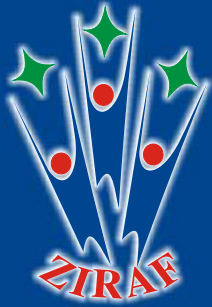


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AN EMPIRICAL ASSESSMENT OF TEENAGERS' LOYALTY AND INVOLVEMENT BEHAVIUOR

DEBASIS BHATTACHARYA*; DIPANKAR RUDRA**

*Associate Professor,
P.G Department of Commerce,
University of North Bengal,
Dt-Darjeeling, West Bengal, India.

**Lecturer,
Information Technology Centre,
University of North Bengal,
Dt-Darjeeling, West Bengal, India.

ABSTRACT

Consumers' involvements with product and brand loyalty are two important construct that explain a considerable amount of consumer purchase decision making behavior. After conceptualization of the involvement theory and the advancement of various scales to capture the dimensions of involvement, a plethora of empirical and conceptual studies have been reported in the marketing literature to ascertain the relationship between products related involvement and brand loyalty. Unfortunately, not many studies have been initiated to investigate the relationship between these two constructs using teenagers who represent a huge market segment. To establish the dimensionality of the involvement scale a factor analysis using principal component method with varimax rotation was adopted to extract the factor loadings to establish construct validity of the scales. For Cell phone it is observed that all the dimensions of involvement significantly influence the brand loyalty behavior of teenagers. The similar examination is carried out for product chips. The strength of association is found to be quite low. Risk probability and Sign Value have not found to be significantly influencing the brand loyalty behavior of the teenagers.

KEYWORDS: Brand loyalty, CIP, Factor Analysis, Involvement, Teens.

INTRODUCTION

Product involvement and Brand loyalty are two important constructs believed to explain a considerable proportion of consumer purchase behaviour. In recent years several empirical studies have been reported in marketing literature to establish the relationship between product related involvement and brand loyalty (e.g.Traylor,1981,1983;Quester and Lim,2003;Douglas,2006;Srithran et.al,2008).The marketing researchers conclude that buyers who are more involved with a particular product category exhibit greater loyalty to a brand. The degree of consumers' involvement with a product category is likely to lead to commitment (Bealty & Kahle ,1988) within a product class. Consumers who are highly involved with a particular product category are expected to develop strong preferences eventually leading to greater brand loyalty. This conclusion is based on the past research indicating positive association between perceived risk which is an important antecedent of product involvement and brand loyalty (Jaeoby and Chestont, 1978). This paper re-examines the link between product

investment and brand loyalty of teenagers with two innovative brands in an attempt to corroborate the findings reported by Quester and Lim (2003).

Numerous studies have been undertaken to study the involvement loyalty behaviour of males, females to unveil the relationship between these two important constructs. However, researchers have shown very little interest to study the loyalty and involvement behaviour of teenagers in spite of the fact that they spent \$ 150 billion/year globally. Teenagers' share of expenditure in the Indian market is worth \$2.8 billion (Rana, 2007). It is estimated that around \$ 300 billion purchases take place due to pester power. The estimated teenagers market to around \$ 600 billion which is quite big by array standard. In view of this it is quite interesting to study the involvement and loyalty behaviour of teenagers. In view of the above factors we considered to conduct a study using two innovative products viz., variants of chips, a fast moving consumer goods (FMCG) and cell-phones – a durable product having innovative features. A snack warfare is brewing between ITC and Pepsico. Both companies want to grab a bigger share in the Rs.2000 crore snacks market which is growing at a phenomenal rate of 30% per annum. Different variants of snacks are being introduced with innovative features, tastes, appearances to lure the kids and teens. The introduction of Must Stix at Rs 5 by Parle Foods added further competition in the market. It may be here noted that Bingo has touched 50% in certain markets within six months of its lunch. Frito-lay, India, the food division of Pepsico will leverage the success of Kurkure and Lays for its recently introduced 'Aliva' brand of crackers. Aliva is an innovative brand that hopes to create a new category breaking away from the Indian biscuit market. The PepsiCo is planning to invest Rs 500 crore for the three years on product innovation, R&D and capacity expansion. Another innovative market is the Cell phone market where the handset market is mostly dominated by multinational companies. In 2009 it is estimated that 1 billion cell phones were sold worldwide. The New York Times recently reported that India adds more cell phones connection than any place in the world with 15.6 million added in March'09 alone. According to a 2007 report by McKinsey & Co., India is set to grow into the fifth largest consumer market in the world by 2025.

LITERATURE REVIEW

PRODUCT INVOLVEMENT: A BRIEF REVIEW

Involvement is a motivational state that can be used to understand consumer's attitudes towards or brands (Guthrie & Kim, 2009). Srivastava and Kamdar opines that the understanding of the cognitive structures that underlie consumers feelings of involvement are particularly important. As consumers learn about brands and acquire new knowledge, they combine it with their existing knowledge in their memory and form new cognitive structures in their minds. According to Antil (1984) involvement represents the importance of or interest in a product, service, issue, situation, communication or brand and is a state or condition, which varies across individuals and circumstances.

Iwasaki & Havitz (1998) observes that high involvement does not necessarily translate to brand loyalty because individual characteristics and social-situational factors moderate the effects of involvement. The personal moderators reflect an individuals cognitive, affective, and behavioural characteristics. According to Bennett & Rundle-Thiele (2002), Chaudhuri (1995)

brand loyalty is important because it is a key driver of repeat purchase behaviour and repeat purchases generate long term benefits to the marketers. It is difficult and expensive to gain new customers, thus brand loyal customers hold commensurate appeal. Chaudhuri (1995) agrees that the link between product involvement and brand loyalty extends to aspects including risk, product class, and perceived differences between brands with the product category. LeClerc & Little (1997) also agrees that product involvement interacts with brand loyalty. However, they also found that repeat purchase behaviour for a high involvement product was an indicator of brand loyalty but repeat purchase or a low involvement product was simply habitual purchase behaviour. Iwasaki and Havitz (1998) experience that there is a link between high level of product involvement and high-level of brand loyalty. They also acknowledge that individual and social-situational factors, such as personal values or beliefs, social and cultural norms influence the loyalty behaviour.

Traylor (1983) opines that product involvement is generally not directly related to brand commitment. Traylor illustrates cases where high involvement is associated with low commitment and low involvement with high brand commitment. The longevity of a customer's relationship influences a company's profitability in a positive way Reichheld & Sasser (1990). Because of this, general business wisdom suggests that a company should focus some proportion of its marketing efforts on the development, maintenance or enhancement of customer loyalty Dick & Basu (1994). Earlier researches on customer loyalty reveals the fact that, it can cost as much as 6 times more to win a new customer than it does to keep an existing one Rosenberg & Czepiel (1984), so increasing retention can help reduce acquisition costs. Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5% Reichheld (1993). Thus, it's easy to see that the increase and retention of loyal customers has become a key factor for long-term success of the companies. The costs of attracting and establishing current customers have already been realized and because of their experience they can be served more efficiently Reichheld & Sasser (1990). Increased retention through loyalty leads to increase in market share and the benefits of having a loyal customer base become even more relevant in mature markets as increases in market share become increasingly expensive Pleshko & Baqer (2008). Reichheld (2001) manages to summarize the benefits deriving from a loyal customer base.

One of the most continuing progressions of research endeavor in consumer behaviour is the study of consumer involvement. In theory, involvement is regarded as a motivating variable with a number of consequences on the consumer's purchase behaviour. In the field of consumer behaviour it is generally believed that involvement is an important construct in explaining buyer behaviour. However, there is little agreement on what exactly the construct is or how to operationalise it. Festinger (1957) defined involvement simply a concern with an issue where as Freedman (1964) defined it as concern about, interest in, or commitment to a particular position of an issue. Traylor and Joseph (1984) conceptualize involvement as a consumer response to a product, message or situation. Zaichkowsky (1984 1985 & 1986) defines involvement as a person's perceived relevance of the object based on involvement needs, values and interest. Kapferer and Laurent (1985 & 1983) have suggested five important facts to measure involvement profile of an individual consumer. These dimensions are:

- (i) Interest (The personal interest a person has in a product category.)

- (ii) Pleasure(The hedonic value of the product)
- (iii) Risk probability(The perceived probability of making a mis-purchase)
- (iv) Sign or Ego value(The degree to which it expenses the persons self)
- (v) Risk important (The perceived importance of negative consequences associated with a poor choice).

The consumer Involvement Profile Scale (here after CIP) proposed by Laurent and Kapferer (1985) is found to be culturally dependent and lack construct validity Rodgers WC, Schneider KC (1993), Bhattacharya (1999), Quester & Lim (2003). In both occasions it is found that interest and Pleasure dimensions continued to fuse in a single factor in repeated studies of American and Indian consumers. Following suggestions of Mittal (1995), Rodgers and Schneider (1993) and findings of Quester and Lim (2003), we did not include both interest and Pleasure in our measurement of antecedents of involvement .The simple reason is that an object is important/involving either because it has sign and/or pleasure value, and/or option concerning the object entails some kind of risks Mittal (1995). In most of the literature, categorizations of the involvement construct are based on Laurent and Kapferer's (1985) consumer involvement profile (CIP) scale. While other conceptualizations have been suggested by for instance Zaichkowsky (1985), the significance of Laurent and Kapferer's empirical evidence supports categorizations deriving from their multidimensional interpretation (McIntyre 1989). The CIP scale was originally developed to capture consumers' perceptions of personal relevance relating to consumer goods. Their conceptualization consists of five dimensions: importance, pleasure, risk importance, risk probability, and sign value.

BRAND LOYALTY: A BRIEF REVIEW

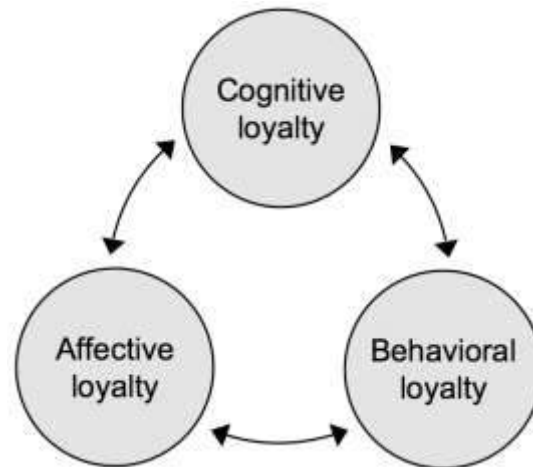
Datta (2003) views the brand loyalty is a fundamental concept in strategic marketing. Marketers plan strategies to enhance brand loyalty to maintain and increase market share and generate higher profit. Choudhury & Holbrook (2002) describe brand loyalty in terms of trust and commitment. Customer loyalty lies at the heart of marketing science. Although loyalty research has a long tradition dating back to almost a hundred years Copeland (1923), customer loyalty is still a very contemporary research topic. The concept of loyalty derives from the literature of customer behavior Chegini (2010). Brand loyalty is a rather complex construct, which has led to numerous definitions e.g. Fournier (1998), Oliver (1999), Pritchard, Havitz & Howard (1999), Reichheld (2003), Sirgy and Samli (1985), Copeland (1923), Brown (1952). In the context of branding, loyalty is one of the most widely defined words in the marketing lexicon. It is interpreted in different ways and can often be approached with greatly differing definitions by different people Morgan (1999). One of the oldest and perhaps the most used definition for loyalty comes from Jacoby and Kyner (1973) who described loyalty as "a biased behavioral response expressed over time by a decision making unit with respect to one or more alternative brands out of a set of brands and being a function of psychological processes". Oliver (1999) has developed the definition further by describing loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, causing repetitive same brand or same brand-set purchasing, despite situational influences or marketing efforts." Reichheld's (2001) definition emphasizes somewhat different aspects in defining loyalty as the

willingness of someone to make a personal sacrifice or other investment for the strengthening of a relationship. One of the newest definitions of brand loyalty comes from Chegini (2010) who describes it as “theory and guidance leadership and positive behavior including, repurchase, support and offer to purchase which may control a new potential customer”. Furthermore, the American Marketing Association defines brand loyalty as “the situation in which a consumer generally buys the same manufacturer originated product or service repeatedly over time rather than buying from multiple suppliers within the category” or “the degree to which a consumer consistently purchases the same brand within a product class Moisescu (2006). In the categorization of brand loyalty today, it would seem that two major approaches predominate. Attitudinal loyalty is often understood as a systematically favorable expression of preference for the brand, or in other words a reflection of the emotional attachment that consumers feel for brands Morgan (1999), Dick & Basu (1994). Behavioral loyalty on the other hand typically infers the loyalty status of a given consumer from an observation of repeated purchasing behavior Morgan (1999), Kahn, Kalwani & Morrison (1986). Mere repeat purchasing is not a sufficient indicator of loyalty Jacoby & Kyner (1973), Reichheld (2001) viewing the fact that even unsatisfied customers might don’t always switch brands, which is referred to as inertia Kuusik (2007). One of the reasons to this is that they feel the alternatives are just as bad as the brand they are using or inertia may also be caused by lack of information about attractive characteristics of the alternative brands Kuusik (2007). Today, the importance of marketing managers knowing how to influence customer loyalty is constantly growing Reichheld & Sasser (1990). With competition increasing day after day, customer maintenance and growth has become the first goal of many companies Chegini (2010) and loyal customers can be considered as a key to success in many service businesses Tripathi (2009). Dick and Basu (1994), in their research of behavioral and attitudinal loyalty, argue that managers often overlook a type of customer commitment called spurious loyalty. This kind of loyalty consists of both strong behavioral loyalty and low attitudinal loyalty. Such a loyalty cannot benefit a firm’s profit since customers with spurious loyalty do not truly identify with the firm, and they often only care about discount sales in order to buy the product at low prices. Dahlgren Susanna (2011) in her study extends previous loyalty research by investigating brand loyalty and involvement facets in service concepts with multiple customer levels. Gyulavari & Dornyei (2012) examined the enduring involvement in customer’s behavioral loyalty with the food brands and to unveil the effects that can be discerned during the buying process. The authors observed that there is a significant involvement effect on loyalty.

COGNITIVE LOYALTY

Dick and Basu (1994) suggest that brand affect addresses the emotional aspect of brand loyalty but cognitive loyalty is more rational. They view that cognitive loyalty consists of four facts; accessibility, confidence, centrality and clarity.

Worthington et al. (2009) describes cognitive commitment to a brand as the decision to stay with a brand based on the examination of switching costs and the evaluation of the brand’s attributes. Oliver (1999) defines cognitive loyalty as loyalty based on information such as price and features. Worthington, Russell- Bennett & Hartel (2009) defines cognitive loyalty as a “psychological preference for a brand consisting of positive beliefs and thoughts about purchasing a brand on the next purchase occasion”.



A tri-dimensional approach to brand loyalty (Adapted from Worthington et al. 2009)

AFFECTIVE LOYALTY

Choudhury and Holbrook (2002) define brand affect as “The potential in a brand to elicit a positive emotional response in the average consumer as a result of its use”. The strength of relationship between a brand and its buyers depends to a considerable extent by the magnitude of positive affect generated by that brand. A high level of commitment toward a brand is affected by positive affective responses. Dick and Basu (1994) propose that brand loyalty would be greater under conditions of greater positive emotional mood or affect. Thus, brands that make consumers happy will be associated with greater commitment. While feeling of love may not be prevalent in supplier-buyer relationships, Chaudhuri and Holbrook (2002) suggest that positive emotional feelings, such as happiness, joy and even love are very much a part of the relationship that brand have with consumers. Hence brand commitment increases as brand affect increases. Fournier (1998) identifies love or passion at the centre of a committed brand relationship. Fournier categorize the strength of brand relationships as loved and passion, self-connection, interdependence, commitment, intimacy and brand/partner quality of paramount relevance to his research, Fournier further opines that meaningful relationships are formed not on symbolic vs. functional lines or in terms of high v low involvement but by the perceived ego significance of the brand. Moorman, Zaltman and Deshpande, (1992). Customers with high emotional bonds to brand will buy repeatedly the brands products or services, recommend the brand to others, and strongly defend the brand to others insisting that they have chosen the best product or service Butz & Goodstein (1996). Thus, emotional or affective commitment relates to the positive feelings stimulated by buying or using a brand and the feeling of emotional attachment to a brand Worthington, Russell-Bennett & Hartel (2009). Worthington et al. (2009) define emotional loyalty as “affective commitment to a brand consisting of positive feelings about and attachment to purchasing a brand on the next purchase occasion”. Emotional loyalty can therefore be described as the degree of positive feelings triggered by purchasing a brand, Oliver (1999).

CONATIVE/BEHAVIOURIAL LOYALTY

Dick & Basu (1994) describe conation as a behavioural decomposition. The defining element is the behaviour loyalty is the buyers’ over purchase behaviour (Dekimpe et al, 1997). Brand

loyalty can be inferred from and define with, the repeat purchase behaviour of a particular brand from amongst a large number of competing brands. Dick and Basu suggest that antecedents consumer loyalty stem from three distinct dimensions of loyalty viz, affective, cognitive and conative components of attitudes. The sixteen item brand loyalty scale has been adopted from the study reported by (Quester & Lim, 2003). Behaviorally loyal customers act loyal but have no emotional bond with the brand while emotionally loyal customers feel attached to the brand on an emotional level. Jones and Sasser (1995) differentiate these two kinds of loyalty as false or true long-term loyalty. Morgan and Hunt (1995) divide customers into behaviorally loyal or emotionally committed. Researchers find that emotional loyalty is much stronger and longer lasting than behavioral loyalty; it's an enduring desire to maintain a valued relationship (Reichheld, 2003). The relationship is so important for the customer that they make maximum efforts to maintain it (Morgan & Hunt, 1995; In their three-dimensional approach to loyalty Wothington et al (2009) define behavioral loyalty as "the consumer's tendency to repurchase a brand, revealed through behavior that can be measured and which impacts directly on brand sales". They state that behavioral loyalty can be explained as a consumer's buying preference of a particular brand compared to other brands in the same category or as brand allegiance that indicates expenditure on a brand over time.

HYPOTHESIS AND METHODOLOGY

Past studies have revealed product involvement and brand loyalty are positively associated. In our study, we investigate the general hypothesis which is very straight forward:

H: Product Involvement is positively associated with brand loyalty for a cross section of brands.

In order to estimate the change in the dependent variable caused by the changes in the explanatory variables we conduct multiple regression analysis. In this paper the study explores the effect of various facts of involvement on the brand loyalty behaviour of teenagers who have just passed through the consumer socialisation process. The data for the study was gathered from a group of teenagers using a convenience sampling technique.

The hypotheses to be tested in this study are:

H₁: Teens' Product Involvement is positively associated with Brand Loyalty

H₂: Pleasure value of teens' is directly associated with Brand loyalty

H₃: Perceived Risk probability of teens' is directly associated with Brand Loyalty

H₄: Risk importance and Brand Loyalty are positively related for the teen consumers.

H₅: Sign value of teens' is positively associated with Brand Loyalty

RESULTS AND DISCUSSION

To establish the dimensionality of the involvement scale a factor analysis using principal component method with varimax rotation was adopted to extract the factor loadings to establish dimensionality of the scales. The findings of the factor analysis are presented in Table- I and Table- II. The results of the factor analysis simply demonstrate that almost all the facts appear distinct with some mis-loadings and split-loadings. However, as envisaged the four factor solutions appear as distinct which support the scale dimensionality .The four factor involvement profile scale can be considered to have adequate construct validity. Unlike five dimensions as proposed by Laurent and Kapferer (1985), the four dimensions of involvement exhibit better construct validity (Bhattacharya, 1999) Jain, K. and Srinivasan, N. (1990)

TABLE-1
FACTOR ANALYSIS
PRODUCT: CELL PHONE (N=108)

Items	F1	F2	F3	F4
Prob1			.803	
Prob2		.362	.846	
Prob3			.806	
Plsr-1		.834		
Plsr-2		.845		
Plsr-3		.760	.329	.300
Rimp-1	.706			
Rimp-2	.813	.303		
Rimp-3	.825			
Sign-1				.792
Sign-2				.869
Sign-3	.419			.666
Eigen Value	3.45	1.99	1.80	1.56
% of Variances	28.8	16.6	15.0	13.0

Note: a) Eigen value of 5th factor 0.74364. b) Loadings above 0.30 are reported.

TABLE-II
FACTOR ANALYSIS
PRODUCT: CHIPS (N=108)

Items	F1	F2	F3	F4
Prob1		.336		-.649
Prob2				-.812
Prob3	.374			-.746
Plsr-1	.713		.320	
Plsr-2	.703			
Plsr-3	.786			
Rimp-1		.779		
Rimp-2	.382	.626		
Rimp-3		.701		
Sign-1			.684	
Sign-2		.593	.488	
Sign-3			.767	
Eigen Value	2.41	2.20	1.57	1.23
% of Variances	20.1	16.9	13.0	10.0

Note: Forced four factor solutions, Loadings above 0.30 are reported.

MULTIPLE REGRESSION ANALYSIS

In order to establish the relationship between various dimensions of involvement and brand loyalty behavior of teenagers, a multiple regression analysis was conducted keeping the brand loyalty score as the dependent variable and the dimensions of the involvement as explanatory variables. For Cell phone it is observed that all the dimensions of involvement significantly

influenced the brand loyalty scores of teenagers. The R square value suggests that nearly 26% variation in the brand loyalty score is explained by all the dimensions of involvement as Hypothesized the dimensions of involvement significantly influenced the loyalty behavior of teenagers. The ANOVA table reported in Table-III shows that the F value is significant beyond $p < .000$.

The same analysis was carried out for products chips and snacks though the strength of association was found to be quite low. Risk probability and Sign Value are not found to be significantly influencing the brand loyalty behavior of the teenagers. However the pleasure dimension was found to be highly significant in influencing the loyalty pattern. On the contrary, teenager's feel that the consequence of mis-purchase is a decisive factor in predicting their loyalty behavior. Though the overall goodness of fit is significant at $P < .000$, the value of R^2 is .0184.

TABLE III
MULTIPLE REGRESSION ANALYSIS
(PRODUCT: CELL PHONE, N=108)

MODEL SUMMARY

R	R^2	Adjusted R^2	Standard Error
0.570 ^a	0.325	0.298	5.813

a. Predictors : (Constant), sign,plea,rimp,rpob

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	1611.328	4	402.832	11.920	.000 ^a
Residual	3345.586	99	33.794		
Total	4956.913	103			

a. Predictors : (Constant), sign,plea,rimp,rpob

b. Dependent variable: bloyalty

COEFFICIENTS^A

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
rpob	.510	.432	.127	1.180	.241
plea	1.317	.459	.241	2.867	.005
rimp	.802	.344	.196	2.332	.022
sign	1.564	.530	.317	2.951	.004

a. Dependent Variable: bloyalty

TABLE-IV

(PRODUCT: CHIPS, N=108)

MODEL SUMMARY

R	R ²	Adjusted R ²	Standard Error
0.538 ^a	.290	.262	5.806

a. Predictors : (Constant), sign, plea, rimp, rpob

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	1416.676	4	354.169	10.506	.000 ^a
Residual	3472.093	103	33.710		
Total	4888.769	107			

a. Predictors : (Constant), sign, plea, rimp, rpob

b. Dependent variable: bloyalty

COEFFICIENTS^A

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
rp	.890	.321	.247	2.774	.007
rimp	.830	.307	.267	2.706	.008
sign	-.015	.167	-.009	-.089	.929
plea	1.162	.284	.360	4.097	.000

a. Dependent Variable: bloyalty

MANAGERIAL IMPLICATIONS AND APPLICATIONS

The findings of our study support the studies undertaken by marketing researchers and professionals to unfold the association between brand loyalty and product involvement (Quester and Lim, 2003, Sritharan et al, 2008).As shown in Table-IV risk probability and Sign Value do not significantly influence the brand loyalty score but risk importance and pleasure value significantly influence the brand loyalty score. The teenagers are concerned with the consequence of mis-purchase and also find pleasure while buying the desired brand. The marketers in their communication strategy should highlight the pleasure component and reinforce the quality of the brand particularly highlighting the taste and superiority of ingredients used in producing the brand.

Cyclical depression of the international chips market development had modest impact on India during 2010. Consumers now demand variety and new tastes and they are not loyal to any particular brand, according to a press release by Mr. BK Rao, General Manager, Parle Products. Also, many of these players are trying to enter at the bottom of the pyramid, creating markets which are growing at a faster rate. On the other hand, big players focused on the urban market which has reached the saturation level. These players are now trying to enter into the rural areas where the heat of competition is low. Since the rural customers are very price sensitive, it is imperative to adopt a low pricing strategy and most of the companies are now introducing Rs.5 pack to lure the rural consumers. Even multinationals like Nestle, has introduced Maggi noodles in small sachet at a price of Rs.5 to attract the price sensitive customers. The chips manufacturers must follow the suit by curtailing overhead costs to penetrate in the remote villages to grab a larger share of the market. Big players like Parle and Haldiram have an access to 2.5-3 million retail outlets, and other regional brands are fast catching up. Hence, pricing and distribution are two important key factors to be incorporated in the strategic marketing process.

By launching its first dual SIM smart phones in India, a major South Korean giant Samsung Electronics reported in a press release that they are keen to capture 60 percent of the smart phones market in the country by the end of 2012. The country's second-largest handset seller has as many as 16 smart phone models in the market and enjoys about 41 percent market share. Last year the smart phones market in India was about 8 million units. This year it is expected to be about 20 million units as disclosed by Mr. Ranjit Yadav, Samsung India country head (mobile and IT).

For Cell phone the marketer should adapt the risk reduction strategies by communicating the features available in the brand and hassle-free performance. The advertisement should also emphasize superior brand image as the Sign Value significantly influence the loyalty pattern of teenagers. It is also recommended that the marketers should be able to communicate the various segments of the market the features of a brand that suits the requirement of the target segment. Buyers find it difficult to decide on the right brand from amongst a large number of brands which in turn makes it difficult for the buyers to choose the right brand that meets his/her requirements. Marketers of cell phones should use print media which is a high involvement media and use long copy to convey the features of their brands. As comparative advertisement is not banned in India, it is our belief that this type of advertisement would persuade the consumer to favor the most innovative brand in a given price range. For generating awareness among the consumers regarding a new version of cell phones or chips celebrity advertisement in audiovisual media would benefit the marketers to gain attention of prospective buyers in a highly competitive market.

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GLOBALIZATION: A BOON TO INSURANCE SECTOR IN INDIA

DR. D. SRINIVASA KUMAR*; **N. SANTOSH RANGANATH****;
DR. T. KAMA RAJU***

*Sr. Assistant Professor,
Department of Basic Sciences and Humanities,
GMRIIT, Rajam, Srikakulam Dt, Andhra Pradesh, India.

**Faculty Member,
Dept. of Commerce and Management Studies,
Dr. B.R. Ambedkar University,
Srikakulam, Andhra Pradesh.

***Associate Professor and Head,
Dept. of Commerce and Management Studies,
Dr. B.R. Ambedkar University,
Srikakulam, Andhra Pradesh.

ABSTRACT

Economic and financial development of any country generally depends upon the insurance sector business. In India, insurance companies have become competitive in nature and are providing appropriate distribution channels to get maximum benefit and serve customers in manifold ways. Indian insurance industry has a big opportunity to expand in the given large population and untapped potential. During the financial crisis, the insurance industries have continued to provide cover and pay claims, reflecting the industry's robustness. Generally, Insurance penetration and density reflect the level of development of insurance sector in a country. Further, globalization of economy resulted in the increase of registered insurers in India. After globalization, the private insurers are playing the vital role in Indian insurance business by creating competition in the insurance business. The government monopolistic companies like LIC and GIC also face the competition from private insurance companies. Nationalized Insurance companies have done a commendable job in extending the volume of the business, opening up insurance sector to private players was a necessity in the context of globalization of financial sector.

KEYWORDS: Global Insurers, Profitability, Emerging Markets, GDP, Insurance Density.

INTRODUCTION

Life is uncertain, we cannot predict, what will happen in future, if we were not there, but we keep on asking rather than doing something for our family members. Time is precious, it never stops for any one and we are living in the world of uncertainty; the uncertainty of job, the uncertainty of money, the uncertainty of property and like this the story goes continuous for the whole life of a man. The insurance providers offer a variety of products to business and individuals in order to provide protection from risk and ensure financial security. They are also an important component in the financial intermediation chain of country and are a source of

long-term capital for infrastructure and in financial market; they also provide support in stabilizing the markets by evening out of fluctuations.

The insurance sector plays an important role in the economic and financial sector development. A strong insurance industry enables enterprises to better manage their financial affairs and protects households from financial losses arising from accidents and other hazards such as fire, theft, illness and death. Insurance enhances economic welfare and efficiency by shielding individuals from major financial losses and by allowing business to continue operating despite the occurrence of catastrophic events. Hence, the development of a sound insurance sector in an economy highly exposed to real and monetary shocks constitutes a major contribution to the development. The hazards, which can insure, have amplified in number and extent owing to the growing complexities of the present day economic systems.

The insurance industry in India has changed rapidly in the challenging economic environment throughout the world. In the current scenario, Indian insurance companies have become competitive in nature and are providing appropriate distribution channels to get the maximum benefit and serve customers in manifold ways. Indian Insurance industry has big opportunity to expand, given the large population and untapped potential. The insurance market in India has witnessed dynamic changes including entry of a number of global insurers. Most of the private insurance companies are joint ventures with recognized foreign institutions across the globe. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors.

The insurance business is broadly divided into Life, Health, and Non-life insurance. Individual's families, and business face risks of premature death, depletion in income because of retirements health, risks, loss of property, risk of legal liability etc. The insurance companies offer Life Insurance, pension and retirement income, property insurance, legal liability insurance etc., to cover these risks. In addition, they offer business and individuals. Businesses also depend on these companies for various property and liability covers, employee compensation and marine insurance.

REVIEW OF LITERATURE

Mishra and Das (1977) highlighted that insurance is an essential service, which a welfare state must provide to its people and state must assure the responsibility of rendering this service to one and all. Jha (1999) commented that improvement in life span and advancement in medical science has changed the consumers' needs for insurance products worldwide. Anurag (2000) suggested the life insurance products could become source of long-term contractual savings. Marco Arena (2006) the deepening of insurance markets makes a positive contribution to economic growth. While life insurance is causally linked to growth only in higher income economies, nonlife insurance makes a positive contribution in both developing and higher income economies. Hak Hong Soo (1996) life insurance growth is primarily through the channel of financial intermediation and long term investments. However, it is important to note that these studies do not address the important contributions to individual and social welfare from risk management.

WORLD INSURANCE SCENARIO

As per World Insurance Report published by reinsurance major Swiss Re, the global insurance premium for the calendar year 2010 was USD 4339 billion, which is 2.7 per cent (inflation-adjusted) higher than USD 4109 billion reported during the previous calendar year 2009. The share of life insurance business was 58 per cent in total premium collection. While life insurance business collected USD 2520 billion as premium, the same for non-life business was USD 1818 billion. During 2010, the premium in world life insurance business increased by 3.2 per cent on the back of double digit growth (i.e. 13 per cent) in life insurance premium collection in emerging markets.. Table-1 reveals that real growth in premium during 2010-11 in throughout the world.

TABLE 1: REAL GROWTH IN PREMIUM DURING 2010-11
(IN PER CENT)

Regions/Countries	Life	Non-Life	Total
Industrialized countries	1.8	1.0	1.4
Emerging markets	13.0	8.5	11.0
Asia	4.2	6.1	4.7
India**	4.2	8.1	4.9
World	3.2	2.1	2.7

Source: Swiss Re, Sigma No. 3/2011.

Note: * calendar year.

** Financial Year 2010-11

During 2010-11, the global non-life insurance premiums rose by 2.1 per cent. In emerging Asia and newly industrialized countries in the region, the strong economic rebound pushed up non-life premium growth, while soft pricing continued to slow growth in Europe and the US, except in a few countries in selected lines of business. Consequently, underwriting results deteriorated further in 2010, despite average natural catastrophe losses and continuing reserve releases. Overall profitability remained low, as capital gains on invested assets only partially offset low investment yields. Stock markets around the world continued to recover in 2010. As a result, the capital positions and investment return of insurers improved. Demand for the Unit-linked life insurance products strengthened.

However, volatility remained high due to concerns about the strength of the economic recovery and the sovereign debt for the peripheral European countries. Improved sales, lower lapses and higher capital gains on financial assets supported operating margins. However,

profitability continued to remain low due to adverse interest rates. In 2011, the economic recovery is expected to continue, supporting premium growth in life and non-life insurance in the industrialised countries and emerging markets. Profitability in both sectors will continue to be below, as interest rates are expected to rise slowly. The devastating earthquakes in Japan and New Zealand are likely to result in higher prices in those countries and help to stop the trend of softening rates worldwide.

Overall, the insurance industry has recovered well from the crisis. Demand for insurance in the emerging markets is expected to continue to grow strongly in the coming years. Ageing societies will provide ample opportunities for life insurers. However, insurers face a number of challenges ahead such as derailment of economic recovery which may be caused by an escalation of the European sovereign debt crisis or an oil price shock. Introduction of regulatory reforms like solvency II may lead to overly stringent capital requirements which would undermine profitability and ultimately may pose a challenge before the insurers. Escalation of public debt crisis may wear away the assets of insurers in view of the fact that insurers hold sovereign debt and bonds issued by banks. Broadly, it is expected that profitability will remain below pre-crisis levels for some time.

INDIAN INSURANCE - A GLOBAL SCENARIO

Since opening up, the number of participants in the industry has gone up from six insurers (including Life Insurance Corporation of India, four public sector general insurers and General Insurance Corporation as the national reinsurer) in the year 2000-01 to 49 insurers operating in the life, non-life and reinsurance segments (including specialised insurers, viz., Export Credit Guarantee Corporation and Agriculture Insurance Company) in the year 2010-11. In life insurance business, India ranked 9th among the 156 countries, for which data are published by Swiss Re. During 2010-11, the estimated life insurance premium in India grew by 4.2 per cent (inflation adjusted).

However, during the same period, the global life insurance premium expanded by 3.2 per cent. The share of Indian life insurance sector in global market was 2.69 per cent during 2010, as against 2.45 per cent in 2009. The non-life insurance sector witnessed significant growth of 8.1 per cent during 2010. Its performance is far better when compared to global non-life premium, which expanded by 2.1 per cent during the same period. The share of Indian non-life insurance premium in global non-life insurance premium increased slightly to 0.58 per cent, thereby improvising its global ranking to 19th in comparison to 26th in last year. The premium income, which is measure of new business secured, underwritten by insurance industries in India presented in the table-2

TABLE -2: PREMIUM INCOME OF LIFE INSURERS

Years	LIC (crores)	Percentage (%)	Private (crores)	Percentage (%)	Total (crores)	Percentage (%)
2003-04	63533.42	-	3120.32	-	66533.75	-
2004-05	75127.28	18.25	7727.50	47.65	82854.79	24.31
2005-06	90792.22	20.85	15083.53	95.19	105875.76	27.78
2006-07	127822.84	40.79	28253.01	87.31	156075.86	47.38
2007-08	149789.99	17.19	51561.42	82.50	201351.41	29.01
2008-09	157288.04	5.01	64497.44	25.09	221785.48	10.15
2009-10	186077.31	18.30	79373.06	23.06	265450.37	19.69
2010-11	203473.40	9.35	88131.60	11.04	291604.99	9.85

Source: Annual reports of IRDA

The total premium income underwritten by insurance industries in India of Rs.291604.99 crores in 2010-11 against Rs.66533.75 crores in 2003-04 registered growth of 338.28 per cent. Which LIC recorded a premium income was 203473.40 crores during 2010-11 as against 63533.42 crores in the financial year 2003-04, registering a growth of 220.26 per cent. But in private sector insurer's premium income increase from Rs.3120.32 crores in 2003-04 to Rs.88131.60 crores in 2010-11. While private sector insurers posted 11.04 per cent growth in year 2010-11.

INSURANCE PENETRATION & DENSITY IN INDIA

The measure of insurance penetration and density reflects the level of development of insurance sector in a country. The potential and performance of the insurance sector is universally assessed with reference to two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in USD for convenience of comparison). Since opening up of Indian insurance sector for private participation, India has reported increase in both insurance penetration and density. But, the increase has been almost entirely contributed by the life insurance sector presented in the table-3.

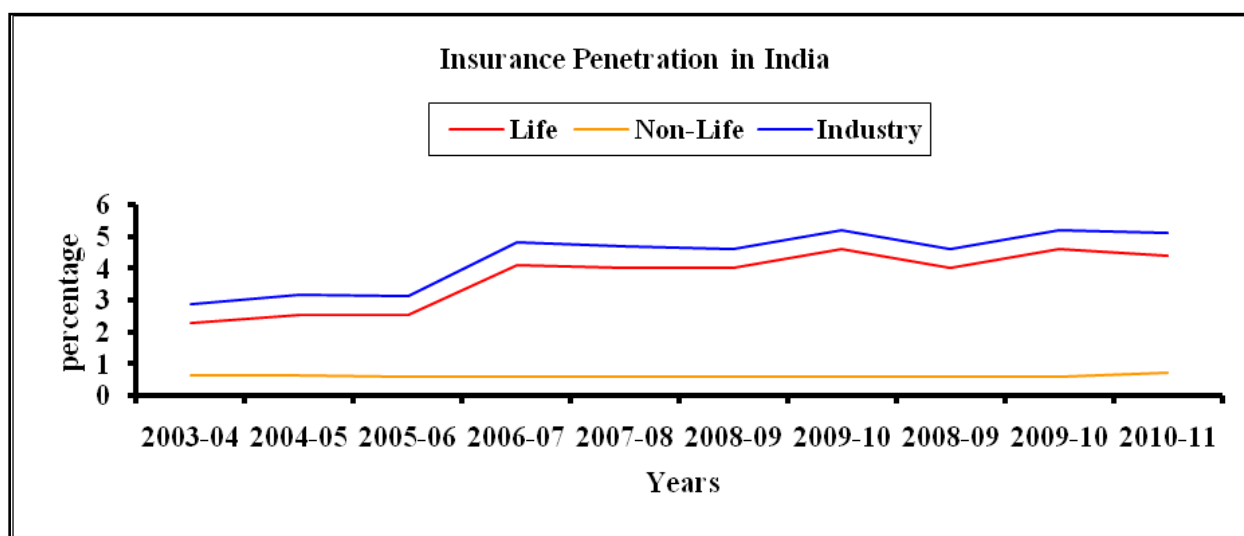
TABLE-3: INSURANCE PENETRATION AND DENSITY IN INDIA

Year	Life		Non-Life		Industry	
	Density (US \$)	Penetration (Percentage)	Density (US \$)	Penetration (Percentage)	Density (US \$)	Penetration (Percentage)
2003-04	12.9	2.26	3.5	0.62	16.4	2.88
2004-05	15.7	2.53	4.0	0.64	19.7	3.17
2005-06	18.3	2.53	4.4	0.61	22.7	3.14
2006-07	33.2	4.10	5.2	0.60	38.4	4.80
2007-08	40.4	4.00	6.2	0.60	46.6	4.70
2008-09	41.2	4.00	6.2	0.60	47.4	4.60
2009-10	47.7	4.60	6.7	0.60	54.3	5.20
2010-11	55.7	4.40	8.7	0.71	64.4	5.10

Source: Swiss Re, Various Issues.

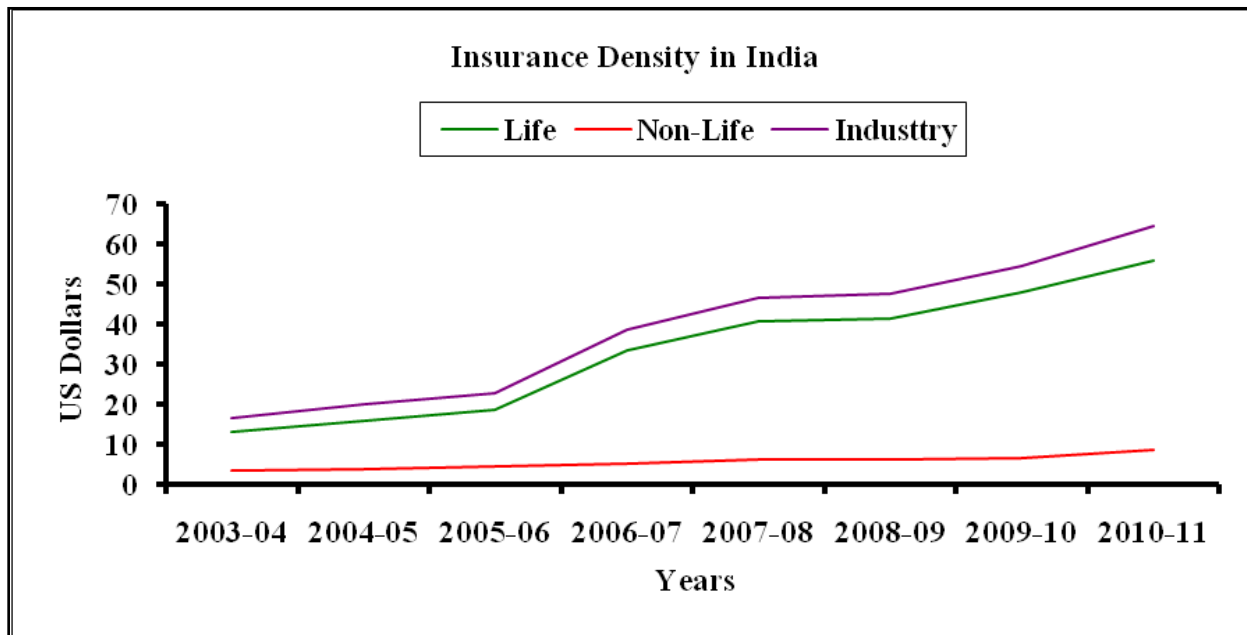
The insurance density of life insurance sector had gone up from USD 12.9 in 2003-04 to USD 55.7 in 2010-11. Similarly, insurance penetration of life sector had gone up from 2.26 per cent in 2003-04 to 4.60 per cent in 2009-10, before slipping to 4.40 per cent in 2010-11. The penetration of non-life insurance sector in the country remains near constant for the last 7 years at around 0.60 per cent but slowly increase in 2010-11 with 0.71 per cent.

FIGURE – 1: INSURANCE PENETRATION IN INDIA



However, there is a marginal increase in density, which has increased from USD 16.4 in 2003-04 to USD 64.4 in 2010-11. The total insurance industry penetration was 2.88 per cent in the year 2003-04 when the sector was opened up for private sector. It had increased to 5.10 per cent in 2010-11. The insurance density stood at USD 64.4 in 2010-11 from USD 16.4 in 2003-04.

FIGURE – 2: INSURANCE DENSITY IN INDIA



GLOBALIZATION AND ITS IMPACT ON INSURANCE SECTOR

Many people consider globalization nothing new - societies have been interconnected for years. The world has never experienced globalization at this level of intensity before, or the speed at which it is transforming and integrating societies. Herman E. Daly, an analyst of Global Policy Forum, characterizes globalization as, "Global integration of many former national economies into global economy, mainly by free trade and free mobility, but also by easy or uncontrolled economic purposes." He further clarifies that globalization is not internationalization - globalization brings about a single, integrated, global economy, while internationalization is a federation of nations cooperating as sovereign units to advance the national interest of all members.

While nationalized insurance companies have done a commendable job in extending the volume of the business, opening up insurance sector to private players was a necessity in the context of globalization of financial sector. If traditional infrastructural and semipublic goods industries such as banking, airlines, telecom, power etc., have significant private sector presence, continuing a state of monopoly in provision of insurance was indefensible and therefore, the globalization of insurance has been growing insurance business in India.

The introduction of private players in the industry has added colors to the dull industry. The initiatives taken by the private players are very competitive and have given immense

competition to the on time monopoly of the market LIC. Since the advent of the private players in the market the industry has seen new and innovative steps taken by the players in the sector. The new players have improved the service quality of the insurance. As a result LIC down the years have seen the declining in its career. The market share was distributed among the private players was presented in the table 4.

**TABLE 4: MARKET SHARE OF LIFE INSURERS
 (PER CENT)**

Year	Insurer		
	LIC	Private Sector	Total
2003-2004	95.32	4.68	100
2004-2005	90.07	9.33	100
2005-2006	92.87	7.18	100
2006-2007	89.03	10.97	100
2007-2008	74.39	25.66	100
2008-2009	70.92	29.08	100
2009-2010	70.10	29.90	100
2010-2011	69.78	30.22	100

Source: Annual Reports of IRDA

On the basis of total premium income, the market share of LIC declined marginally from 95.32 per cent in 2003-04 to 69.78 per cent in 2010-11. Accordingly, the market share of private insurers had gone up marginally from 4.68 per cent in 2003-04 to 30.22 per cent in 2010-11. Though LIC still holds 69.78 per cent of the insurance sectors the upcoming nature of these private players are enough to give more competition to LIC in the near future.

After globalization the registered Insurers also increased in India at the end of the year 2010-11, there were forty-nine insurance companies operating in India are twenty four were in the life insurance business and the remaining twenty-four were in general insurance business. In addition, GIC is the national reinsurer. Of the forty-nine companies presently in operations, 8 are in the public sector: two specialized insurers, namely ECGC and AIC, one in life insurance, four in general insurance and one re-insurance. The remaining forty one companies are in the private sector. The total number of registered insurers in India is presented in table 5.

TABLE 5: NUMBER OF REGISTERED INSURERS IN INDIA

Type of Sector	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Public	8	8	8	8	8	8	8
Private	21	24	27	34	36	40	41
Total	29	32	35	42	44	48	49

Source: Annual Reports of IRDA

The number of registered insurance companies in public sector remains constant from 2004-05 to 2009-10. But due to the globalization the private player enter into the insurance sector gradually increased in Indian insurance business. The numbers of registered insurance companies in private sector are 21 in the year 2004-05 to 41 in the year 2010-11 with a registered growth rate of 95.23 per cent.

GLOBALIZATION AS A BOON TO INSURANCE SECTOR IN INDIA

After globalization, the insurance market is booming in India. So many players are doing better business in the same sector. The leading reinsurance company, Swiss Re & Munich Re, has projected that there would be 20-25% growth in life and health insurance market by 2015, particularly in countries like India and China. The IRDA is the major body, which is providing better opportunities for the private player in India. GIC & LIC's monopoly market approach is no more prevalent in India. The new market scenario for insurance is growing; no doubt it is a flying bird.

Change is the eternal law of nature. Everything is changing according to the need of the time. Economic growth and social development in present scenario is due to sudden change in industrial policy and economic planning. Globalization has been the basic mantra after 1991, so everyone thinks of being global. Liberalization, privatization and globalization are the basic concept of success in all aspect of development. Competition is tough now due to globalization. Business has positioned the entire economy, and industrialists think about making things global.

There are no stringent rules or regulations for making any business house or industry. Government gives more emphasis on export and entrepreneurship. This is a changing world. Everyone has to compete for better success. Marketing is the major concept for developing any type of business. After globalization, marketing has taken a new dimension and it is the most challenging task now. The new horizon of marketing in the field of finance and insurance in present scenario is a good sign of development.

After 1970, insurance sector has become more prosperous. For a long time, the two most important insurance players were LIC & GIC. Now so many MNCs have entered into the same sector after globalization like Bajaj Allianz, Aviva, Birla Sunlife, ICICI Prudential, etc. Insurance is now acting on two dimensions, i.e., the element of investment and the element of

protection. The Economic Value Addition (EVA) has taken the major concern of the same business.

MARKETING AFTER GLOBALIZATION HAS BECOME

More customers oriented

Mostly better service oriented

More competitive

Better satisfaction, more value addition and strategic development can help any insurance sector to sustain in the present era. With the rapid growth of the Indian Insurance industry, in particularly serving a Middle Class that is growing on both size and wealth every year, it is hardly surprising that Indian insurance companies are growing, and playing an increasingly important role in the nation's financial services industry. This increasing market is creating considerable competition among Indian insurance companies in an industry that 20 years ago was relatively small. To date, India's Insurance Regulatory and Development Authority (IRDA), has granted registration to 41 private life insurance companies and 8 public insurance companies and one reinsurance company. Counting the existing public sector insurance companies, there are currently two specialized insurance, one life insurance, four general insurance and one reinsurance companies operating in Indian insurance business.

CONCLUSION

We can conclude that after globalization, Indian insurance companies have done a commendable job in extending the volume of their business and allowing the private players into insurance sector. The entry of private players into Indian insurance business was justifiable on the basis of enhancing the efficiency of operations, achieving greater density and insurance penetration in the country and for greater mobilization of long-term saving in India. In the wake of stiff competition in Indian insurance business, it is essential for the government monopolies like LIC and GIC that they quickly upgrade their technology and services, redesign their organization on more efficient lines and operating as broad run enterprises according to the competition in the country. Thus the private sector participation plays a vital role in Indian Insurance sector development.

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EDUCATIONAL SERVICE QUALITY IN HIGHER EDUCATION: A CONFIRMATORY FACTOR ANALYSIS APPROACH

M.RAMAKRISHNAN* ; DR.SUDHARANI RAVINDRAN**

*Assistant Professor,
KSR School of Management,
Tiruchengode, TamilNadu, India.

**Professor,
PSG Institute of Management,
Coimbatore, TamilNadu, India.

ABSTRACT

Education is a service that is geared primarily to the consumer market. Educational institutions in India are facing more demand in service than they could cope with. As the higher education is moving from content to context, the role of educational institutions in providing the quality of service is getting important. Students' and faculty satisfaction and their understanding are furthermore important in the present educational system. This paper work identifies the critical service quality dimensions which lead to the Gap between faculty and students by using SERVQUAL instrument. The model fit was calculated using AMOS 18.0 and the fit indices were compared with the standards.

KEYWORDS: SERVQUAL, Confirmatory factor analysis, Model fit, Service Quality.

INTRODUCTION

Education is a service directly affected by the Service provider, and its services may be effective to the requirement or inadequate as the quality of the academic services offered. As colleges continue to become student oriented, understanding students' perceptions, services offered are becoming more important. Assessment and the quality of educational services have been the dominant area in the present context of education.

While much has been written about assessing student outcomes, less has been written about the evaluation of student satisfaction with services. The evaluation is far more important in the current situation because of paradigm shift in teaching. Today teaching is not merely in class room lecturing but also in incorporating conceptual knowledge through multidimensional teaching methods. This paradigm shift increases the level of perception in the minds of students which is causing the perceptual gap between faculties and students.

Teaching is undergoing a change from content to context. Faculties are using various teaching methodologies to deliver the quality of service. Higher education institutions had to be concerned with not only what the society values in the skills and abilities of their graduates, but also how their students feel about their educational experience. Colleges are giving serious consideration to the issue of service quality assessment for a multitude of reasons, arguably the two most

important of which are: students report that word-of-mouth recommendations play a large role in their decision to choose a college and both college quality assurance and independent assessment evaluators place heavy emphasis on the student experience as one of their assessment criteria (Cuthbert, 1996).

Many higher education institutions perform some evaluation of the quality of education provided to students, as well as an assessment of the student satisfaction. However, different universities and even different academic departments within the same institution use different questions on student evaluation forms.

LITERATURE REVIEW

The customer-centric approach of service quality has gained momentum in educational literature as the increasing cost of education has created a new generation of students with greater customer awareness than ever before. A satisfying exchange relationship between the consumer and the provider must, from the consumer perspective, provide customer satisfaction. Boulding, Kalra, Staelin and Zeithaml (1993), and Parasuraman, Zeithaml, and Berry (1985) described customer satisfaction as the difference between observed and expected quality. The difference is described as the “disconfirmation” or “quality gap.” A positive gap suggests the product exceeds expectations while a negative gap suggests the product quality does not meet expectations.

Assessment and the quality of educational services have been dominant themes in higher education in the 1980s and 1990s. Many research works of Seymour (1992, 1994) have been critical of various aspects of higher education, ranging from the quality and consistency of the core curriculum to the frustration experienced by students on many campuses with registration and academic advising and other administrative processes.

Seymour (1992, 1994) has suggested that colleges and universities adopt market driven models of service quality to assess student satisfaction with support services. Quality in higher education is about efficiency, high standards, excellence, value for money, fitness for purpose and/or customer focused.

SERVICE QUALITY

Ghobadian et al. (1994) posit that most of the service quality definitions fall within the “customer led” category. Juran (1999) elaborates the definition of customer led quality as “features of products which meet customers’ needs and thereby provide customer satisfaction.” As service quality relates to meeting customers’ needs, the emphasis is at exploring the “perceived service quality” in order to understand consumers (Arnauld et al., 2002). Grönroos (1984) and Parasuraman et al., (1985) looks at perceived quality of service as the difference between customers’ expectation and their perceptions of the actual service received.

SERVICE QUALITY MEASUREMENT

It is difficult to measure service quality as compared to good’s quality. The difficulty to measure is due to fewer tangible cues available when consumers purchase services (Parasuraman et al., 1985), fewer search properties, but higher in experience and credence properties (Zeithaml, 1981

in Parasuraman 1985), as compared to goods. It also requires higher consumer involvement in the consumption process (Grönroos, 1984). Researchers operationalized the service quality construct either as a gap between expectation of service and perceived performance of service, or just perceived performance alone. On the other hand, service quality dimensions are seen as the criteria to assess service quality (Parasuraman, Zeithaml, and Berry, 1985).

SERVQUAL MODEL

Parasuraman, Zeithaml, and Berry (1985, 1988) developed SERVQUAL, a conceptual model of service quality from their work in the area of retail marketing. SERVQUAL is based on the assumption that satisfaction is found in situations where a perception of service quality is met or exceed consumer expectations. The multi-item SERVQUAL scale (Parasuraman, Zeithaml and Berry, 1988, 1994; Parasuraman, Berry and Zeithaml, 1991) compares consumers' perceptions of 22 aspects of service quality to their rating of each factor's importance (expected service quality).

In their early research into service quality, they identified ten criteria that customers rely on while evaluating the service quality.

These include:

Reliability, Access, Security, Credibility, Degree of customer understanding, Responsiveness, Competence, Courtesy, Tangibles, Communication

Later Parasuraman and associates (1988) proposed that these ten criteria could be reduced into five factors, and they identified these factors as

- ❖ Reliability
- ❖ Responsiveness
- ❖ Assurance
- ❖ Empathy
- ❖ Tangibles

TABLE 1

DIMENSIONS OF SERVICE QUALITY IN EDUCATIONAL SERVICES

Dimensions of Service Quality	Definition
Reliability	The accuracy and dependability with which a faculty or department or college provides service
Responsiveness	The demonstration of an eagerness to be of service, and a commitment to act in the best interest of the students
Assurance	The ability to earn students' confidence by performing services in a knowledgeable and professional manner
Empathy	Being able to communicate care and understanding through the interpersonal skills of the staff and student friendly policies and procedures
Tangibles	The physical appearance of the department, its staff, and any materials associated with service delivery

RESEARCH OBJECTIVES

The primary objective of this research paper is to identify the service quality (SERVQUAL) perceptions of engineering college students and to find out the model fit of proposed service quality model measuring the educational services. In line with the primary objectives this research study was aimed at emphasizing the importance of Service Quality and its components in the minds of staff and internal customers of college.

METHODOLOGY

SAMPLING METHOD, PROCEDURE AND SAMPLE SIZE

A quota sampling procedure was used with a sample size of 261 students. The quota was fixed based on Year of education and Department, since these demographic characteristics are known to impact the perceptions of service quality (Gagliano and Hathcote, 1994). Data was collected by using a structured questionnaire and the questionnaire consist both demographic variables and service components.

INSTRUMENT USED

The instrument used was an adaptation of the SERVQUAL survey that included 32 Likert scale items measuring five postulated dimensions of service quality. The original

SERVQUAL survey was specifically designed to assess organizations and businesses in the service sector. Minor changes in wording were used to adopt this study's survey to an academic setting. Final Year Engineering Students were asked to rate the each of 32 factors leading to the college service satisfaction.

RELIABILITY AND VALIDITY ANALYSIS

Assessing the reliability and validity of scale is important for the analysis and without a reliable valid scale the analysis will lead to incorrect and misleading inferences. Reliability is concerned with the extent to which any measuring procedure yields the same results on repeated trials. Internal consistency method for reliability estimation was used. Cronbach alpha coefficient computes internal consistency reliability among a group of items combined to form a single scale. Nunnally (1978) suggested that constructs can be accepted with Cronbach's alpha coefficient of more than 0.60, otherwise 0.70 should be the threshold. Cronbach's alpha of 0.80 or more is considered significant and highly reliable.

Cronbach's alpha coefficient for overall and individual Service Quality constructs are as presented in Table 3.

S. No	Dimensions	Cronbach Alpha Coefficient
1	Tangibles (11 items)	0.840
2	Reliability (6 items)	0.772
3	Responsiveness (3 items)	0.751
4	Assurance (6 items)	0.820
5	Empathy (6 items)	0.541
6	Educational Service Quality (32 items)	0.911

Except the Empathy factor all other factors are having an acceptable reliability co-efficient. The overall Service quality model reliability co-efficient is 0.911, which indicates a highly reliable data for executing the analysis.

The validity of the instrument is assessed using three methods; content validity, criterion related validity and discriminant validity. In the present research content validity and discriminant validity was assessed. Content validity refers to the degree in which an instrument covers the meaning of the concepts included in a particular research. The content reliability of the

SERVQUAL instrument used in the research is adequate because the instrument has been carefully constructed, validated and refined by Parasuraman et al. (1985) supported by an extensive review of literature.

Discriminant validity measures the extent to which two different constructs are comparatively distinctive from each other, and that their correlation values are neither 0 nor 1. A correlation analysis was conducted on all the dimensions of SERVQUAL and the results are presented in Table 4. From the correlation analysis, it is found that all the dimensions are perfectly correlated as their correlation coefficient fall between 0 and 1.

TABLE 4
CORRELATION RESULTS

	Tangibles	Reliability	Responsiveness	Assurance	Empathy
Tangibles	1.000				
Reliability	0.763**	1.000			
Responsiveness	0.672**	0.674**	1.000		
Assurance	0.723**	0.691**	0.731**	1.000	
Empathy	0.496**	0.525**	0.450**	0.508**	1.000

** . Correlation is significant at the 0.01 level (2-tailed). ($p < 0.01$)

Before carrying out the confirmatory factor analysis, the data should have to be checked for its appropriateness of use. To check the appropriateness of use the Kaiser-Meyer-Olkin (KMO) and Bartlett's scores were measured (Table 5).

TABLE 5
KAISER-MEYER-OLKIN (KMO) AND BARTLETT'S SCORES

	Bartlett Test of Sphericity		
	KMO	X ² / Df	Significance
Overall Scale	0.	2.596E3	0.000
Tangibles	0.889	198	0.000

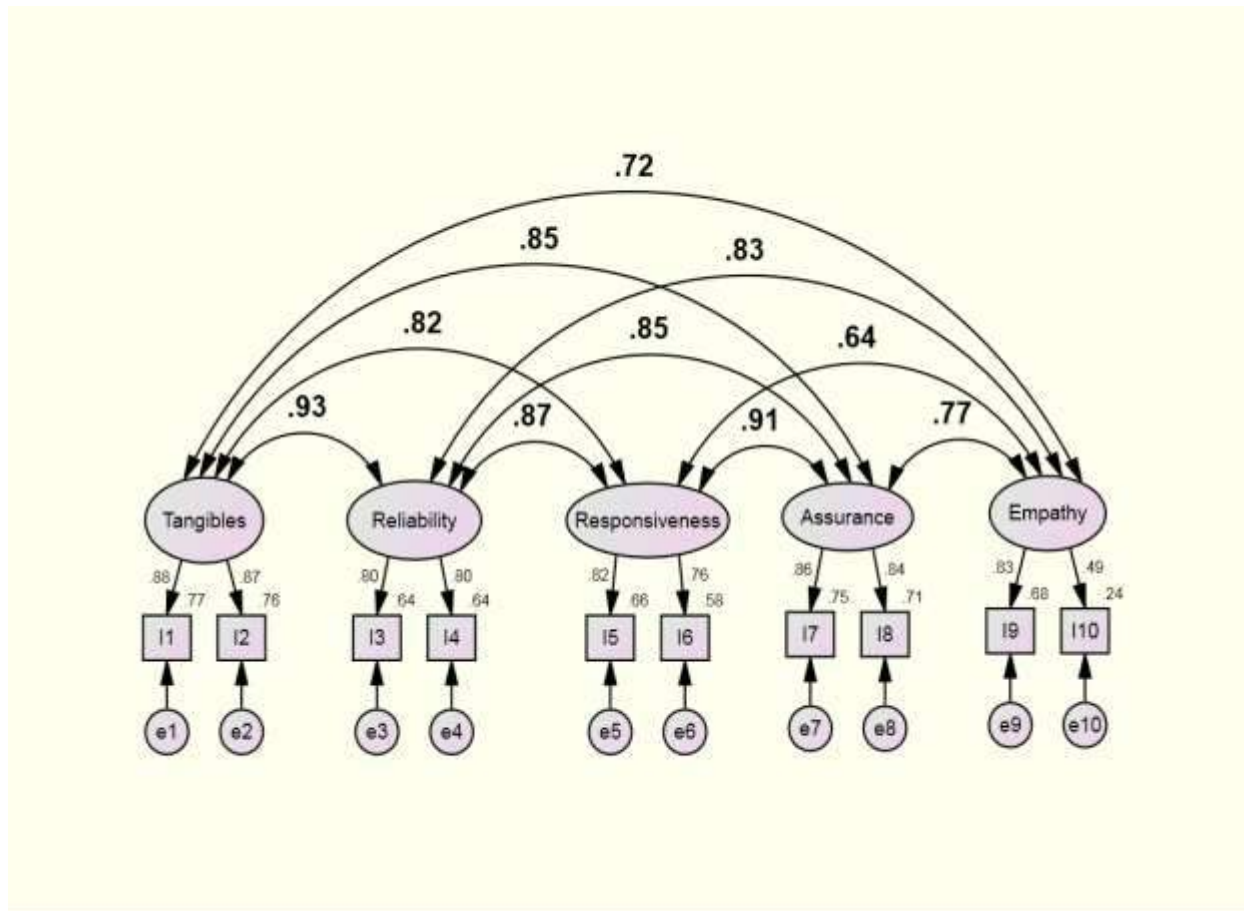
Reliability	0.818	22.94	0.000
Responsiveness	0.680	62.08	0.000
Assurance	0.864	30.99	0.000
Empathy	0.826	22.06	0.000

CONFIRMATORY FACTOR ANALYSIS

Confirmatory factor analysis using AMOS 18.0 was conducted to assess the factor structure of the SERVQUAL scale meant for measuring Educational service quality. For the purpose of analysing measurement model and structural equation model, the item parcelling technique or partial disaggregation method was followed within AMOS framework following the suggestions of the current studies (Bandalos 2002; Bentler & Chou 1987).

MODEL 1 - SERVQUAL 5 DIMENSIONS AS FIRST ORDER FACTOR

FIGURE 1



In this model the five dimensional structures of SERVQUAL is tested using AMOS 18.0. Indicator variables I1 - I10 are created and the AMOS output model is shown in figure 1. The AMOS output returned an admissible solution for Model 1 ($\chi^2/df = 1.748$, GFI = 0.968, AGFI = 0.930, NFI = 0.973, TLI = 0.979, CFI = 0.988, RMSEA = 0.054) as shown in Table 7.

RESULT

Goodness-of-fit Model Index	Recommended Value*	Educational Service Quality Model
Chi Square / Degree of Freedom**	≤ 2.00	1.748
Goodness-of-Fit Index	≥ 0.90	0.968
Adjusted Goodness-of-Fit Index (AGFI)	≥ 0.90	0.930
Normalized Fit Index (NFI)	≥ 0.90	0.973
Tucker-Lewis Index (TLI)	≥ 0.90	0.979
Comparative Fit Index (CFI)	≥ 0.90	0.988
Root Mean Square Error of Approximation (RMSEA)	≤ 0.08	0.054

*Criteria according to Hair et al. (1998), Arbuckle and Wothke (1995)

** Segars and Grover (1993) recommend chi-square/degrees of freedom value of ≤ 3.00

The results indicate that the Educational Service Quality scale based on the SERVQUAL model is providing the best fit indices for evaluating the Service Quality. Service quality scale developed for evaluating services in the service organizations setup proves to be a good model in finding out the students' opinion on educational service quality. All the dimensions of educational service quality correlate each other and there is a positive correlation among all the dimensions.

CONCLUSION

It is not surprising that parents, students, faculty members and employers understands the concept of quality with regards to college education in different ways. Parents view quality as relating to input (e.g. ranking of the college, medal winners) and output (e.g. employability, academic placement). On the other hand, students saw quality as relating to the educational process (e.g. courses and teaching) and outputs. Faculty members perceived quality as relating to the whole education system (i.e. input, process and output). Employers saw quality as primarily

related to the output (e.g. the skill set that the student brings to the workplace). The distributions of the quality attributes in terms of input, process and output differ among the recipients of the service provided. The result seemed to suggest that, in order to meet the needs of each group, the college has to focus on all aspects of the education system.

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KNOWLEDGE MANAGEMENT AND INDUSTRIAL GROWTH – A STUDY ON THE SMALL SCALE ENTERPRISES OF KOTTAYAM DISTRICT, KERALA, INDIA

DIANA ANN ISSAC*

*Assistant Professor,
Department of Commerce,
Mar Athanasius College,
Kothamangalam, Kerala, India.

ABSTRACT

Knowledge management in the context of entrepreneurship seeks to make available the most relevant information for the prospective entrepreneurs and help them to make the best use of that knowledge, creating new knowledge, increasing awareness and devising best practices in the process. The Government of India has been vigorously launching numerous schemes and programmes and pumping crores of Rupees into Research and Development over the years in order to facilitate the growth of entrepreneurship in the country. The situation provides an ideal context for implementing sound knowledge management practices. The study relates to knowledge management in the context of small scale enterprises in one of the southern states of India, i.e., Kerala. For the purpose of study, Knowledge Management implies training effectiveness of District Industries Centre (DIC), a local body entrusted with the task of nurturing new entrepreneurs through their training sessions. The sample has been drawn from those who have undergone the training at DIC during the year 2008 – 2009. . The study revealed a sincere attempt made by the government agencies to promote entrepreneurship through efficient knowledge management models. It has also brought to light the lacuna in the system.

KEYWORDS: Entrepreneurship, Entrepreneurship Development Programmes (EDP), Knowledge Management, SSI, Training.

INTRODUCTION

Over the last two decades, the world economy is witnessing as well as experiencing a significant shift from industrial economies to knowledge based economies. Traditionally the factors of production, viz, land, labour and capital played a key role in the wealth creation process of industries. But in today's knowledge driven global economy, wealth creation of any country depends largely on the wealth generating capabilities of its entrepreneurs and work force, which, in turn, are dependent on their knowledge to generate such wealth. Thus there is a growing consensus to regard knowledge as the fourth factor of production. It is estimated that knowledge now accounts for 3/4th of the value addition in the manufacturing sector. It is only quite natural that almost every nation today is transforming itself into a Knowledge Based Economy (KBE). Knowledge Based Economy is “ an economy in which the production, distribution and use of knowledge is the main driver of growth , wealth creation and employment across

industries” as defined by Atlantic Provinces Economic Council. Thus the main challenge before industries would be in managing the collective knowledge of the organizations effectively, making true the predictions of the eminent management thinker Peter .F. Drucker that in the 21st century, companies would compete with each other using their knowledge. The knowledge base should be managed in such a way that that it develops at a pace to match the current challenges of business environment , encourage all members to contribute to as well as benefit from it .In order to support such a systematic sharing of knowledge , what is required is KNOWLEDGE MANAGEMENT (KM).

In simple terms, knowledge management is a process of capturing, distributing and effectively using knowledge. In broader terms, knowledge management may be defined as a discipline that promotes an integrated approach to identifying, managing and sharing all of enterprises information assets, including data base documents and procedures as well as unarticulated expertise and experiences resident in individual workers.

Knowledge Management is often perceived as a process of storing information and distributing it to employees through portals and the intranet, but in reality KM is much more than these routine activities. It is about understanding what kind of knowledge is required to succeed in a particular business , finding ways to procure that knowledge and then using the knowledge thus acquired for strategic purposes like cost saving, superior customer service, avoiding a loss of reputation for the company and so on.

Knowledge Management in the, in the broadest context, is a process through which organizations generate value from their intellectual and knowledge based assets. Generating value from assets means, sharing of knowledge in order to develop the best practices. For instance, consider a hotel. Imagine that the waiter is very friendly and while offering the menu card, gives a simple description of the special dishes of the day. He maintains a rapport with the customer and on enquiry, he can give advice to guests such as which meat will go with which wine or which dishes will suit their palate most. This precise and useful information could help a waiter earn a bigger tip. The guest may be more pleased and is likely to visit the same hotel again. If the waiter is ready to share his knowledge with others, then ultimately all waiters would be able to service their customers better, resulting in increased sales and increased good will for the hotel as well as bigger tip for all waiters. Thus the final result of knowledge management is that everyone wins.

One key barrier in implementing knowledge management is the reluctance to share knowledge because it is perceived as a threat to one’s own competitiveness. It can be overcome up to a reasonable extent by rewarding free sharing of knowledge.

The concept of knowledge management can be applied to any situation. The study relates to knowledge management in the context of small scale enterprises in one of the southern states of India, i.e., Kerala. In order to facilitate ‘Growth with Equity’; the Government of India has been launching various schemes for the development of entrepreneurs. There is a sincere attempt by the government to disseminate the latest knowledge and techniques to entrepreneurs. Despite launching numerous schemes and programmes and pumping crores of Rupees into Research and Development, the overall picture of entrepreneurship in India continues to be grim. The failure in improving small and rural entrepreneurship can be attributed less to the lack of appropriate

policies and more to the loopholes in implementation. The problem lies in the ignorance on the part of people about the details of the programmes and prevalence of wide spread corruption during its execution. The prospective entrepreneurs are getting subsidized loans under these schemes only after paying bribes. The situation provides an ideal context for implementing sound knowledge management practices.

SCOPE OF THE STUDY

The study is limited to the evaluation of Knowledge Management initiatives of the Government of Kerala. For the purpose of study, Knowledge Management implies training effectiveness of District Industries Centre (DIC), a local body entrusted with the task of nurturing new entrepreneurs through their training sessions. The sample has been drawn from those who have undergone the training at DIC during the year 2008 - 2009. The study is a thorough probe into the sources through which the aspirants came to know about the trainings offered at DIC, the topics covered in the training and the extent of usefulness of the information disseminated in the training sessions to their practical world as well as measures to be taken in future for the better management of knowledge.

IMPORTANCE OF STUDY

The development of small entrepreneurship has gained the status of a national movement not only for industrial development but also for solving the problems of unemployment and upliftment of the economically weaker sections. The need for the development of the 'spirit of enterprise' among the target population is felt more during the recent years mainly due to the failure of trickledown theory to percolate the development benefits to the masses. Consequently, as a tool of bottom up mode of development, several self employment and antipoverty programmes like Prime Minister Rozgar Yojana (PMRY), Training for Rural Youth for Self Employment (TRYSEM) etc, clothed with minimum entrepreneurial qualities were introduced and executed through government agencies. There is a need to improve access to such knowledge and exploit its latent potential. This study is a pioneer attempt in examining the feasibility of harnessing knowledge management models for efficient management of government information.

OBJECTIVES OF THE STUDY

- ↪ To ascertain the knowledge management initiatives of the government in terms of accessibility and utilization of knowledge by entrepreneurs in the Small Scale Industries (SSI) sector.
- ↪ To assess the level of awareness among entrepreneurs in the SSI sector on the various government policy initiatives for industrial growth through technological up gradation and skill development.
- ↪ To evaluate training effectiveness in terms KM models.

METHODOLOGY

The current study is a micro level study on Knowledge Management. Knowledge Management is viewed as a means for application of acquired and perceived skills. The initiatives of the government to empower SSIs with adequate knowledge so as to sustain and develop their units are the subject matter of study. An in-depth analysis on the identified parameters of industrial growth is attempted at micro level, taking 20 sample units. The study is largely dependent on primary data. However, secondary data was used to develop a theoretical framework for the study. The sample for the study consisted of twenty SSI units selected at a random. The respondents covered were drawn from those who have undergone Prime Minister Rozgar Yojana (PMRY) training at the District Industries Centre (DIC) during the year 2008-2009 in Kottayam district of Kerala, India.

The variables covered under the study were awareness levels of SSI units on various industrial parameters, viz,

1. Entrepreneurship Development Programmes
2. Subsidies and other government incentives
3. Source of funds
4. Tax exemptions
5. Training offered by DICs and other institutions
6. Marketing channels
7. Product innovation
8. Useful websites
9. New business opportunities.

Utilization levels of the same industrial parameters were also covered. Sources of Business idea, type of marketing assistance received, financial assistance received, funds invested, and year of commencement of operations were also enquired into.

The respondents covered under the sample were personally contacted during business hours. A structured questionnaire was specifically designed to elicit information on the identified variables.

The data collected were tabulated and analyzed by using simple percentages, weighted mean, combined weighted mean and ranking coefficients. Correlation analysis was used to establish correlation between awareness levels of SSI units on various industrial parameters and their corresponding levels of utilization.

KNOWLEDGE MANAGEMENT INITIATIVES OF THE GOVERNMENT OF KERALA

Department of Government at various levels have realized that the most critical factor for ensuring success in knowledge management endeavour would depend largely on how well we utilize the inherent strength i.e. our knowledge, skills and creativity. The Central Government has made a landmark step in this regard by constituting a National Knowledge Commission. The mandate of the commission is to sharpen India's 'Knowledge Edge'. The Commission will advise the Prime Minister as to how-

- ☞ India can promote excellence in education system to meet the knowledge challenges of the 21st century.
- ☞ To promote knowledge creation in Science & Technology (S&T) laboratories.
- ☞ To improve the management of institutions generating Intellectual Property.
- ☞ To promote knowledge applications in agriculture and industry.
- ☞ To explore ways in which knowledge can be made more widely accessible in the country for maximum public benefit.

The Government of Kerala is also creating and executing new policies and approaches for promoting industrial growth through its various knowledge management initiatives.

- ☞ Kerala is the first state in India which has set up a video conferencing facility between the state capital and 14 district head quarters.
- ☞ Three fully functional data centres are established in three major cities of the state i.e., Calicut, Cochin and Trivandrum. In the second phase the state has ambitious plans to provide connectivity up to block level.
- ☞ Under the scheme of Rural Internet Connectivity Infrastructure (RICI) in the state, Malappuram district is a fully network district with wireless technology deployed at such a massive scale never attempted elsewhere in the world.
- ☞ The Government of Kerala has made significant strides in equipping a readily employable workforce in IT/ITES industry. IT department is conducting regular courses for aspirants in ITES sector. Creation of an H.R. base that would address demands from a broad spectrum of ITES industry is a priority programme of IT department.
- ☞ The unique initiative of the Government of Kerala to impart IT education to high school students, viz, IT@ school project, moulds a next generation of tech savvy workforce within a period of 5 to 7 years who can be directly absorbed by the industry.
- ☞ The IT policy announced in December 2001 has announced attractive schemes for IT companies to start operations in the state.

↪ The Government of Kerala assists industrial units by providing financial assistance, infrastructure and training /consultancy services. Important agencies involved in industrial promotion in the state are,

- Kerala State Industrial Development Corporation.
- Kerala Financial Corporation
- Small Industries Development Bank of India
- Kerala Industrial Infrastructure Development Corporation
- Directorate of Industries and Commerce
- Small Industries Development Corporation
- Small Industries Service Institute
- Kerala Industrial and Technical Consulting Organisation
- Centre for Management Development
- District Industries Centre in each district.

↪ The Industrial policy 2003, IT policy, Biotechnology policy, Export policy, conduct of B2B meets, Global Investor meet, agreement for Smart City in Cochin, setting up of Info park in Kakkanadu are all efforts made by the state government to make it a preferred investor destination.

↪ The 'Information Kerala' project of the state government is a trendsetter in the deployment of technology at grassroots level and a model for participatory governance through the effective use of Information Technology. The project aims at modernization and integration of government functions using IT by ;

- Networking and computerizing the 1214 local self governing bodies to expedite transactions like issue of certificates, licenses, tax collection etc.
- Training and orientation of personnel at levels of village, district and state governing bodies.
- Setting up internet kiosks accessible to the public in every panchayat ward.

Vellanad was declared the first fully computerized panchayat in the country.

↪ Department of Industries and Commerce is a department of the state government which address issues industries and commerce in the state .They keep people informed through their programs and services using a wide range of mediums including their website

(www.keralaindustry.org) , their magazine ‘Vyavasaya Keralam’ and through their information centres in ,

- Directorate of Industries and Commerce and in all the District Industries Centres
- Directorate of Coir Development
- Directorate of Handloom Development
- Electronic Enquiry counter available at www.keralaindustry.org

↪ Citizen’s charter of the Department of Industries is available at their website www.keralaindustry.org. Public can evaluate their services against the standards set in the charter and offer feed back and comments.

↪ Citizen’s call centre set up in the state capital Trivandrum provides over telephone, information on common citizen’s transaction pertaining to various government departments. The information which can be ascertained include,

- Details of Government schemes, programmes, entitlements welfare benefits etc.
- Modalities of accessing such entitlements/benefits
- Information pertaining to departments like Revenue, Civil Suppliers, Motor Vehicles, Kerala State Electricity Board, Kerala Water Authority, Universities etc included in the project. This is in fact first such facility in the country.

KOTTAYAM DISTRICT PROFILE

The study is confined to Kottayam district and the sample is drawn from those who have undergone PMRY training in DIC.Kottayam, one of the advanced districts in Kerala in respect of literacy and culture, basic and higher education, skill and intelligence, trade and commercial development, infrastructure facilities is situated in the south – central Kerala. The total land area is 2195.50 sq kilometres, which accounts for approximately 5.6% of total area of Kerala. The district does not have a seacoast but has sufficient backwater lining by Vembanad Lake. With a total population of 19.53 lakhs as per 2001 census, the district has 6.13 per cent of the population of the state.

The literacy rate in the district worked out to 95.90 per cent according to 2001 census as against the all Kerala rate of 90.02 percent and all India rate of 65.38 per cent. Kottayam has the highest rates of literacy among the 14 districts of Kerala. The district was the first in India to achieve 100 per cent literacy rate earlier. The district is served by a good network of educational institutions imparting education at the primary, secondary and higher education levels.

The district is blessed with the availability of natural resources like rubber, spices, fruits and vegetables and mineral deposits like lime shell and graphite. There exist 2 major and 12 mini industrial estates and 3 development areas. Proximity to airport and harbour facilities in Cochin ,

presence of a large number of banks, financial institutions and promotional agencies , well established network of electronic power in all its villages, good transportation facilities, availability of water at a low cost, availability of good hotels, housing , world class healthcare, recreation, tourism are certain advantages of the district. On the other hand, the district has its own limitations too. They include acute shortage of capital, scarcity of primary raw materials, unstable power supply, enlightened but unrealistic trade unionism. Besides, the attitude of the educated youth who prefer white collar jobs to entrepreneurship as a vocation has led to massive unemployment in the state.

PRIME MINISTER’S ROZGAR YOJANA (PMRY) –BRIEF OUTLINE

Prime Minister’s Rozgar Yojana is a scheme for self employment which was launched on 2nd October 1993. Under the scheme loans are available to educated unemployed youth for setting up of self-employment micro ventures in the industry, business or service sector. Features of the scheme are as follows:

↪ The objective behind this scheme was to provide employment to more than a million educated unemployed urban youth by setting up seven lakhs micro enterprises under the eighth five year plan. At present the scheme assist the rural youth as well.

↪ Youth in the age group of 18 to 35 are generally eligible for applying for assistance under PMRY scheme. However the stipulation with regard to the upper limit of age was relaxed to 45 years with effect from 22nd January 1999 in the case of ex-service men, handicapped women and applicants belonging to Scheduled Caste/ Scheduled Tribes.

↪ The minimum educational qualification required for the applicant to be eligible for financial assistance under PMRY is a pass in the 8th standard. Preference would be given to those who have undergone technical courses of a minimum duration of 6 months and sponsored by the government.

↪ The family income of the applicant shall not be more than Rs.40000 per annum.

↪ Qualified applicant should be a permanent resident of the area for a minimum of 3 years. To mitigate the difficulties faced by the married women applicants, they are exempted from this criterion.

↪ Eligible applicants will be given loans to start and carry on micro enterprises in the fields of industry, service or trade.

↪ Financial assistance would be granted to each eligible entrepreneur for projects costing up to Rs.2 lakhs in case of industrial or service sector units and up to Rs.1 lakh for trading sector units.

↪ In case of projects with project cost of Rs.1 lakh or less, no collateral security is required to be furnished by the applicant. However in case of projects with a cost of above Rs.1 lakh, beneficiary would have to furnish collateral security.

↳ In order to encourage group ventures, the scheme allows 2 or more applicants to join together and form a partnership .In such cases the project cost can be up to Rs.10 lakhs for industrial/service ventures or up to Rs.5 lakhs for trading ventures depending upon the number of partners.

↳ The government assists the PMRY beneficiaries by giving subsidy. Beneficiaries of PMRY are eligible for an outright capital subsidy at the rate of 15 per cent of the loans contracted by them with the bank subject to a ceiling of Rs.7500/-

↳ Entrepreneurs selected under the scheme would be given compulsory entrepreneurship training. Training programmes are conducted under the guidance and supervision of District Industries Centre (DIC) of each district. The curriculum of the training programme would generally include:

- Entrepreneurship development
- Elements of book keeping
- Marketing strategy
- Costing
- Aspects of project financing by banks and financial institutions.
- Sales tax registration and related matters
- SSI registration and related aspects
- Success stories of PMRY ventures.

ANALYSIS OF SURVEY RESULTS AND FINDINGS

PROFILE OF UNITS

The study is based on twenty SSI units functioning in Kottayam district in Kerala state. The manner in which these units use knowledge inputs as factors that trigger their growth is the subject matter of study. The profile of the units is examined in terms of type of units, year of commencement, total funds invested and nature of industry.

↳ All the units identified were sole proprietorship concerns. In fact, other than clusters, 90 per cent of the units in SSI sector of the district are in the sole proprietorship form.

↳ The units identified in the study had investments ranging from less than 1 lakh to more than 4 lakhs.50 per cent of the units surveyed had investments below 1 lakh.

TABLE 1.TOTAL FUNDS INVESTED

Funds Invested (Rs.)	Number of Units	Percentage
Below 1,00,000	10	50
1,00,000- 2,00,000	8	40
200,000- 3,00,000	1	5
3,00,000 - 400,000	1	5
4,00,000- 5,00,000	0	0
Above 5,00,000	0	0
TOTAL	20	100

(Source: Survey data)

↳ The diverse activities in which small scale entrepreneurs are engaged have been brought under 5 different heads, for the purpose of my study. They are,

- Manufacturing
- Trading
- Agro-based
- Food processing
- Services

35 per cent of the units were found to be engaged in services.

Table 4 gives details in this regard.

TABLE 2.NATURE OF ACTIVITY

Nature of Activity	Number of units	Percentage
Manufacturing	3	15
Trading	4	20
Agro-based	2	10

Food processing	4	20
Services	7	35
TOTAL	20	100

(Source: Survey data)

KNOWLEDGE MANAGEMENT IN SSI UNITS

The variables identified to ascertain the way in which the units accessed and utilized knowledge related to the functional areas of finance, technology, marketing and factors relating to entrepreneurial development. Utilization levels of the knowledge made available by District Industries Centres were also examined. Each of these prime variables was again subdivided suitably to elicit right information. Survey results are summarised in the following pages.

1. SOURCE OF FUNDS

Every enterprise, whether big or small, requires finance to carry out its operations. Some of the popular sources of finance are commercial banks and other financial institutions, government and own funds. Apart from these conventional sources, new modes of financing like factoring, lease financing, installment credit and hire purchase are also available. Out of the 20 units contacted, 15 units (75 per cent) had used bank loans to establish their ventures and the remaining 5 units had used their own funds to set up their enterprise.

TABLE 3. SOURCES OF FUNDS

Sources of funds	Number of units	Percentage
Bank	15	75
Government	0	0
Own funds	5	25
Others	0	0
TOTAL	20	100

(Source: Survey data)

2. ASSISTANCE IN PROCUREMENT OF FINANCE

There are numerous sources which provide information on financing of industrial projects. Financial institutions and commercial banks usually undertake intensive campaigns to promote their financing schemes. Information may be also available through newspapers and websites.

Respondents were asked whether they received any sort of assistance in the procurement of finance for their respective projects. 75 per cent of the units received assistance of some kind which is heartening. But considering the fact that there exist numerous schemes for financing seed capital requirements, fixed capital requirements and working capital requirements, it is a matter of concern that 5 units had not received assistance of any kind for procuring finance.

TABLE 4. ASSISTANCE RECEIVED IN THE PROCUREMENT OF FINANCE

Responses	Number of units	Percentage
Yes	15	75
No	5	25
TOTAL	20	100

(Source: Survey data)

3. ADEQUACY OF FINANCIAL ASSISTANCE

There is a grievance that although financial assistance exists under various schemes, such schemes often ignores the ground realities in terms of nature of activity and scale of operations. This creates inadequacy of capital which affects growth of units and in turn prospects for repayment.

Out of the 15 units that received financial assistance, 80 per cent of the units reported that the assistance received were adequate. However it should be noted that all units in the sample were small units with small scale operations only. It was observed that issues pertaining to inadequacy arise when the scale of operations expands and investments grow.

TABLE 5. ADEQUACY OF FINANCIAL ASSISTANCE

Responses	Number of units	Percentage
Adequate	12	80
Inadequate	3	20
TOTAL	15	100

(Source: Survey data)

4. TECHNICAL ASSISTANCE RECEIVED

Of the total units covered under the study, 11 units conceded to have received some sort of technical assistance, whereas the remaining 45 per cent had not received any sort of technical guidance.

TABLE 6. TECHNICAL ASSISTANCE RECEIVED

Responses	Number of units	Percentage
Yes	11	55
No	9	45
TOTAL	20	100

(Source: Survey data)

5. TYPES OF TECHNICAL ASSISTANCE RECEIVED

The 11 units which received technical assistance were further interviewed to elicit information regarding the type of assistance received. Technical assistance included guidance on:

- New methods of production
- New machines
- New mix of materials
- Modification of existing product
- New product
- Latest technological developments

Multiple responses were received from the 11 respondents. Out of the total responses received, 24 per cent admitted to having received vital information on 'New products'. Table 9 gives details in this regard.

TABLE 7. TYPE OF TECHNICAL ASSISTANCE RECEIVED

Types of assistance	Number of units	Percentage
New methods of production	3	17.66
New machines	4	23.53
New mix of materials	2	11.76
Modification of existing product	2	11.76
New product	4	23.53

Technological breakthroughs	2	11.76
TOTAL	17	100.00

(Source: Survey data)

6. ASSISTANCE IN MARKETING OF PRODUCTS

The idea that marketing is the latest mantra for success has dawned upon the Government. There has been a late realisation that products of SSI units often fail to capture market not because they fall short of quality, but they fail to ‘market’ the product efficiently. Recognizing this growing importance of marketing, various agencies like cooperative societies, commercial banks, DICs, government departments have all started giving marketing assistances.

The study revealed that 55 per cent of the units covered had received assistance for marketing.

TABLE 8. ASSISTANCE RECEIVED IN MARKETING OF PRODUCTS

Responses	Number of units	Percentage
Yes	11	55
No	9	45
TOTAL	20	100

(Source: Survey data)

7. TYPE OF MARKETING ASSISTANCE RECEIVED

At present marketing assistance is available in the following areas;

- Suggesting a new channel of distribution
- Information about a new market
- Innovative ideas such as bringing a new utility to an existing product
- New methods of advertisement

Analysis was on the basis of multiple responses.

TABLE 9.TYPE OF MARKETING ASSISTANCE RECEIVED

Type of assistance	Number of units	Percentage
New channel of distribution	3	23.08
New market	7	53.84
New utility	0	0
New modes of advertising	3	23.08
Others if any	0	0
TOTAL	13	100.00

(Source: Survey data)

8. AWARENESS LEVELS OF SSI UNITS ON VARIOUS INDUSTRIAL PARAMETERS

The primary object of knowledge management is to impart awareness and reap the benefits of such awareness. Awareness levels among the identified SSI units on various parameters relating to entrepreneurial development and industrial growth were tested on a 4 point scale where 'Full Awareness' was given a weight of 4, 'Awareness ' was given a weight of 3, 'Partial Awareness' was given a weight of 2 and 'Unawareness' was given a weight of 0.The parameters identified were:

- Entrepreneurship Development Programmes (EDP)
- Subsidies and other government incentives
- Sources of funds
- Tax benefits
- Technological developments
- Trainings offered by DICs and similar institutions
- Marketing channels
- Product innovation
- Useful websites
- New business opportunities

Analysis was made using the following scales through weighted mean values.

AWARENESS SCALING

Weighted mean values	Awareness rating
0-1	Very low
1-2	Low
2-3	High
3-4	Very high

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

The survey revealed that 13 out of 20 respondents was 'Aware' of EDPs. The weighted mean value of awareness about Entrepreneurship Development Programmes came to 2.45 indicating 'High' level of awareness about the parameter among the sample.

SUBSIDIES AND OTHER GOVERNMENT INCENTIVES

It is heartening to note that 70 per cent of the respondents were 'Aware' about Subsidies and other government incentives, though none were 'Fully aware'. 15 per cent of the respondents were 'Partially aware' and another 15 per cent were 'Unaware'. The weighted mean value 2.4 showed 'High' level of awareness.

SOURCE OF FUNDS

As regards Source of funds, 10 per cent of the respondents were found to be 'Fully aware', 70 per cent were 'Aware'. At the same time a startling 15 per cent were 'Unaware'. The weighted mean value of 2.6 indicates 'High' levels of awareness and is very close to 'Very high' awareness scale.

TAX BENEFITS

2 out of 20 respondents were 'Fully aware' about Tax benefits. Whereas 11 of the total 20 respondents were 'Aware', and 3 of them were 'Partially aware', 4 respondents were totally 'Unaware' about tax benefits to them. The weighted mean value of 2.35 indicates 'High' level of awareness about tax benefits among the chosen sample.

TECHNOLOGICAL DEVELOPMENTS

None of the respondents expressed 'Full awareness' on the latest Technological developments. 90 per cent of the respondents were either 'Aware' or 'Partially aware' of the technological breakthroughs. The weighted mean of awareness was 2.2 indicating a 'High' level of awareness.

TRAININGS OFFERED BY DICS AND SIMILAR INSTITUTIONS

6 respondents out of the total 20 were totally ignorant of the Trainings offered by DICS and similar institutions. This comes to a staggering 30 per cent and it is a big set back to the knowledge management initiatives of the government. The weighted mean value of awareness was 1.9 indicating 'Low' awareness.

MARKETING CHANNELS

5 respondents were unaware of any assistance on Marketing channels which came up to 25 per cent. 35 per cent were 'Aware' and 40 per cent were 'Partially aware' The weighted mean value came to 1.85 signalling 'Low' awareness once again.

PRODUCT INNOVATION

As a whole, Product innovation was an area which was seen to be totally neglected. None of the respondents were 'Fully aware'. Majority of the respondents, i.e., 11 were 'Partially aware'. The weighted mean value was 1.85 indicating 'Low' awareness levels.

USEFUL WEBSITES

Awareness levels on Useful websites were found to be the lowest. 7 respondents were totally unaware which comes to 35 per cent of the sample. 50 per cent of the sample were 'Partially aware'. There was 1 respondent who was 'Fully aware' of the websites. The weighted mean was 1.50 indicating 'Low' awareness levels.

NEW BUSINESS OPPORTUNITIES

Awareness on New business opportunities was also low. 65 percent of the respondents were only 'Partially aware'. None of the respondents were 'Fully aware' on new business openings. The weighted mean value was 1.75 which implied 'Low' awareness.

TABLE 10. AWARENESS LEVELS OF SSI UNITS ON VARIOUS INDUSTRIAL PARAMETERS

Awareness levels	Fully aware	Aware	Partly aware	Unaware	Total respondents	Weighted mean
WEIGHTS	4	3	2	0		
EDP	0 (0)	13 (65)	5 (25)	2 (10)	20 (100)	2.45
Subsides & govt.	0 (0)	14 (70)	3 (15)	3 (15)	20 (100)	2.40

incentives.						
Source of funds	2 (10)	14 (70)	1 (5)	3 (15)	20 (100)	2.60
Tax benefits	2 (10)	11 (55)	3 (15)	4 (20)	20 (100)	2.35
Technological updates	0 (0)	8 (40)	10 (50)	2 (10)	20 (100)	2.20
Training of DICs & others	0 (0)	10 (50)	4 (20)	6 (30)	20 (100)	1.90
Marketing Channels	0 (0)	7 (35)	8 (40)	5 (25)	20 (100)	1.85
Product innovation	0 (0)	5 (25)	11 (55)	4 (20)	20 (100)	1.85
Useful websites	1 (5)	2 (10)	10 (50)	7 (35)	20 (100)	1.50
New business openings	0 (0)	3 (15)	13 (65)	4 (20)	20 (100)	1.75

(Source: Survey data) (Figures in bracket indicate percentage.)

A comprehensive linkage on awareness brings out the fact that it was 'High' on Entrepreneurship Development Programmes, Subsidies and other government incentives, Sources of funds, Tax exemptions and Latest technologies. At the same time, awareness levels were found to be 'Low' in respect of Training offered by DICs and similar institutions, Marketing channels, Product innovation, Useful websites and New business opportunities.

TABLE 11. A RANKING OF FINDINGS ON AWARENESS LEVELS

Very High (3-4)	High (2-3)	Low (1-2)	Very Low (0-1)
Nil	EDP	Trainings offered by DICs	Nil
	Subsidies & govt. incentives	Marketing Channels	
	Source of Funds	Product Innovation	
	Tax Exemptions	Useful Websites	
	Latest Technologies	New business opportunities	

(Source: Survey data)

The combined weighted average mean for all the ten factors comes to 2.085 indicating ‘High’ levels of awareness.

9. UTILIZATION OF KNOWLEDGE BY THE SSI UNITS ON VARIOUS INDUSTRIAL PARAMETERS

The effectiveness of knowledge management initiatives can be adjudged only on assessing the extent to which the acquired knowledge has been utilized by the SSI units. Utilization levels among the identified SSI units on various parameters relating to entrepreneurial development and industrial growth were tested on a 4 point scale where ‘Very High Utilization’ was given a weight of 4, ‘High Utilization’ was given a weight of 3, ‘Low Utilization’ was given a weight of 2 and ‘Very Low Utilization’ was given a weight of 0. Utilization levels were assessed by making use of the same industrial parameters as used for assessing awareness levels. Analysis was made using the following scales through weighted mean values.

UTILIZATION SCALING

Weighted mean values	Utilization rating
0-1	Very low
1-2	Low
2-3	High
3-4	Very high

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

The utilization levels of information acquired through EDPs were quite encouraging. 2 out of 20 respondents had 'Very high' levels of utilization, 13 out of 20 had 'High' levels of utilization. The weighted mean value of 2.75 indicates 'High' utilization.

SUBSIDIES AND OTHER GOVERNMENT INCENTIVES

2 respondents made 'Very high levels' of utilization of the information about Subsidies and 11 of the remaining made 'High' utilization of the information. The weighted mean value was 2.55, indicative of 'High' utilization.

SOURCE OF FUNDS

2 respondents made 'High' utilization on the Information about various sources of finance. 90 per cent of the respondents made use of this information in one way or other. The weighted mean value was 2.40 indicating 'High' utilization.

TAX BENEFITS

Information on Tax benefits were not effectively used. 25 per cent of the total respondents have not made use of this information. The weighted mean value comes to 1.90 indicating 'Low' levels of utilization.

TECHNOLOGICAL DEVELOPMENTS

None of the respondents have fully harnessed their awareness on Technological developments. 5 respondents conceded that they have utilized the knowledge 'Very high'. But there was a 30 per cent of the sample who could not make use of the information. The weighted mean value was 1.65 indicating 'Low' utilization.

TRAININGS OFFERED BY DICS AND SIMILAR INSTITUTIONS

Only 5 per cent of the sample have fully utilised the contents of training provided by DICs and similar institutions. The weighted mean value came to 1.90 suggesting 'Low' levels of utilization. This indicates that the training sessions have failed to deliver the objectives of knowledge management effectively.

BROCHURES, HANDBOOKS, NEWSLETTERS ON BUSINESS OPPORTUNITIES

The trend of utilization of knowledge followed the same pattern as the case of trainings offered by DICs.

NEWSPAPER ADVERTISEMENT ON BUSINESS OPENINGS

Newspaper advertisement was highly utilized by 5 per cent of the respondents. The weighted mean value was 2 indicating 'High' levels of utilization.

USEFUL WEBSITES

Websites were found to have the lowest levels of utilization. 65 per cent of the respondents have not made any use of websites. The weighted mean value was 0.90 indicating ‘Very Low’ levels of utilization.

NEW BUSINESS OPPORTUNITIES

The pattern of utilization followed just like that of websites.

TABLE 12.UTILIZATION LEVELS OF SSI UNITS ON THE SAME INDUSTRIAL PARAMETERS

Industrial parameters	Very high Utilization	High Utilization	Low Utilization	Very low Utilization	Total	Weighted mean
Weights	4	3	2	0		
EDP	2 (10)	13 (65)	4 (20)	1 (5)	20 (100)	2.75
Subsidies & govt. incentives	2 (10)	11 (55)	5 (25)	2 (10)	20 (100)	2.55
Sources of funds	2 (10)	8 (40)	8 (40)	2 (10)	20 (100)	2.40
Tax benefits	1 (5)	6 (30)	8 (40)	5 (25)	20 (100)	1.90
Latest technologies	0 (0)	5 (25)	9 (45)	6 (30)	20 (100)	1.65
Trainings offered by DICs & other institutions	1 (5)	8 (40)	5 (25)	6 (30)	20 (100)	1.90
Brochures, hand book, newsletter	1 (5)	8 (40)	5 (25)	6 (30)	20 (100)	1.90

Newspaper advertisement	1 (5)	8 (40)	6 (30)	5 (25)	20 (100)	2.00
Useful websites	1 (5)	2 (10)	4 (20)	13 (65)	20 (100)	0.90
New business opportunities	1 (5)	2 (10)	4 (20)	13 (65)	20 (100)	0.90

(Source: Survey data)

(Figures in bracket indicate percentage.)

Survey on utilization levels revealed that utilization levels of knowledge on EDPs, Subsidies and other government incentives, Source of funds and Newspaper advertisement on business opportunities were ‘High’ and that of Tax exemptions, Latest technologies; Training offered by DICs and similar institutions and Brochures, handbooks, newsletters etc on business opportunities were ‘Low’. Utilization levels of Useful websites and New business opportunities were found to be ‘Very Low’

TABLE 13. A RANKING OF FINDINGS ON UTILIZATION LEVELS

Very High (3-4)	High (2-3)	Low (1-2)	Very Low (0-1)
Nil	EDP	Tax exemptions	Useful websites
	Subsidies and other government incentives	Latest technologies	New business opportunities
	Information on sources of fund	Training offered by DICs	
	Newspaper advertisement on source of funds	Brochures, handbooks newsletters	

(Source: Survey data)

The combined weighted mean of all factors comes to 1.89 indicating ‘Low’ levels of utilization.

CORRELATION ANALYSIS

An attempt is made to ascertain the relationship between levels of awareness on industrial parameters and utilization of available knowledge on the same parameters. One of the unique dimensions of KM is to help in finding applications for available knowledge. Knowledge is empowering when it finds utilization.

Correlation is on the basis of weighted mean value for awareness and for utilization. Correlation was measured using Karl Pearson's Coefficient of Correlation Method. The correlation coefficient came to 0.896 indicating a positive correlation. This implies that awareness on various parameters relating to industrial development helps in the utilization of the same at the application level. Higher the awareness, the greater is the level of utilization.

1. SOURCE OF BUSINESS IDEA

Various sources of business idea were first identified. These were:

- DIC training
- Family business
- Friends and relatives
- Prominent local business
- Entrepreneurship awareness programmes
- Any other sources.

It was found that 'Friends and relatives' constituted the primary source of business idea for at least 45 per cent of the sample units. Table 14 gives details in this regard.

TABLE 14. SOURCES OF BUSINESS IDEA

Particulars	Number of units	Percentage
DIC training	3	15
Family business	3	15
Friends & relatives	9	45
Prominent local business	1	5
Entrepreneurship awareness programmes	0	0

Any other sources	4	20
Total	20	100

(Source: Survey data)

11. SURVEY ON PERCEPTION

In order to get a clear picture of the effectiveness of knowledge management, respondents were asked to give their personal opinions on 4 statements which are closely linked to knowledge management. The statements are as follows,

↪ **“KNOWLEDGE ON ENTREPRENEURSHIP AND ITS HELP IN SETTING UP OF UNITS”** - 100 per cent of the respondents agreed that knowledge on entrepreneurship was helpful in setting up of their respective units.

↪ **“TRAINING AS A FORMALITY”**- 90 per cent of the respondents were against this statement whereas a 10 per cent felt that the statement is true.

↪ **“FINANCIAL SUPPORT IS ENCOURAGING”** - 75 per cent of the respondents subscribed to this view.

↪ **“MARKETING SUPPORT IS ENCOURAGING”** - 85 per cent of the units accepted the statement.

SUGGESTIONS AND CONCLUSIONS

Based on the findings and conclusions drawn from the study, the following suggestions are made on enhancing knowledge on entrepreneurship development:

- ↪ Sincere efforts are required to create awareness on training offered by DICs and other institutions, marketing channels, product innovation, useful websites and new business opportunities.
- ↪ Training courses are to be made more user-friendly by using devices like exercises, assignments, role plays and assessments.
- ↪ Government agencies shall consider outsourcing the conduct of training classes to professional agencies.
- ↪ Training sessions are to include new and merging business opportunities in biotechnology, information technology, food processing, hospitality management, medical tourism, heritage tourism, nanotechnology and so on.
- ↪ Training sessions should aim at making the prospective entrepreneurs techno savvy and mould them into technopreneurs
- ↪ There should be a monitoring mechanism to ensure that the loans and subsidies availed have

been utilized for the purpose to which it is granted..

- ↪ Encourage volunteers to spread the spirit of entrepreneurship in a door to door basis just like the district did with literacy mission.

It has been now established that knowledge management is the process through which a nation creates value from their intellectual and knowledge based assets. Knowledge management in the context of entrepreneurship seeks to make available the most relevant information for the prospective entrepreneurs and help them to make the best use of that knowledge, creating new knowledge, increasing awareness and devising best practices in the process. The study revealed a sincere attempt made by the government agencies to promote entrepreneurship through efficient knowledge management models. It has also brought to light the lacuna in the system. There is urgent need for revamping the entire system and help liberate the true spirit of enterprising so that the nation can transform soon into a KNOWLEDGE BASED ECONOMY.

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A STUDY ON PERCEPTION OF VARIOUS SOCIAL NETWORKING SITES WITH SPECIAL REFERENCE TO DELHI/NCR

TEENA BAGGA**

*Assistant Professor,
Amity University,
Uttar Pradesh,
Noida.

ABSTRACT

Social networking sites help individuals to connect to each other no matter in which corner of the world they are sitting. In today's time when people don't have enough time to connect to each face to face and even through phones or e-mails can now easily get into contact through social networking sites. The various social networking sites like Facebook.com, Orkut.com, LinkedIn.com, Twitter.com etc. attracts millions of users and help them develop relationships, communicate and collaborate with other people. This paper will present the perceptions of the individuals relating to the access and usage of the social networking sites. And also illustrates the awareness of people on security and privacy issues on social networking sites.

KEYWORDS: Social Networks, Social Networking Sites, Perceptual Map, Internet.

INTRODUCTION

Social networks are an emergent Internet-based technology that is changing the way people connect and communicate with each other (Rodrigo C. Rivera, 2010). In the last few years social networking has become increasingly popular with hundreds of millions of users worldwide, as they allow users to both express their individuality and meet people with similar interests. People joining a social network create a profile and then build a network by connecting to friends or friends' friends. (Decker and Frank, 2004) said that these websites attract millions of users and create the infrastructure to develop relationships in such a way so people are able to not only search their own individual network, but also build new links, create new relationships, and make new virtual communities. Social networks take many forms, and are created for many reasons. Broadly these can be classified into following groups : 1. Business Linking (eg. LinkedIn) 2. Personal Networking (eg. FaceBook, MySpace), c) Video Blogging (eg. YouTube), d) Microblogging Sites (eg. Twitter). Despite their differences online social networks have certain commonality in the following concepts. Profiles – Each member in a network has an own online profile that serves as the individual's identity in the network. In the professional context profiles often contain information regarding the individual's experience, education, interests and affiliations, as well information about the individual's skills and resources. Connections – Online social networks typically enable individuals to make connections with others in the network. In some cases these connections are implicit and derived from past actions (such as sending an email to another member of the network). (Haythornthwaite, 2005) said that what makes social network sites unique is not that they allow individuals to meet strangers, but rather that they

enable users to make visible their social networks. This can result in connections between individuals that would not otherwise be made, but that is often not the goal, and these meetings are frequently between who share some offline connection. People easily get in contact with others who are far away from them and cannot meet them but through these sites people get to see each other have updated events and can remain in contact. As the social networking sites have benefits and had made easy for people to connect to others easily, it also has disadvantages. The biggest matter of concern is the privacy issue. There are many potential threats to privacy associated with these SNS such as identity theft and disclosure of sensitive information. However, many users still are not aware of these threats and the privacy settings provided by SNS are not flexible enough to protect user data.

FACEBOOK

Facebook is a social networking site that was launched in February 2004. It was founded by Mark Zuckerberg with his college roommates and fellow computer science students Eduardo Saverin, Dustin Moskovitz and Chris Hughes. Facebook allows anyone who declares they are at least 13 years old to become a registered user of the website. Users can create personal profiles, add other people as friends and can exchange messages. Additionally, users may join common interest user groups, organized by workplace, school, or college, or other characteristics.

ORKUT

Orkut is another social networking site that was launched in January 2004. It is owned by Google Inc. and was created by a Google employee Orkut Büyükkökten. Through Orkut people can make their profiles and connect to their friends all over the world and can maintain their existing relationships. Orkut also allows its members to make profile, chat with their friends, make and join various communities.

LINKEDIN

Linkedin is a business networking oriented social networking site that was launched in May 2003. The company was founded by Reid Hoffman. The purpose of the site is to allow registered users to maintain a list of contact details of people they know and trust in business. The various things can be done through Linkedin like: It can then be used to find jobs, people and business opportunities recommended by someone in one's contact network. Employers can list jobs and search for potential candidates. Job seekers can review the profile of hiring managers and discover which of their existing contacts can introduce them. Users can post their own photos and view photos of others to aid in identification.

YOUTUBE

YouTube is a video-sharing website on which users can upload, share, and view videos, created by three former PayPal employees in February 2005. The company is based in San Bruno, California, and uses Adobe Flash Video technology to display a wide variety of user-generated video content, including movie clips, TV clips, and music videos, as well as amateur content such as video blogging and short original videos. Most of the content on YouTube has been

uploaded by individuals, although media corporations including CBS, BBC, Vevo and other organizations offer some of their material via the site, as part of the YouTube partnership program.

TWITTER

Twitter is a website, owned and operated by Twitter Inc., which offers a social networking and micro blogging service, enabling its users to send and read messages called tweets. Tweets are text-based posts of up to 140 characters displayed on the user's profile page. The website is based in San Francisco, California. Twitter also has servers and offices in San Antonio, Texas; and Boston, Massachusetts.

LITERATURE REVIEW

(Alessandro Cecconi, 2007) said that the major benefit the social networking sites is of communication that can be done through various options like chat, messaging, email, video, file sharing, blogging etc. He in his research realised that the number of users have always been increasing for social networking sites and hence concludes that social networking sites represent a big resource for e-learning.

(Elena Vitkauskaite, 2008) analyses the popularity of social networking sites across the cultures. Social networking sites since the moment of their introduction have attracted millions of users, many of whom have integrated these sites into their daily practices but whether they are popular in different cultures or not. In this research the researcher considered few sites and some countries and found that respondents mostly are aware of these sites and have registered themselves on various social networking sites

(Alfa R. Yohannis¹, Husni Sastramihardja, 2009) tries to recognize the deviants based on their characteristics. In their research they stated that Social Network Sites are also used to do deviant behaviours, i.e. pornography, racism, predators, and fake profiles and hence some people don't let their children join SNSs. Thus, a social control system is needed to control the community of SNS.

(Ai Ho, Abdou Maiga, Esma Aïmeur , 2009) analyzed the various privacy issues related to social networking sites. They talked about several potential threats to privacy associated with these SNS such as identity theft and disclosure of sensitive information. According to their finding many users still are not aware of these threats and the privacy settings provided by SNS are not flexible enough to protect user data. Based on the analysis they identified four types of privacy: No Privacy: the user does not care about the privacy of his personal information, Soft privacy: the user wants to keep his data only for Best Friends, Hard privacy: The Normal Friends can access to data but the user put more limit on Visitors in viewing less information., Full privacy: the user does not allow Visitors to access his data.

(Maria Plummer, Starr Roxanne Hiltz, Nancy Steffen Fluhr, Roberto Muñoz Rosario, 2009) describes the relationship between the online social networking group activities and sense of community. They explained that trust and spirit are two factors that most people think should be there for a healthy relationship between the social networking group activities and community.

(Arefeh Kazemi, Mohammadali Nematbakhsh, 2009) introduced a novel approach for finding new compatible friends on social networking websites. In their study, they proposed a method for matching compatible users in a social networking website by finding the degree of compatibility among people.

(Apoorv Agarwal, Owen Rambow, Nandini Bhardwaj, 2009) proposed GFHF, a state-of-the-art graph transduction algorithm, as a novel way of testing the relevance of the friendship network. They showed that the underlying self-declared friendship network allows users to predict hobbies of people on online social network, and the contribution of the friendship network increases with the incidence of the hobby they were predicting. They in their study have also used SVMs with the personal characteristics and the other hobbies as features, and showed that other attributes are also important.

(Maria Plummer, Starr Roxanne Hiltz, Linda Plotnick, 2010) analyzed jobseekers' behavioral intentions to apply for jobs using social networking sites. The factors having an influence on jobseekers' intentions to apply for jobs using SNSs include privacy concerns; trusting beliefs or perceived justice in the candidate selection process; risk beliefs; performance expectancy and the provision of information about a feature that illustrates social network connections between jobseekers and potential employers. Since these social networking sites have helped a lot to the employers and the people to navigate for jobs hence it is required for the developers to keep in mind the features and issues with respect to the employers while developing the site

(Savita K.Sugathan, Azaly Rezza Feisal Azlin, Goh Kim Nee, Emelia Akashah P. Akhir, Chen Yoke Yie, 2010) investigated the effect of virtual knowledge sharing of a project team in an organization via social networking site where they take facebook as a platform for their research. Nowadays, social networking sites have most number of users hence they studied the knowledge flow and its implications on SNS. The result showed that knowledge sharing activities were plenty on SNS, the major reason being that today generation work closely with the Internet throughout their lives, and create online communities which help in knowledge sharing.

(Louise Kelly, Gayle Kerr, and Judy Drennan, 2010) examined the avoidance of advertisements on social networking sites. According to them users don't pay attention to advertisements.

(Rodrigo C. Rivera, 2010) found that SNSs are generally perceived as a communication space, and being embedded in an information-rich environment of the Internet, it offers opportunities for users to create and construct knowledge. They gave various reasons because of which users prefer using social networking sites (1) it is highly appreciated free, cost-effective and open space for social interaction; (2) it has innovative and interactive applications that engage users to be informed, to connect and to create meaningful objects; (3) it can be useful for instruction as a communication tool at the affective level, even though it has some serious limitations in developing some other skills and in supporting file-sharing for lesson content; (4) it has changed the way people connect and communicate and such development cascades to change the way key actors of instruction communicate; and (5) it enables collaboration and coordination with community members and other information sources efficiently and effectively.

(M.D. Roblyer, et.al., 2010) conducted comparative study of college faculty and student on the usage and perceptions of social networking sites. Their findings indicate that students are much

more likely than faculty to use Facebook and are significantly more open to the possibility of using Facebook and similar technologies to support classroom work. Faculty members are more likely to use more “traditional” technologies such as email.

(L. Andreu, H. Caraganis, S. Okazaki,2011) researched to provide an insight into the use of SNS for Higher Education. Their study offered a content analysis to examine SNS employed by top US MBA programs. Relevant categories were chosen with regard to the frequency of various interactive tools and innovativeness in communication strategies. Their preliminary results of a selected sample schools indicate that top-ranked MBA schools are actively engaged in SNS in order to provide rational, innovative and informative content, while generating an extensive network of students and faculty members.

Objective of this research is to access that how the major social networking sites – Facebook, Twitter and LinkedIn are perceived by the uses.

RESEARCH METHODOLOGY

The study has been designed as descriptive. Questionnaire survey method is used and data is collected from 200 Social Networking Sites users, in and around Delhi. These surveys were conducted in the month of July 2011 and September 2011. The key factors on which perception was recorded are Security, Accessibility, User friendliness, Searching facility, Contact Management and Applications. The perceptions of users are recorded on a five point Likert scale.

Perceptual Maps are easy to interpret graphs that visually display the perceptions of customers about a brand. I have used this technique to display the relative position of Facebook, Twitter and LinkedIn across certain key attributes.

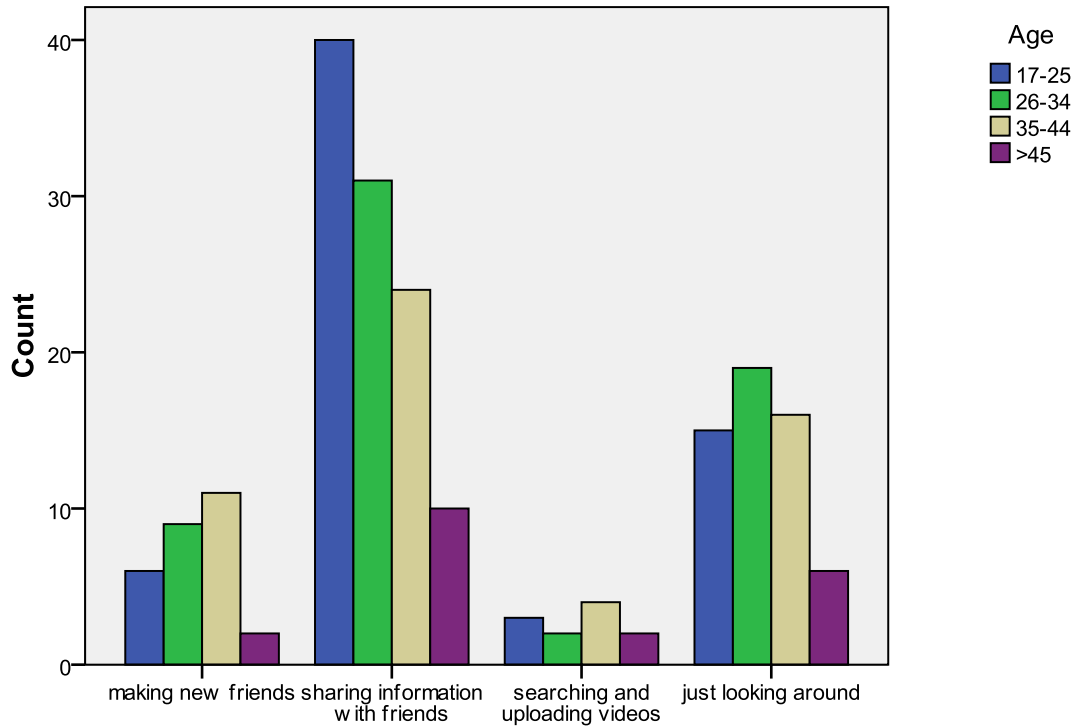
FINDINGS

According to the research 84% respondents preferred Facebook over any other Social Networking site. After considering the Chi-square value 0.188 which is greater than 0.05, it was clear the there is not much difference in the choice of the respondents across the different age groups. Most of the respondents go with Facebook as their first choice.

When asked about the purpose of their Social Network Site usage, majority of them mentioned socialising i.e sharing information with their friends is the prime one. The social networking sites have emerged as a contact tool after the cell phones. The respondents can easily socialise with the help of these sites.

The chi-square value 0.620 signifies that there is not much significance difference amongst the different age groups when it comes to the choice of the purpose of the use of the social networking sites

Bar Chart



What is your purpose to use the website?

The above graph signifies that the different age groups prefer to share information with friends through the social networking sites and that there is not much significant difference in their opinion across the varying age groups.

What kind of data do you provide on these sites?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid contact details	28	14.0	14.0	14.0
upload photos	123	61.5	61.5	75.5
upload videos	16	8.0	8.0	83.5
Others	33	16.5	16.5	100.0

What kind of data do you provide on these sites?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid contact details	28	14.0	14.0	14.0
upload photos	123	61.5	61.5	75.5
upload videos	16	8.0	8.0	83.5
Others	33	16.5	16.5	100.0
Total	200	100.0	100.0	

The respondents have sited uploading the photographs as their first preference for the kind of information they upload on these social networking sites.

What kind of data do you provide on these sites? * Age

Count

	Age				Total
	17-25	26-34	35-44	>45	
What kind of data do you provide on these sites?					
contact details	10	5	10	3	28
upload photos	38	36	36	13	123
upload videos	4	7	3	2	16
Others	12	13	6	2	33
Total	64	61	55	20	200

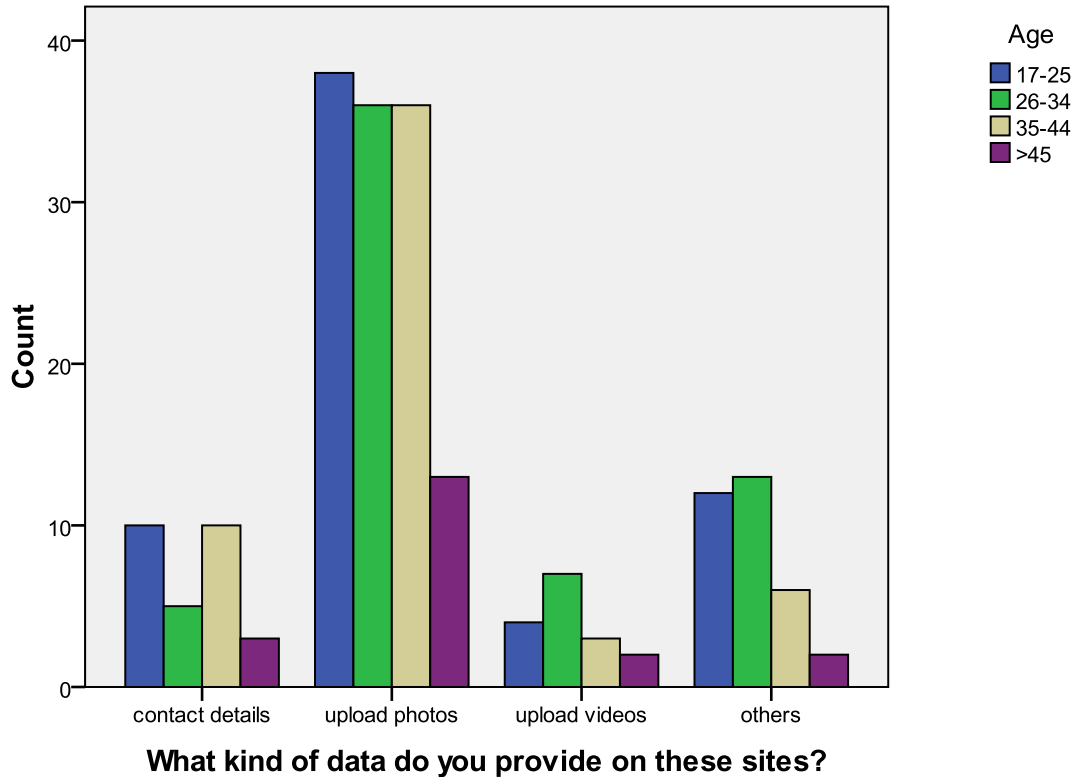
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.895 ^a	9	.648
Likelihood Ratio	7.193	9	.617
Linear-by-Linear Association	1.500	1	.221
N of Valid Cases	200		

a. 5 cells (31.3%) have expected count less than 5. The minimum expected count is 1.60.

The chi-square value 0.648 here signifies that there is not a significant difference in the information provided by the varying age groups. More or less they provide the same kind of information. The respondents have an opinion favouring the use of these sites for uploading the photographs

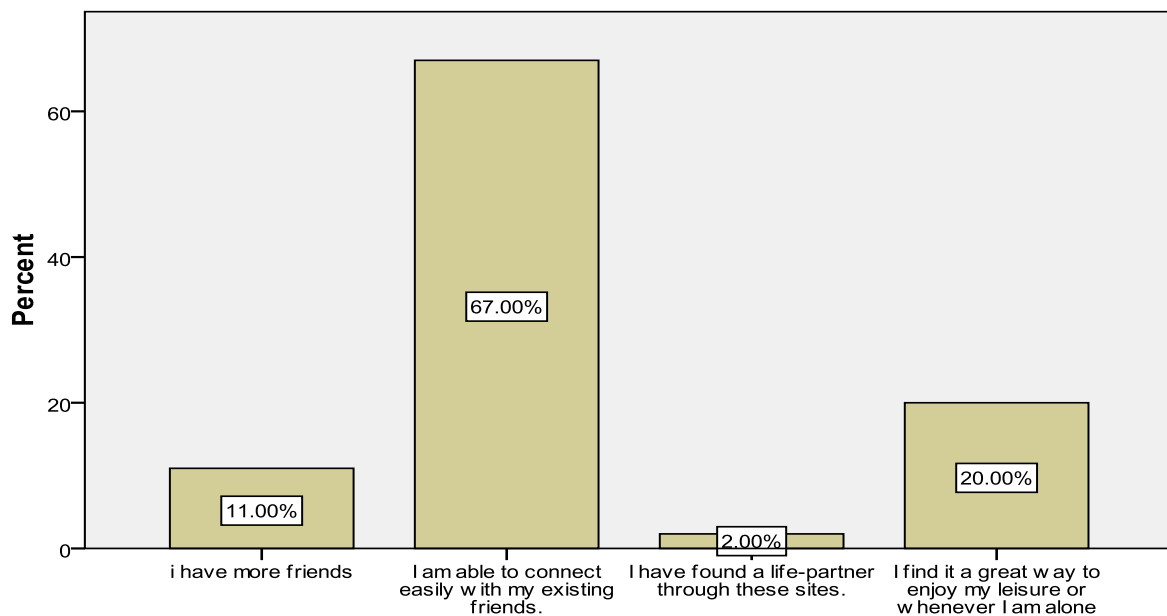
Bar Chart



How has social networking sites benefited you as a user?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	i have more friends	22	11.0	11.0	11.0
	I am able to connect easily with my existing friends.	134	67.0	67.0	78.0
	I have found a life-partner through these sites.	4	2.0	2.0	80.0
	I find it a great way to enjoy my leisure or whenever I am alone	40	20.0	20.0	100.0
	Total	200	100.0	100.0	

How has social networking sites benefited you as a user?



How has social networking sites benefited you as a user?

The above graph shows that the major objective fulfilled by these social networking sites is to help connect with the friends and 67% respondents connect with their friends through the use of such sites.

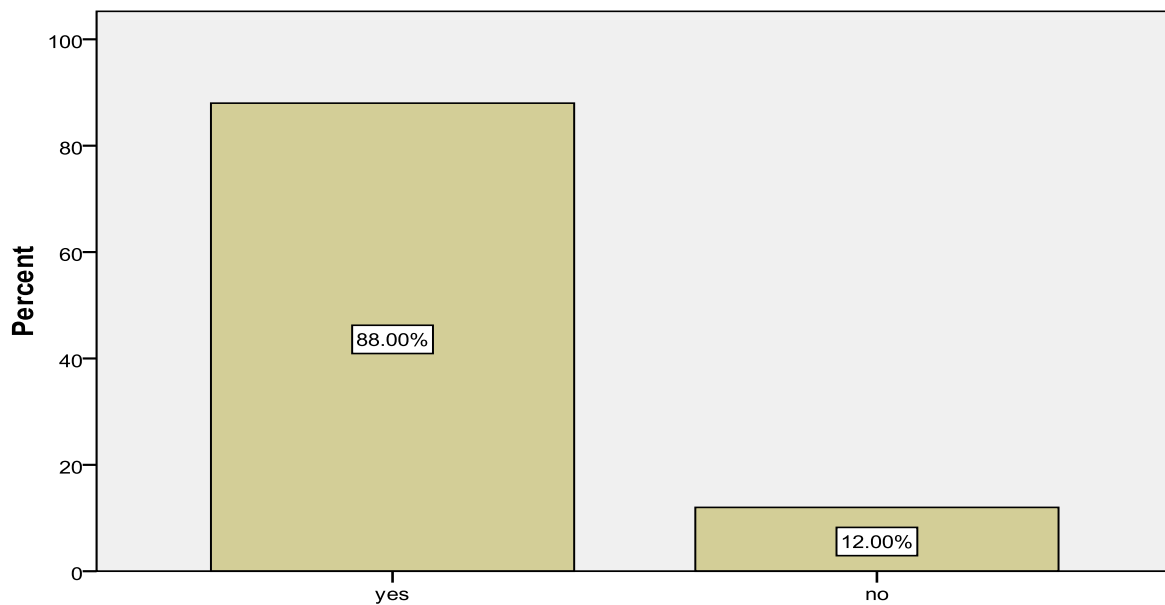
20% respondents use it as a source of entertainment for the times they spend alone and 11% respondents say that they have a bigger social circle and more friends with the use of such networking sites.

It can also be seen that 2% respondents have marked that they found their life partner through these social networking sites.

Do you use the privacy options provided on these sites?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	176	88.0	88.0	88.0
no	24	12.0	12.0	100.0
Total	200	100.0	100.0	

Do you use the privacy options provided on these sites?



Do you use the privacy options provided on these sites?

The respondents are majorly aware of the privacy settings provided by these social networking sites and avail them to keep the information secure and available only to the family and friends.

PERCEPTUAL MAPPING

Perceptual mapping is a graphic illustration of data by rating scales. A perceptual map is only as accurate as the information given to create the map. Perpetual mapping is considered one of the marketing techniques that can provide information directly for strategic marketing planning. Perceptual mapping allows the planner to see both the consumer and the competitor at the same time.

GROUP STATISTICS

Brand		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
orkut	UF	3.1250	1.01217	200	200.000
	Security	2.8850	1.04750	200	200.000
	Accessibility	3.1800	.94980	200	200.000
	searching	3.3350	.98877	200	200.000
	applications	2.9050	1.06378	200	200.000
	CM	3.0900	1.07128	200	200.000
facebook	UF	3.9650	.71155	200	200.000
	Security	3.5750	.96906	200	200.000
	Accessibility	3.9550	.75885	200	200.000
	searching	3.6350	.90879	200	200.000
	applications	3.8700	.92595	200	200.000
	CM	3.5850	.85230	200	200.000
linkedin	UF	3.0600	1.06870	200	200.000

	Security	3.5550	1.00099	200	200.000
	Accessibility	3.1250	.93474	200	200.000
	searching	3.1400	.97733	200	200.000
	applications	3.0700	1.06337	200	200.000
	CM	3.4150	1.18736	200	200.000
twitter	UF	3.2400	1.15719	200	200.000
	Security	3.3100	.98934	200	200.000
	Accessibility	3.3950	1.12931	200	200.000
	searching	3.2850	1.05324	200	200.000
	applications	3.1850	1.14338	200	200.000
	CM	3.3250	1.09332	200	200.000
youtube	UF	3.7300	.97047	200	200.000
	Security	3.2350	1.17759	200	200.000
	Accessibility	3.8850	1.02813	200	200.000
	searching	4.0150	1.06322	200	200.000
	applications	3.5250	1.16022	200	200.000
	CM	3.2100	1.11900	200	200.000
Total	UF	3.4240	1.05610	1000	1000.000
	Security	3.3120	1.06761	1000	1000.000
	Accessibility	3.5080	1.02713	1000	1000.000
	searching	3.4820	1.04536	1000	1000.000

applications	3.3110	1.12674	1000	1000.000
CM	3.3250	1.08192	1000	1000.000

Summary of Canonical Discriminant Functions

Standardized Canonical Discriminant Function Coefficients

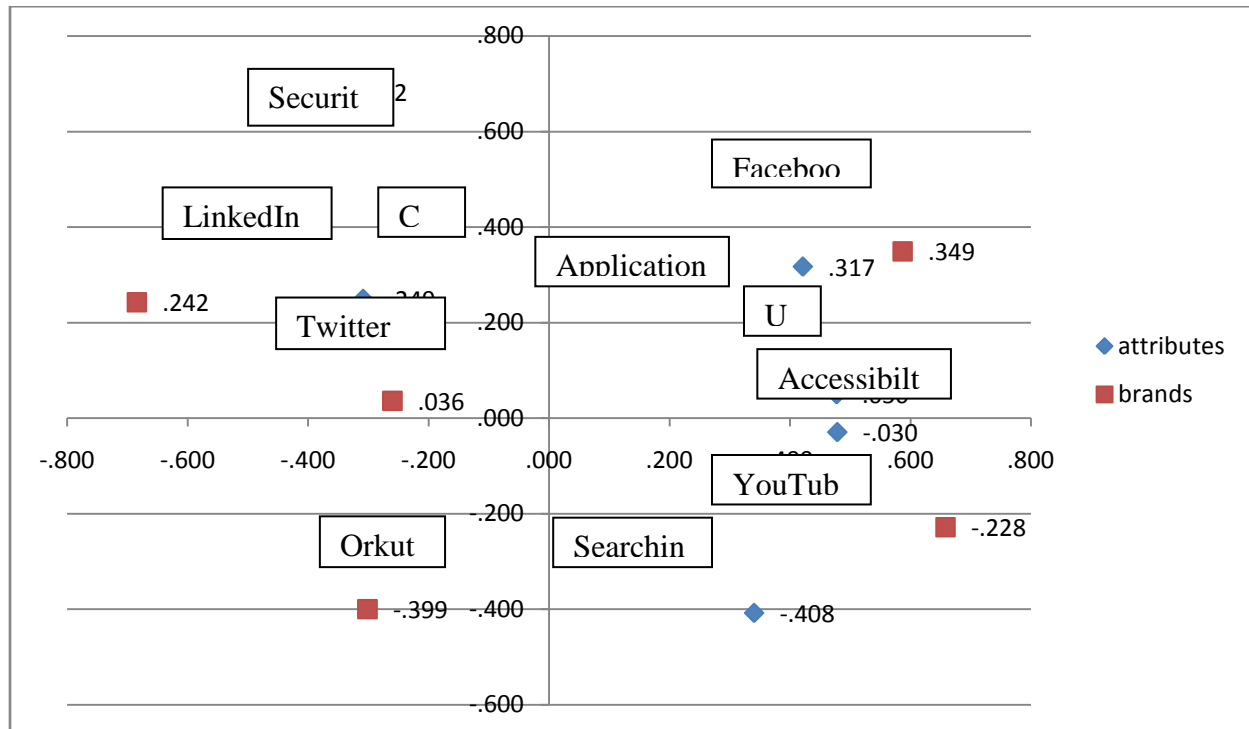
	Function			
	1	2	3	4
UF	.478	.050	-.424	.725
Security	-.355	.682	.744	.029
Accessibility	.479	-.030	-.173	-1.008
searching	.341	-.408	.783	.326
applications	.421	.317	-.112	.023
CM	-.308	.249	-.272	.099

Functions at Group Centroids

brand	Function			
	1	2	3	4
orkut	-.301	-.399	-.133	.033
facebook	.587	.349	-.127	.022
linkedin	-.684	.242	.132	.032
twitter	-.260	.036	-.044	-.083

youtube	.658	-.228	.172	-.004
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Unstandardized canonical discriminant functions evaluated at group means



In the above shown figure the red blocks represents the various brands i.e. sites and the blue blocks represent the attributes.

In the first quadrant the function .682 represents security and the function .242 and .036 represents linkedin and twitter respectively in brands. Since the attribute security has the minimum distance with linkedin in comparison to other brands hence, it can deduced that linkedin is peceived best for security in comparison to orkut and youtube as there distance to security is more.

Again in first quadrant the function .249 represents contact management and it can be seen that linkedin is taken to be best in contact management. Next is twitter which is good in contact management.

Now in second quadrant .317, .050, -.030 represents another attributes i.e applications, user friendliness and accessibility. Facebook is the best brand perceived for applications and user friendliness attributes. Users perceived facebook is the best in providing various applications and

is very user friendly. It provides with every help that user needs and is easy to use. Facebook is shown by function .349.

The attribute accessibility is best in YouTube (represented by -.228). It can be perceived that users find it easy to access youtube from anywhere.

In third quadrant searching is another attribute represented by -.408 and YouTube has the best searching ability as perceived by the respondents. Users find Youtube to be the best searching option and they get results of almost every search they enter.

In fourth quadrant -.399 represents Orkut and it can be seen that there is no attribute close to Orkut and hence it can be perceived that users don't make a choice of using Orkut much and the perception of users about the attributes of this social networking site is not good.

CONCLUSION

The usage of the social networking sites has grown by leaps and bounce, with all age groups registering themselves to such social sites. The access to these sites has no cost or charges attached to it and also no limitation based on the age factor. The various sites do not allow the age group below 16 to register themselves but because of the fact that there is no legal verification there is a prominent presence of the users of this age group. The preference of the users depends on the various factors related to these sites. Facebook and Youtube have been given the highest preference over the other social networking sites. LinkedIn has been rated the highest on the parameters of Security and contact management. Youtube has been rated the highest for the ease of accessibility and searching ability . Facebook has been perceived best for the applications it provide and the user friendliness. The individuals tend to spend their maximum time on these sites to socialize with their existing friends and also to make new friends. People have also marked that these sites have helped them find a life partner. There have been some negative experiences registered by the users of these sites, still there is no effect on the usage of these sites. The individuals stand responsible for themselves and should be aware of the information being shared by them on these sites.

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AN ANALYSIS OF THE DEPOSIT PERFORMANCE OF SCHEDULED COMMERCIAL BANKS IN INDIA 2001-2011

DR. PRITA D. MALLYA*

*Associate Professor,
Department of Economics & Banking,
VVM's Shree Damodar College of Commerce & Economics,
India.

ABSTRACT

The primary business of commercial banks is to mobilize the savings of the community and channelize these into the commercial and government sector by way of credit and investment. This paper presents the comparative performance of the major bank groups, viz. Public Sector Banks, Private Sector Banks and Foreign banks with regard to deposits and analyzes the patterns in their behaviour. The three bank groups are compared with respect to growth of aggregate deposits, share in total scheduled commercial bank deposits, and growth of low-cost CASA deposits. The paper finds that the growth performance of deposits has been extremely erratic, particularly in the case of private sector banks and foreign banks. The post-crisis growth of Public Sector Bank deposits has been better than that of the other two bank groups. Overall deposit growth slowed down since 2008 despite rising interest rates, suggesting that the very high rates of inflation were eroding the incomes of the public, reducing their ability to save, and also forcing savings into traditional anti-inflation hedges like gold and real estate. Foreign banks outperform their Indian public and private sector counterparts in the matter of mobilization of low-cost deposits.

KEYWORDS: bank deposits, bank performance, CASA deposits, Indian banks, inflation.

INTRODUCTION

Commercial banks are the most important institutions of the Indian financial sector on account of their multiple functions as depositories of community savings, suppliers of business finance, providers of liquidity and payment services, and their invaluable role in the process of financial inclusion. While not discounting the significance and relevance of the other functions, the primary business of commercial banks is to act as an intermediary, i.e. to mobilize the savings of the community and channelize these into the commercial and government sector by way of bank credit as well as investment.

This paper looks into the performance of Indian scheduled commercial banks over the decade 2001-2011 in respect of the first part of their business viz. mobilization of deposits. It presents the comparative performance of the major bank groups, viz. Public Sector Banks (PSBs), Private Sector Banks (PRBs) and Foreign banks (FBs) on this metric and analyzes the patterns in their behaviour.

REVIEW OF LITERATURE

There are several studies analyzing the performance of banks in India in recent times, a few of which are summarized in this section. Chipalkatti and Rishi (2003) examine the post-reform performance of Indian banks and finds evidence of deteriorating profitability, heightened risk exposure and inadequate transparency of accounting disclosures. Koeva (2003) finds that industry concentration, bank spreads and profitability have declined in the post-reform era, which can be attributed to the greater competition in the industry. In a comparison across bank groups, the study finds foreign banks to be most profitable while nationalized banks are the least profitable. In a study of Indian banks over the period 1998-2002, Sathye (2005) concludes that the partial privatization of Indian PSBs has brought about an improvement in their efficiency. Bhaduri and Shanmugam (2008) reach a similar conclusion – the study finds a convergence in the performance (as measured by various commonly used ratios) across various ownership groups over the reform period, and concludes that the competitiveness introduced by reform seems to have helped the poor performing banks in reducing the performance gap. Debasish (2006) compares the relative performance of banks in India from 1997-2004, and concludes that foreign banks are on average most efficient, new banks are more efficient than old ones, which are often burdened with old debts, and in terms of size, the smaller banks are globally efficient, but large banks are locally efficient. Ketkar and Ketkar (2008) find foreign banks to be the most efficient followed by new private banks; while the efficiency of all banks has increased over the reform period, the nationalized banks have registered the strongest gains. The study concludes that this reflects the infusion of new capital and the increase in competition that these banks have experienced in recent years. This higher efficiency has also been reflected in improved profitability. Kumar (2008) has tried to explore the relationship between Technical Efficiency and profitability in PSBs. The study finds that the SBI group is more efficient than the nationalized banks and Andhra Bank and Corporation Bank are the best performers on all parameters used. Prabhakar et al. (2012) find that the foreign banks are the best performing banks in terms of relative efficiency, followed by private sector banks and public sector banks.

All the above-mentioned studies have analyzed mainly the efficiency and profitability aspects of the performance of banks. Furthermore, some studies have focused on individual categories of banks (e.g. public sector banks, private sector banks etc.), some have studied a few specific banks while others have carried out a cross-category analysis of bank performance.

This study concentrates only on deposits, and attempts to compare the performance of public sector, private sector and foreign banks on this single parameter. The rationale for this narrow focused approach is that the entire business of a bank hinges upon its performance on this parameter – deposits are the source of funds that banks lend or invest profitably. A bank's ability to mobilize resources will ultimately decide its profitability.

OBJECTIVES AND SCOPE

This study aims to

- a) Study the growth of scheduled commercial bank deposits over the decade 2001-2011

- b) Determine whether there are any significant differences in the pattern of deposit growth of the three bank categories viz. PSBs, PRBs and FBs over this period
- c) Highlight changes in the composition of bank deposits over the period of study
- d) Offer an explanation for these developments

DATA & METHODOLOGY

To evaluate the deposit performance of the Indian banking industry, the scheduled commercial banks were divided into three groups, viz. Public Sector Banks (PSBs) as the first group, which included the SBI and its associates as also the nationalized banks and IDBI Bank, Private Sector Banks (PRBs) and Foreign Banks (FBs) as the second and third groups respectively. The data for the study is sourced from various issues of RBI's Statistical Tables Relating to Banks in India.

Bank deposits comprise inter-bank deposits as well as deposits raised from the public. Since this paper is concerned with deposits as an instrument of saving, only the second category of deposits is considered.

Using deposit data from the RBI publications mentioned above, this paper attempts to unearth patterns etc. by calculating and comparing annual growth rates and bank group percentage shares.

FINDINGS

1. VOLUME OF DEPOSITS

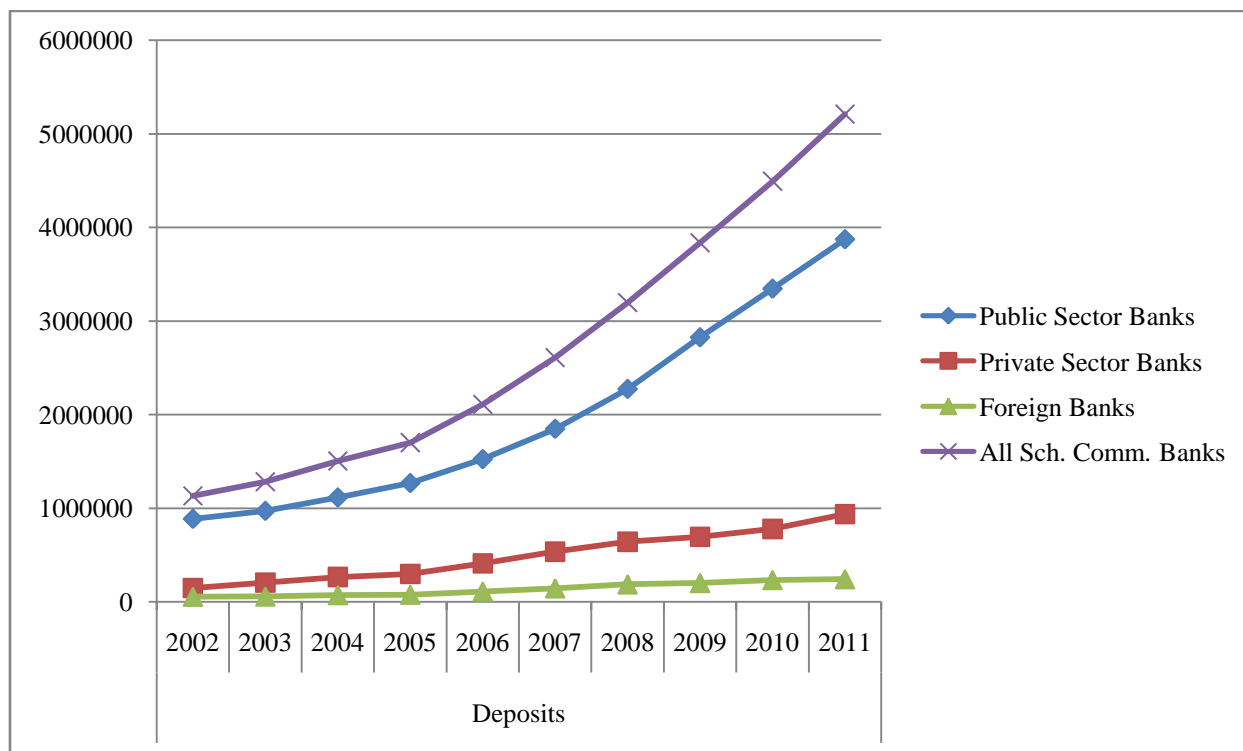
A quick glance at Table 1 shows that deposits have increased continuously over the decade from 2001 to 2011. The total volume of deposits with banks has gone up from Rs. 1131187 crore at the end of FY 2002 to Rs. 5209097 crore at the end of FY 2011. As expected, all bank groups have recorded an increase in deposits over these years.

TABLE 1: SCHEDULED COMMERCIAL BANK DEPOSITS 2000-2010 (IN RS. CRORE)

Bank Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PSBs	8853 73	9703 49	1113 939	1267 748	1523 431	1847 408	2273 527	2825 002	3344 935	3872 483
PRBs	1464 74	2045 24	2640 59	2964 71	4095 17	5345 70	6409 91	6925 13	7774 38	9362 06
FBs	5612 1	5833 7	7302 7	7769 6	1119 04	1455 89	1880 10	2027 67	2346 39	2437 06
All Scheduled Commercial Banks	1131 187	1280 854	1504 415	1700 201	2109 047	2608 309	3196 940	3834 110	4492 826	5209 097

Source: Statistical Tables Relating to Banks in India, various issues (RBI); figures as on March 31.

CHART 1: SCHEDULED COMMERCIAL BANK DEPOSITS 2001-2011 (IN RS. CRORE)



Source: Table 1

The high levels of public deposits have ensured that most banks have enjoyed a comfortable liquidity profile during the decade. Bank credit and investment has also been facilitated by the availability of funds.

2. GROWTH OF DEPOSITS

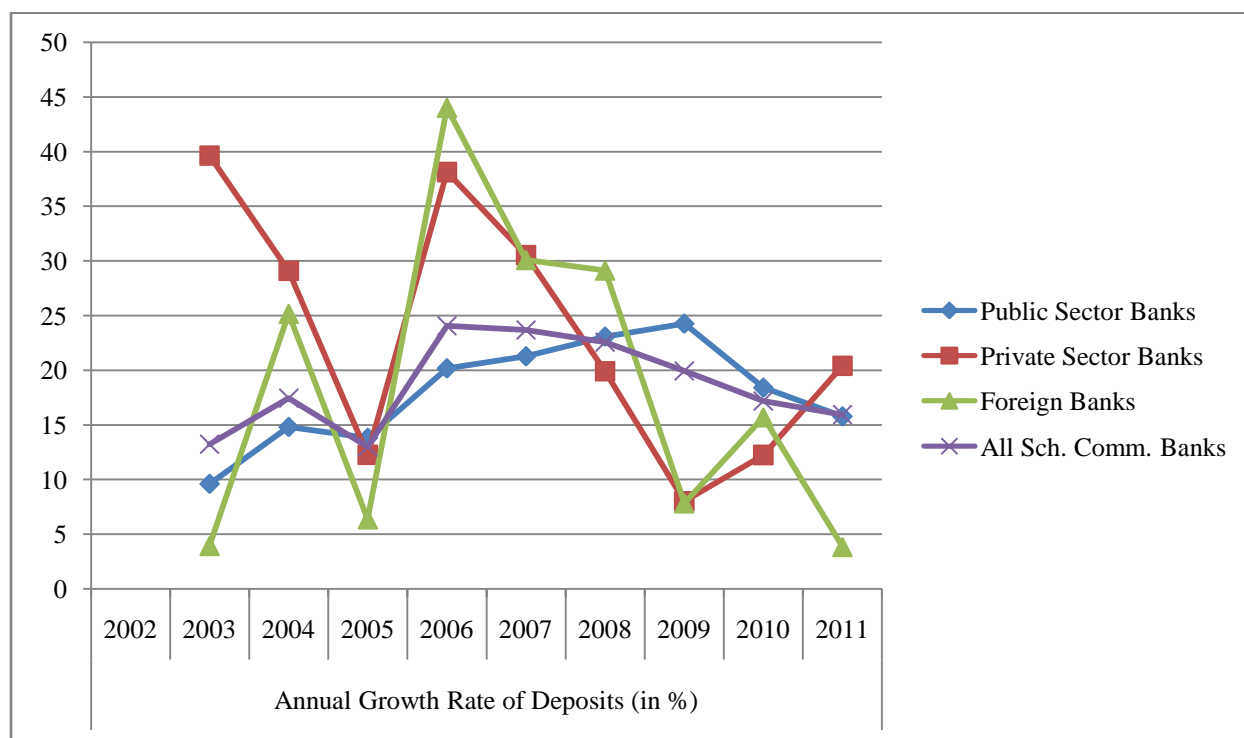
The deposit growth mentioned above has not been similar across bank groups, nor has it been evenly spread over the years. In fact, the growth performance of deposits has been extremely erratic, particularly in the case of private sector banks and foreign banks, as can be seen from Table 2 and Chart 2. The high deposit growth rates experienced by PRBs in the early years of the period under study can largely be explained by the fact that these were years of strong performance of the Indian economy, accompanied by robust NRI remittances. The period after 2006, i.e. since the global financial crisis, has seen public sector banks performing better than the PRBs and FBs, an indicator of the tendency of the Indian public to fall back upon the public sector in times of crises.

TABLE 2: ANNUAL GROWTH RATE OF SCHEDULED COMMERCIAL BANK DEPOSITS 2001-2010 (IN %)

Bank Group										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Sector Banks	-	9.60	14.80	13.81	20.17	21.27	23.07	24.26	18.40	15.77
Private Sector Banks	-	39.63	29.11	12.27	38.13	30.54	19.91	8.04	12.26	20.42
Foreign Banks	-	3.95	25.18	6.39	44.03	30.10	29.14	7.85	15.72	3.86
All Scheduled Commercial Banks	-	13.23	17.45	13.01	24.05	23.67	22.57	19.93	17.18	15.94

Source: Statistical Tables Relating to Banks in India, various issues (RBI)

CHART 2: ANNUAL GROWTH RATE OF SCHEDULED COMMERCIAL BANK DEPOSITS (IN %)



Source: Table 2

All in all there has been an upward trend in the growth of deposits, which is only to be expected. It would be interesting to see what impact the economic crisis had upon the trend. To determine this, the 10-year period was broken up into two sub-periods -2001-06 and 2007-11. The average annual growth rate of deposits was found to be 16.94% in the earlier sub-period and 19.86% in the second sub-period. Thus the crisis has given an impetus to deposit growth in the country, which can be explained as reflecting a shift away from other financial assets like equity, bonds, mutual funds, etc. into risk-free bank deposits, and within these, PSB deposits.

The banking system has historically seen a positive correlation between increase in interest rates and growth in deposit base: periods with high interest rates have seen relatively high deposit growth, as in a high interest rate regime, bank fixed deposits become more attractive than many other instruments (Batra et al 2011). However this pattern has been completely reversed during the second half of the decade under study. In the years 2006-2008, the RBI had kept interest rates low so as to prevent a slowdown of the economy in response to the global economic crisis, yet deposits grew by more than 20-22% per annum in these two years. During 2008-11, interest rates rose as the RBI attempted to hold inflationary forces in check, yet deposit growth rate slowed down. The positive influence of interest rates upon deposits was negated by the extremely high rates of inflation, especially food inflation, which eroded people's capacity to save. The period also saw people return to investment in gold and real estate in an attempt to hedge against inflation (Indian Express 2012), another factor responsible for the slowdown in deposit growth.

3. BANK GROUP-WISE SHARE OF DEPOSITS

Ever since the introduction of financial sector reforms and the entry of new private sector banks and foreign banks, the PSBs have seen a decline in their share of banking business in the country. From a high of 98% of total bank deposits in the pre-reform period, these banks now hold just about 75% of the deposits with all scheduled commercial banks.

During the period in question, the PSB share of deposits dropped continuously from 78.27% in 2001-02 to 70.83% in 2007. Since then there has been a slow recovery to 74.34% in 2010-11. The period of recovery also coincides with the financial crisis, another pointer to the greater confidence that the public has in PSBs vis-à-vis other banks in difficult times.

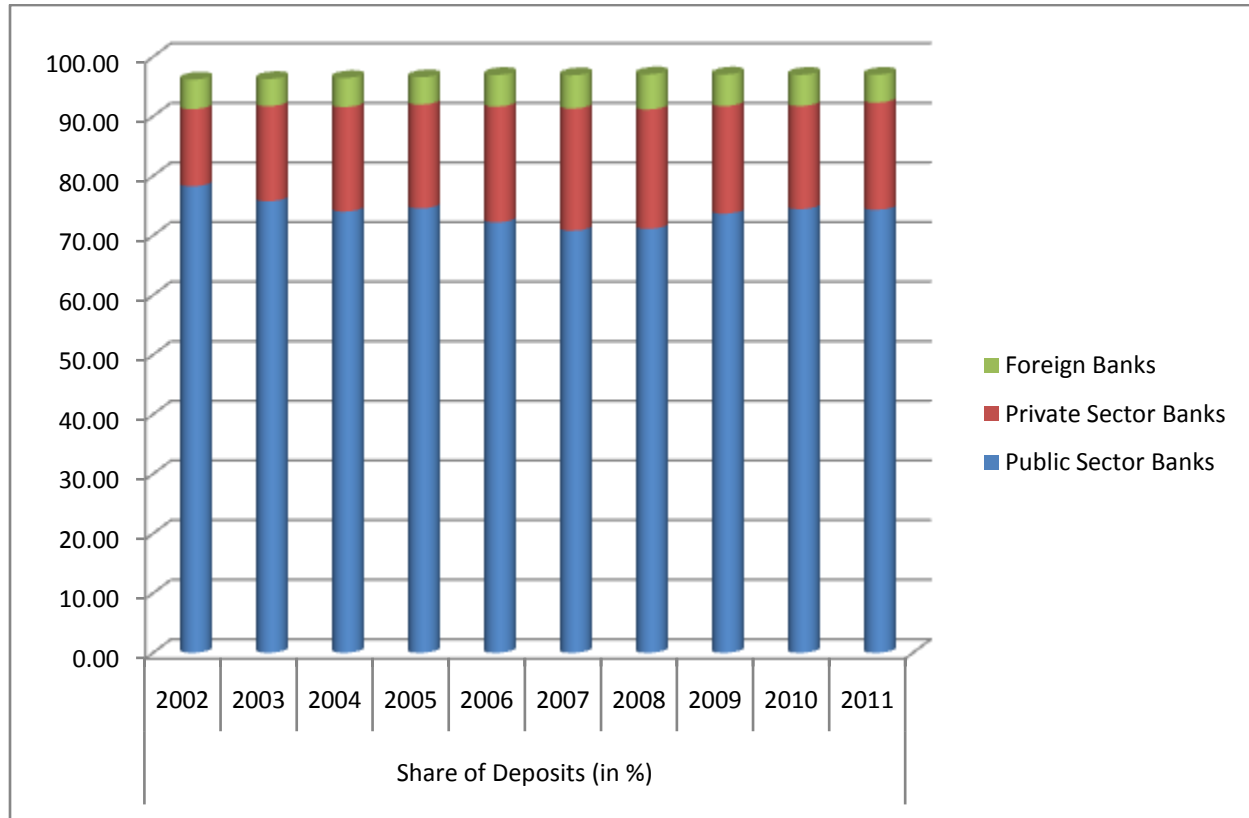
Overall, the PSBs have lost their share largely to PRBs, which now account for almost 18% of total deposits, as against less than 13% in 2001-02.

TABLE 3: BANK GROUP-WISE SHARE OF TOTAL SCHEDULED COMMERCIAL BANK DEPOSITS (IN %)

Bank Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Sector Banks	78.27	75.76	74.04	74.56	72.23	70.83	71.12	73.68	74.45	74.34
Private Sector Banks	12.95	15.97	17.55	17.44	19.42	20.49	20.05	18.06	17.30	17.97
Foreign Banks	4.96	4.55	4.85	4.57	5.31	5.58	5.88	5.29	5.22	4.68

Source: Statistical Tables Relating to Banks in India, various issues (RBI)

CHART 3: BANK GROUP-WISE SHARE OF TOTAL SCHEDULED COMMERCIAL BANK DEPOSITS (IN %)



Source: Table 3

4. COMPOSITION OF DEPOSITS

Bank deposits are broadly categorized as demand deposits and time deposits. Demand deposits, popularly known as CASA deposits – Current Account and Savings Account deposits – are a bank’s most important source of low-cost funds. Every bank strives hard to mobilize such deposits in an attempt to improve their bottom-line. This cannot however, detract from the significance of time deposits. Time deposits are sources of funds against which banks need to maintain lower levels of liquidity, since their maturity is known and certain. Banks can accordingly profitably deploy these funds without having to worry about their liquidity position.

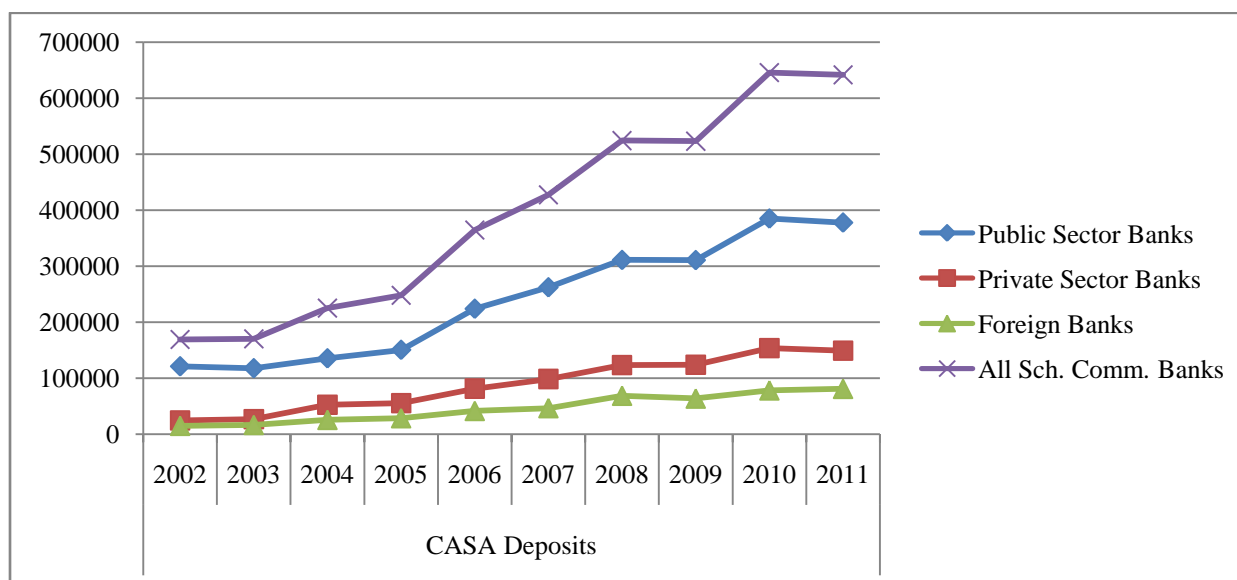
Table 4 presents the comparative position of all bank groups with respect to their CASA deposits.

**TABLE 4: CASA DEPOSITS WITH SCHEDULED COMMERCIAL BANKS 2001-2011
 (IN RS. CRORE)**

Bank Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Sector Banks	121430	118030	135682	150830	224112	262368	311129	310855	384998	377840
Private Sector Banks	24746	27014	52797	55663	81483	98529	123389	124120	153648	149159
Foreign Banks	15210	16734	25816	28779	41689	46706	68769	63756	78254	81043
All Sch. Comm. Banks	169103	170291	225022	248029	364639	427318	524309	523084	645610	641705

Source: Statistical Tables Relating to Banks in India, various issues (RBI)

**CHART 4: CASA DEPOSITS WITH SCHEDULED COMMERCIAL BANKS 2001-2011
 (IN RS. CRORE)**



Source: Table 4

From Table 4 and Chart 4, it appears that the growth in low-cost CASA deposits was moderate until 2004-05; from 2004-05 to 2007-08 growth improved but since then the growth in these deposits has again slowed down.

However an examination of annual growth rates of these deposits reveals some interesting patterns (Table 5 and Chart 5).

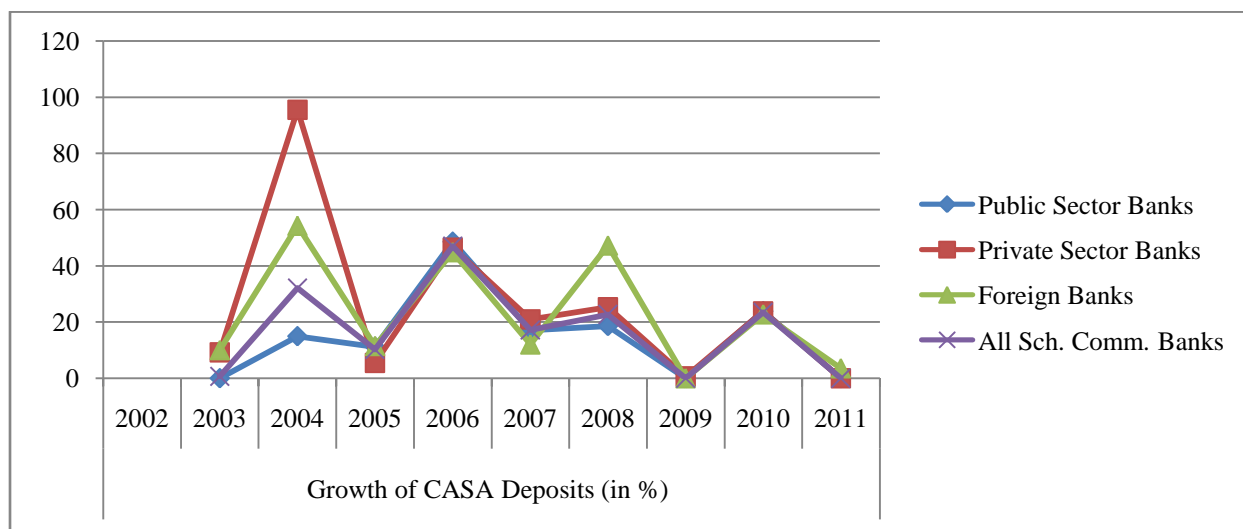
- a) There have been alternate years of acceleration and deceleration in growth of low-cost deposits with all banks in India. The years ending 2003, 2005, 2007, 2009 and 2011 have seen a slowing down of growth of these deposits, while the years ending 2004, 2004, 2006, 2008, and 2010 have witnessed high growth.
- b) In 2005-06 and 2009-10, all three categories of banks recorded almost identical growth in low-cost deposits, but it was high growth ranging from 45-49% in 2005-06 and more moderate growth of 23-24% in 2009-10

TABLE 5: GROWTH OF CASA DEPOSITS (IN %)

Bank Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Sector Banks		-2.8	14.96	11.16	48.59	17.07	18.58	-0.09	23.85	-1.86
Private Sector Banks		9.17	95.44	5.43	46.39	20.92	25.23	0.59	23.79	-2.92
Foreign Banks		10.02	54.27	11.48	44.86	12.03	47.24	-7.29	22.74	3.56
All Sch. Comm. Banks		0.7	32.14	10.22	47.01	17.19	22.7	-0.23	23.42	-0.6

Source: Statistical Tables Relating to Banks in India, various issues (RBI)

CHART 5: GROWTH OF CASA DEPOSITS (IN %)



Source: Table 5

The deceleration in growth in 2008-09 and 2010-11 can be explained by two factors:

- a) Firstly, as seen earlier, during these years, overall deposit growth was adversely affected by high rates of inflation, which had two fallouts – decreased ability to save and a switch from financial assets to traditional anti-inflation hedges like gold and real estate
- b) Second, RBI’s anti-inflationary attempts resulted in an increase in term deposit interest rates, which caused a movement away from savings deposits towards time deposits.

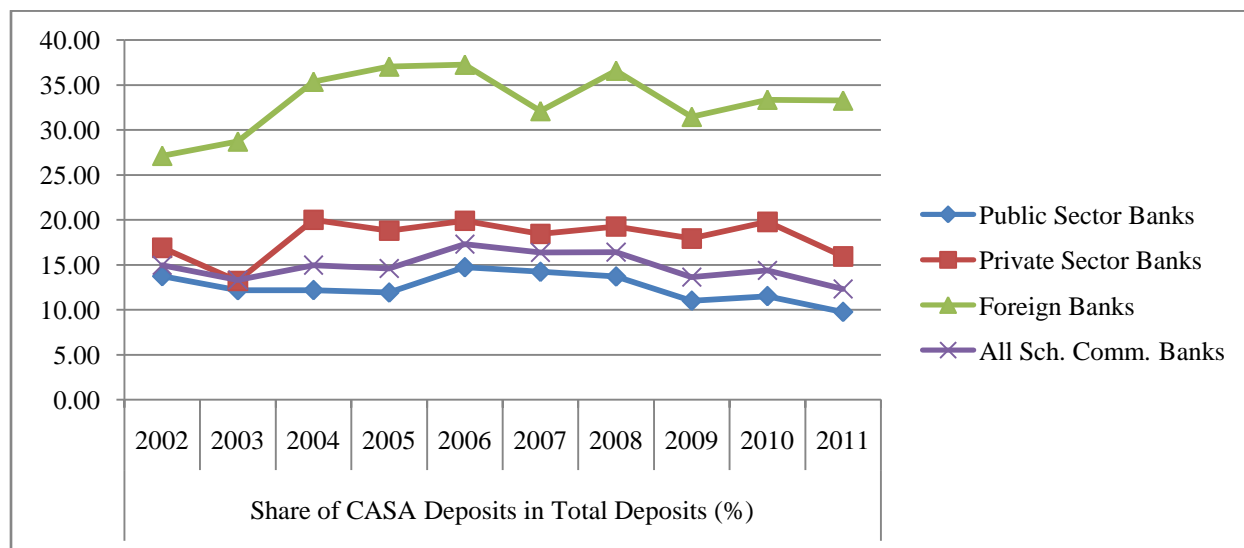
However, both these conditions were also prevalent in 2009-10, yet CASA deposits registered increasing growth in this year – a fact that is difficult to explain.

TABLE 6: SHARE OF CASA DEPOSITS IN TOTAL DEPOSITS (%)

Bank Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Sector Banks	13.7 2	12.1 6	12.1 8	11.9 0	14.7 1	14.2 0	13.6 8	11.0 0	11.5 1	9.76
Private Sector Banks	16.8 9	13.2 1	19.9 9	18.7 8	19.9 0	18.4 3	19.2 5	17.9 2	19.7 6	15.9 3
Foreign Banks	27.1 0	28.6 9	35.3 5	37.0 4	37.2 5	32.0 8	36.5 8	31.4 4	33.3 5	33.2 5
All Sch. Comm. Banks	14.9 5	13.3 0	14.9 6	14.5 9	17.2 9	16.3 8	16.4 0	13.6 4	14.3 7	12.3 2

Source: Statistical Tables Relating to Banks in India, various issues (RBI)

CHART 6: SHARE OF CASA DEPOSITS IN TOTAL DEPOSITS (%)



Source: Table 6

The most striking observation from Table 6 and Chart 6 is the superior performance of foreign banks in comparison to their Indian counterparts: during the period under study, these banks were able to ensure that CASA deposits averaged roughly one-third (33.21%) of their total deposits, a factor which would have definitely been reflected in better levels of profitability. On the other hand, PSBs have been the poorest performers on this criterion – low-cost deposits average a mere 12.48% of total deposits in these banks.

SUMMARY AND CONCLUSION

The major findings of this paper are summarized below.

As expected, all banks have experienced continuous deposit growth during the period under study, but the growth has been extremely erratic, particularly in the case of private sector banks and foreign banks. The average annual growth rate of deposits was found to be lower in the pre-crisis period vis-à-vis the post-crisis period. Thus the crisis appears to have given an impetus to deposit growth in the country, which can be explained as reflecting a shift away from relatively high-risk financial assets like equity, bonds, mutual funds, etc. into risk-free bank deposits, and within these, PSB deposits. The post-crisis period has seen public sector banks performing better than their private sector and foreign counterparts.

The historical positive correlation between increase in interest rates and growth in deposits base is not evident in this last decade. During 2006-2008, the RBI had kept interest rates low so as to prevent a slowdown of the economy, but deposits grew by more than 20-22% per annum in these two years. From 2008-11, interest rates rose as the RBI attempted to hold inflationary forces in check, yet deposit growth rate slowed down. The explanation for this may be found in the extremely high rates of inflation, especially food inflation, which eroded people's capacity to save, and also the general public's return to investment in gold and real estate in an attempt to hedge against inflation.

Public Sector banks' share of deposits dropped continuously from above 78% in 2001-02 to approximately 71% in 2006-07. Since then there has been a slow recovery to 74% in 2010-11. The period of recovery also coincides with the financial crisis, another pointer to the greater confidence that the public has in PSBs vis-à-vis other banks in difficult times. Overall, the PSBs have lost their share largely to private sector banks, which now account for almost 18% of total deposits, as against less than 13% in 2001-02.

There have been alternate years of acceleration and deceleration in growth of low-cost CASA deposits with all banks in India. The most striking observation in regard to CASA deposits is the superior performance of foreign banks in comparison to their Indian counterparts: these banks were able to ensure that CASA deposits averaged roughly one-third (33%) of their total deposits, whereas PSBs, the poorest performers on this criterion, were able to average a mere 12%.

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LIFE INSURANCE BUSINESS IN NORTH EASTERN REGION OF INDIAN: A STUDY ABOUT PROSPECTS AND POTENTIALS

SANJAY KANTI DAS*

*Head, Department of Commerce,
Lumding College,
Assam - 782447, India.

ABSTRACT

Insurance has been an integral part of financial services system and recognized as a cornerstone of a country's financial health & symbol of progress. Globalization of insurance market, as a part of the overall process of liberalization in emerging and other countries enabled the foreign insurance companies to enter in those countries & benefited both. Triggered by the sound fundamentals in global economy & internationalization of world markets, several countries turned towards free market regimes in banking and insurance, putting an end to several decade-old state-owned controlled markets. There was a remarkable progress in the Indian insurance industry soon after the acceptance and adaptation of LPG in the year 1991. After 1991, the Indian life insurance industry has geared up in all respects, as well as it being forced to face a lot of healthy competition from many national as well as international private insurance players. It is well known fact that the North Eastern Region of the country is lagging behind in all respects and hence the fruits of LPG whether desirably achieved or not is a matter of concern. In this paper an effort is made to study the business of life insurance in the North Eastern Region of India and a comparative assessment of life insurance in the North Eastern Region with respect to all India contexts. Further, effort is also made to highlight the major issues, opportunities and challenges that are facing the life insurer in the North Eastern Region of India in the globalized environment.

KEYWORDS: Life Insurance Corporation of India, Modern Marketing Approach, North Eastern Region, Private Life Insurer.

INTRODUCTION

The Insurance sector in India has completed a full circle from being an open competitive market to nationalization and back to a liberalized market again. From 2000, many private players entered into insurance industry with effect of privatization of insurance sector as per R.M.Malhotra Commission's recommendations and formation of IRDA. The Government having tried various models for the insurance industry such as privatization with negligible regulations (Pre-1956), nationalization (1956- 2000) and having observed sub-optimal performance of the sector, resorted to adapting a hybrid model (Rastogi & Sarkar, 2007) of both these, resulting in privatization of the sector with an efficient regulatory mechanism (Post -2000). This was initiated with the aim of making the industry competitive so that there are more players offering a greater variety of products over a larger sections of the population. With this hybrid model, the industry was thus privatized along with market regulation of players who have the necessary financial

strength to withstand the demands of growing and nascent market, the necessity to have ‘fit and proper’ persons in charge of business, the implementation of a solvency regime that ensures continuous financial stability, and above all, the presence of an adequate number of insurers to provide competition and choice to customers has led to the establishment of a regime committed to an overall development of the market in normal times.

The insurance industry in India seems to have come out of the development growth during the economic crisis and have witnessed 70 percent jump in new premium collection during the first five months of the financial year. The increase comes in a period that saw the insurers trying to push sales ahead of the change in the norms of Unit Linked Insurance Plans (Business Standard, 29th September, 2010).

STATEMENT OF THE PROBLEM

The three words of Liberalisation, Globalization and Privatization have brought about radical changes in the world and have given a new orientation to the market conditions. The life insurance has to face severe competitions from different angles. Due to privatisation, more than fifty players have come into the life insurance sector in India. As a result of liberalization, many private companies with the collaboration of foreign insurance companies have started insurance business in some major cities in India. These life insurance companies tend to extend their operations into the rural areas also. The new players have come out with varieties of innovative products and so the life insurance finds it difficult to reach the customer’s expectations in terms of products offering and quality of service provided. The life insurance has to face severe problems from the distribution side also. Further, the insurance business is not at par within each region and hence the present study specifically designed to study the status and future potentials of life insurance in the North Eastern Region (henceforth NER) of the country.

OBJECTIVES OF THE STUDY

1. To study the current status, growth and future prospect of Life Insurance market in the NER.
2. To know the market share of LIC of India in Life insurance business in the NER.
3. To study the major issues and challenges that is facing the life insurer in India in the globalized environment.
4. To know new market strategy adopted by LIC of India to increase business volume.

RESEARCH METHODOLOGY

The research methodology of this study is related to descriptive research method. Basically, secondary data is used for the study. The secondary data consisted of published annual reports for the concerned years of Life Insurance Corporation of India, website of LIC, website of IRDA, Journal, Magazines of LIC of India, reference books, etc. Figures related to insurance companies are taken from the all-annual reports of the Insurance Regulatory and Development Authority (IRDA). These were compiled, tabulated and analyzed. The statistical tools which are

used in this research study are the method of least squares and linear trend. The method of least square and the future prediction (expected value) are obtained using linear trend. The study covers the period of 2006 to 2010.

REVIEW OF LITERATURE

In the present section an attempt has been made to examine the review of literature related to the study. Rao (2000) analyzed that India is still an underdeveloped insurance market, it has a huge catch-up potential. According to him even though there is strong potential for expansion of insurance into rural areas, growth has so far remained slow. Jain (2004) revealed that waves of liberalization have done wonders to proper the insurance occupation to the status of a career with a bright future. The average mindset, particularly of younger generation in India was very amenable to the changes in insurance as an avenue where exhilarating opportunities are opened up in changed environment. Krishnamurthy (2005) revealed that Insurance companies have a pivotal role in offering insurance products which meet the requirements of the people and, at the same time, are affordable. With the liberalization and entry of private companies in insurance, the Indian insurance sector has started showing signs of significant change. Ray and Pathak (2006) opined that ever since the privatization of the insurance sector in India in 2000, the industries has been witnessing the birth of numerous private players, mostly joint ventures between foreign insurance giants and Indian diversified conglomerates and each one is trying to make an inroad into the huge untapped market. Sinha (2007) revealed that the public sector insurers dominate the private sector insurers in terms of mean technical efficiency in constant returns to scale, while the private sector insurers have a slightly higher mean technical efficiency than the public sector insurers in variable returns to scale. Goswami (2007) examined that Prior to privatization of insurance sector, Life Insurance Corporation (LIC) of India was the sole player in the life insurance industry in India. In six years since the entry of private players in the insurance market, LIC has lost 29% market share to the private players, although both, market size and the insurance premium being collected, are on the rise.

Peter Darker (1999) admitted that by “providing financial protection against the major eighteenth and nineteenth century risk of dying too soon, life insurance became the biggest financial industry of that century. Providing financial protection against the new risk of not dying soon enough may well become that next century’s major and most profitable financial industry”. Sukla (2006) reviewed, “the euphoria is well earned and the economic measures of liberalization initiated in insurance sector are well looked at. Six years into competitive market, the Indian insurance industry exhibited a healthy growth trend of new business and market share”. Rao (2007) reported, “Insurance is a vital economic activity and there is an excellent scope for its growth in the emerging markets. The opening up of the insurance sector has raised high hopes among people both in India and abroad. The recent de-traffication in the non-life domain has provided a great deal of operational freedom to the players”. Sabera (2007) indicated, “the Government of India liberalized the insurance sector in March 2000, which lifted the entry restrictions for private insurance players, allowing foreign players to enter into the market and start their operations in India. The entry of private players helps in spreading and keeping the operation in the Indian insurance sector which in turn results in restructuring and revitalizing of public sector companies”. Krishnamurthy (2007a, 2007b) pointed out that, the country is witnessing growing insurance awareness with such new generation products making entry, even

in Tier 2 and Tier 3 cities. Private insurers have already made an impressive beginning. Liberalization has led to a new distribution channel, 'Banc assurance', a concept that is already firmly rooted in European countries. Sheela (2007) studied that the Indian market –both the urban and the rural offers tremendous growth opportunities for insurance companies, the need of the hour is to understand the changing needs of customers and their occupational structure. Chakraborty (2007) examined that the Indian insurance industry underwent a drastic transformation with the entry of private players who captured a significant market share (26.6%) during 2005-06. Rajendran and Natarajan (2010) were found that the business in India and the business outside India as well as the total businesses of LIC are always in an increasing trend.

A lot of studies were made on the performance of insurance sector in the country but there is dearth of literature on the performance study at regional level in the country. Hence, this study differs from the earlier as the major thrust is upon the performance of life insurance sector in NER.

INSURANCE SECTOR IN THE NORTH EASTERN REGION

After privatization, insurance industry in India has shown significant growth. Due to low penetration and huge potential, many foreign and domestic players have entered the sector. Moreover, several reforms and policy measures have provided a favorable environment for insurance companies to flourish in the country.

The insurance sector in India is primarily divided into life and non-life, apart from a very small segment comprising re-insurance. Both the life and non-life insurance segments, which were nationalized in the 1950s and 1960s, respectively, witnessed an across-the-board liberalization process in 2000. After the reforms, the number of players has increased from one in life insurance and four in non-life insurance in 2000 to 23 players in life insurance sector & 24 in non-life segment till Sept. 2010 (including one re-insurer in the non-life segment) (Table 1).

TABLE 1: REGISTERED INSURERS IN INDIA (AS ON 30TH SEPTEMBER, 2010)

Type of business	Public Sector	Private Sector	Total
Life Insurance	1	22	23
General Insurance	6*	18**	24
Reinsurance	1	0	1
Total	8	40	48

Note: * Includes specialised insurance companies - ECGC and AIC

** Includes three Standalone Health Insurance Companies – Star Health & Allied Insurance Co., Apollo Munich Health Insurance Co. and Max Bupa Health Insurance Co.; Includes L&T General Insurance Company Ltd., which was granted registration in 2010-11.

The reasons for the strong foundation for insurance services in India are: growing middle class segment, rising incomes, increasing awareness of insurance, as well as investments and infrastructure spending.

The NER of India also has been identified as a potential market for the life insurance business during the late post liberalization period. It is observed from the Table 2 that within NER Assam hold majority of life insurance offices but the growth rate is very high in Mizoram followed by Arunachal Pradesh and Tripura. Low rate of growth in respect to number of offices are visible in Manipur and Nagaland.

TABLE 2: STATE WISE DISTRIBUTION OF OFFICES OF LIFE INSURANCES IN NER (AS ON 31ST MARCH 2006 AND 31ST MARCH 2010)

Insurer	AP		Assam		Manipur		Meghalaya		Mizoram	
	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10
Private	1	6	63	151	0	1	8	18	1	6
LICI	2	3	56	79	4	4	1	1	1	1
Industry	3	9	119	230	4	5	9	19	2	7
Insurer	Nagaland		Sikkim		Tripura		NER		India	
	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10	2006-07	2009-10
Private	1	4	7	11	6	14	87	211	3072	8768
LICI	4	4	1	2	4	16	73	110	2301	3250
Industry	5	8	8	13	10	30	160	321	5373	12018

GROWTH IN INDIVIDUAL NEW BUSINESS POLICIES AND PREMIUMS

With several reforms and policy regulations, the Indian Insurance Sector has witnessed tremendous growth in the recent past. According to a report by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), a growth of over 200% is likely to be seen in Indian insurance business by 2009–10, in which private insurance business would grow at 140% in view of aggressive marketing techniques (Pathak & Tripathi, 2010).

Growth of life insurance in terms of CAGR is 25.8% between FY 03 and FY 09. Premium of life insurance as a percentage of India's GDP increased from 2.7% to 6.7% and life insurance premium per capita grew from INR 528.40 to INR 1, 921.90 during the period. The number of policies issued increased at a CAGR of 12.3% during this period. The Life Insurance Council has projected 18% growth in total premium income for the life insurance industry in the financial year 2009-10 and this projection was duly achieved (Economic Times, April 10, 2010).

The Life insurance industry in the NER of India flourished during the era of Globalisation. Before LPG, the LICI could not able to trap the small and medium investors of the NER and the network of LICI was very poor. Only two to four divisional offices look after the entire region. During LPG regime the life insurance market in the region gets a new thrust area for extension of marketing network. Table 6 depicts the trends of life insurance business in NER in terms of individual new business policies. It is observed that overall trend in respect of individual new business policies in NER is better than that of India.

From Table 3 A and 3 B, it is observed that there is a tremendous growth of private life insurer in NER and within all the states of NER in respect to Individual New Business Policies. The highest rate of growth is visible in respect to Individual New Business Policies in the state of AP and Manipur. Again, from Table 3 A and 3 B, it is observed that the position of NER is very favourable than that of India in respect of both private and LICI.

**TABLE 3A: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA
(INDIVIDUAL NEW BUSINESS POLICIES)**

Insurer	Arunachal Pradesh				Assam			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	943	3771 (299.89)	5519 (46.35)	7183 (30.15)	141954	267281 (88.29)	312751 (17.01)	402210 (28.60)
LICI	10835	9911 (-8.53)	9255 (-6.62)	14292 (54.42)	798775	719401 (-9.94)	755581 (5.03)	744894 (-1.41)

Industry Total	11778	13682 (16.17)	14774 (7.98)	21475 (45.36)	940729	986682 (4.88)	1068332 (8.28)	1147104 (7.37)
Insurer	Meghalaya				Mizoram			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	8821	12846 (45.63)	12853 (0.05)	13303 (3.50)	1366	4926 (260.61)	4795 (-2.66)	4236 (-11.66)
LICI	13840	15715 (13.55)	19191 (22.12)	14336 (-25.30)	6950	6370 (-8.35)	6110 (-4.08)	5182 (-15.19)
Industry Total	22661	28561 (26.04)	32044 (12.19)	27639 (-13.75)	8316	11296 (35.83)	10905 (-3.46)	9418 (-13.64)
Insurer	Manipur				Nagaland			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	6998	16886 (141.30)	43638 (158.43)	41363 (-5.21)	3361	6243 (85.75)	10094 (61.69)	15268 (51.26)
LICI	33893	38162 (12.60)	39723 (4.09)	41477 (4.42)	20571	17255 (-16.12)	19970 (15.73)	17798 (-10.88)
Industry Total	40891	55048 (34.62)	83361 (51.43)	82840 (-0.62)	23932	23498 (-1.81)	30064 (27.94)	33066 (9.99)
Source: IRDA Annual Report								

Further, it is observed that private insurer has a positive trend in both NER and India and negative trend is followed in case of LICI. However, the growth rate in Individual New Business

Policies in respect to the industry is very high at all India level and very low in NER. Hence, there are the ample scopes for the industry to trap the potentials of the NER market.

TABLE 3B: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA (INDIVIDUAL NEW BUSINESS POLICIES)								
Insurer	Sikkim				Tripura			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	6331	8687 (37.21)	7617 (-12.32)	4935 (-35.21)	10858	27959 (157.50)	34283 (22.62)	39039 (13.87)
LICI	17213	13300 (-22.73)	13581 (2.11)	14958 (10.14)	11681	95278 (-18.43)	73984 (-22.35)	93978 (27.02)
Industry Total	23544	21987 (-6.61)	21198 (-3.59)	19893 (-6.16)	12766	123237 (-3.47)	108267 (-12.15)	133017 (22.86)
Insurer	NER				Total			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	180632	348599 (92.99)	431550 (23.80)	527537 (22.24)	7919223	13257201 (67.41)	15013539 (13.25)	14356538 (-4.38)
LICI	1018888	915392 (-10.16)	937395 (2.40)	946915 (1.02)	38208575	37589995 (-1.62)	35891332 (-4.52)	38838653 (8.21)

Industry Total	1199520	1263991 (5.37)	1368945 (8.30)	1474452 (7.71)	46127798	50847196 (10.23)	50904871 (0.11)	53195191 (4.50)
Source: IRDA Annual Report								

From the standpoint of Individual New Business Premium from Table 4 A and 4 B it is observed that early years of LPG are very favourable in case of private insurers particularly for the NER. However, during 2008-09 and 2009-10 the life insurance industry suffers from global issues and this was also reflected in NER also. Further within NER it is observed that there is a tremendous growth of life insurer in NER and within all the states of NER in respect to Individual New Business Premium. The highest rate of growth is visible in respect to Individual New Business Premium in the state of AP and Manipur.

**TABLE 4A: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA
(INDIVIDUAL NEW BUSINESS PREMIUM)**

Insurer	Arunachal Pradesh				Assam			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	2.60	10.04 (286.15)	12.56 (25.10)	22.13 (76.19)	246.12	241.71 (-1.79)	457.05 (89.09)	595.16 (30.22)
LICI	14.07	22.40 (59.20)	13.74 (-38.66)	18.61 (35.44)	724.13	730.52 (0.88)	633.25 (-13.32)	797.76 (25.98)
Industry Total	16.67	32.44 (94.60)	26.30 (-18.93)	40.74 (54.90)	970.25	972.23 (0.20)	1090.30 (12.14)	1392.92 (27.76)
Insurer	Meghalaya				Mizoram			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	23.95	35.22 (47.06)	32.67 (-7.24)	27.05 (-17.20)	14.64	24.00 (63.93)	42.56 (77.33)	18.34 (-56.91)

LICI	21.40	48.87 (128.36)	43.95 (-10.07)	57.48 (30.78)	36.34	29.42 (-19.04)	17.65 (-40.01)	29.80 (68.84)
Industry Total	45.35	84.09 (85.42)	76.62 (-8.88)	84.53 (10.32)	50.98	53.42 (4.79)	60.21 (12.71)	48.14 (-20.05)
Insurer	Manipur				Nagaland			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	3.44	10.31 (199.71)	24.69 (139.48)	31.62 (28.07)	4.32	1016 (135.19)	13.25 (30.41)	20.60 (55.47)
LICI	49.92	86.41 (73.10)	45.06 (-47.85)	76.50 (69.77)	41.08	33.06 (-19.52)	34.30 (3.75)	51.96 (51.49)
Industry Total	53.36	96.72 (81.26)	69.75 (-27.88)	108.12 (55.01)	45.40	43.22 (-4.80)	47.55 (10.02)	72.56 (52.60)
Source: IRDA Annual Report								

Again, from Table 4 A and 4 B, it is observed that the position of NER is very favourable than that of India in respect of both private and LICI particularly in case of Individual New Business Premium. Further, it is observed that private insurer has a positive trend in both NER and India, but the rate of growth in NER is much higher than that of India. Further, it is observed a positive trend is followed in case of LICI in both NER and India but the rate of growth is very tardy. However, the growth rate in Individual New Business premium in respect to the industry is very high in the NER and quite low at all India level. Hence, there are the ample scopes for the industry to trap the potentials of the NER market and India as a whole.

**TABLE 4B: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA
 (INDIVIDUAL NEW BUSINESS PREMIUM)**

Insurer	Sikkim				Tripura			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	22.39	27.84 (24.34)	20.26 (-27.23)	21.11 (4.20)	19.22	45.97 (139.18)	59.98 (50.48)	72.64 (21.11)
LICI	29.34	30.97 (5.56)	15.27 (-50.69)	17.47 (14.41)	121.86	148.88 (22.17)	101.17 (-32.05)	151.44 (49.69)
Industry Total	51.73	58.81 (13.69)	35.53 (-39.59)	38.58 (8.58)	141.08	194.85 (38.11)	161.15 (-17.30)	224.08 (39.05)
Insurer	NER				Total			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	336.68	1229.75 (265.26)	1034.92 (-15.84)	808.65 (-21.86)	16944.58	30106.35 (77.68)	29126.30 (-3.26)	31593.37 (8.47)
LICI	338.14	2180.01 (544.71)	1665.87 (-15.84)	1201.02 (-21.86)	44673.25	49316.62 (10.39)	40403.11 (-18.07)	50413.69 (24.78)
Industry Total	674.82	3409.76 (405.28)	2700.79 (-20.79)	2009.67 (-25.59)	61617.83	79422.97 (28.90)	69529.41 (-10.46)	82007.05 (17.95)

Source: IRDA Annual Report

If we see the position of life insurance market in terms of Individual New Business Policies within the NER, it is observed from Table 5 that share of Assam is much higher than within other NER states. Again during 2006-07, the share of private life insurance in NER was 2.28% which rose to 3.67% in 2009-10. During 2006-07, the share of LICI in NER was 2.67% which declined to 2.44% in 2009-10. Further, during 2006-07, the share of life insurance industry in NER was 2.60% which rose to 2.77% in 2009-10. It is observed that the fruits of globalisation

are reflected in the NER life insurance market in the form of private entry and losing share of LIC. However, the life insurance industry as a whole shows rapid progress.

TABLE 5: PERCENTAGE SHARE OF NER STATES IN LIFE INSURANCE MARKET (INDIVIDUAL NEW BUSINESS POLICIES)

2006-07		AP %	AS %	MA %	MG %	MZ %
	Private Total	0.012	1.793	0.088	0.111	0.017
	LICI	0.028	2.091	0.089	0.036	0.018
	Industry Total	0.026	2.039	0.089	0.049	0.018
2007-08	Private Total	0.028	2.016	0.127	0.097	0.037
	LICI	0.026	1.914	0.102	0.042	0.017
	Industry Total	0.027	1.940	0.108	0.056	0.022
2008-09	Private Total	0.037	2.083	0.291	0.086	0.032
	LICI	0.026	2.105	0.111	0.053	0.017
	Industry Total	0.029	2.099	0.164	0.063	0.021
2009-10	Private Total	0.050	2.802	0.288	0.093	0.030
	LICI	0.037	1.918	0.107	0.037	0.013
	Industry Total	0.040	2.156	0.156	0.052	0.018
AP=Arunachal Pradesh, AS= Assam, MA- Manipur, MG=Meghalaya, MZ- Mizoram						

TABLE 5: (CONTD')

2006-07		NA%	SK%	TR%	NER (Rs in Crore)	INDIA (Rs in Crore)	NER %
	Private Total	0.042	0.080	0.137	180632	7919223	2.28
	LICI	0.054	0.045	0.306	1018888	38208575	2.67
	Industry Total	0.052	0.051	0.277	1199520	46127798	2.60
2007-08	Private Total	0.047	0.066	0.211	348599	13257201	2.63
	LICI	0.046	0.035	0.253	915392	37589995	2.44
	Industry Total	0.046	0.043	0.242	1263991	50847196	2.49
2008-09	Private Total	0.067	0.051	0.228	431550	15013539	2.87
	LICI	0.056	0.038	0.206	937395	35891332	2.61
	Industry Total	0.059	0.042	0.213	1368945	50904871	2.69
2009-10	Private Total	0.106	0.034	0.272	527537	14356538	3.67
	LICI	0.046	0.039	0.242	946915	38838653	2.44
	Industry Total	0.062	0.037	0.250	1474452	53195191	2.77
NA= Nagaland, SK= Sikkim, TR= Tripura; Source: Annual Report, IRDA 2007-08, IRDA 2009-10 and others. Source: Annual Report, IRDA 2007-08, IRDA 2009-10 and others							

Further, if we see the position of life insurance market in terms of Individual New Business Premium within the NER, it is observed from Table 6 that share of Assam is much higher than within other NER states. Again during 2006-07, the share of private life insurance in terms of Individual New Business Premium in NER was 1.99% which rose to 2.56% in 2009-10. During 2006-07, the share of LICI in NER was 2.32% which rose to 2.38% in 2009-10. Further, during 2006-07, the share of life insurance industry in NER was 2.23% which rose to 2.45% in 2009-10. It is observed that the fruits of globalisation are reflected in the NER life insurance market in the form Individual New Business Premium. However, the life insurance industry in terms of Individual New Business Premium as a whole shows slow progress in both NER and India.

TABLE 6: PERCENTAGE SHARE OF NER STATES IN INDIAN LIFE INSURANCE MARKET (INDIVIDUAL NEW BUSINESS PREMIUM)

2006-07		AP%	AS %	MA %	MG %	MZ%
	Private Total	0.015	1.452	0.020	0.141	0.086
	LICI	0.031	1.621	0.112	0.048	0.081
	Industry Total	0.027	1.575	0.087	0.074	0.083
2007-08	Private Total	0.033	0.803	0.034	0.117	0.080
	LICI	0.045	1.481	0.175	0.099	0.060
	Industry Total	0.041	1.224	0.122	0.106	0.067
2008-09	Private Total	0.043	1.569	0.085	0.112	0.146
	LICI	0.034	1.567	0.112	0.109	0.044
	Industry Total	0.038	1.568	0.100	0.110	0.087
2009-10	Private Total	0.070	1.884	0.100	0.086	0.058
	LICI	0.037	1.582	0.152	0.114	0.059
	Industry Total	0.050	1.699	0.132	0.103	0.059

AP=Arunachal Pradesh, AS= Assam, MA- Manipur, MG=Meghalaya, MZ- Mizoram

TABLE 6 (CONTD')

2006-07		NA %	SK%	TR%	NER %	India %
	Private Total	0.025	0.132	0.113	1.987	16944.58
	LICI	0.092	0.066	0.273	2.324	44673.25
	Industry Total	0.074	0.084	0.229	2.231	61617.83
2007-08	Private Total	0.034	0.092	0.153	1.346	30106.35
	LICI	0.067	0.063	0.302	2.292	49316.62
	Industry Total	0.054	0.074	0.245	1.934	79422.97
2008-09	Private Total	0.045	0.070	0.206	2.276	29126.3
	LICI	0.085	0.038	0.250	2.238	40403.11
	Industry Total	0.068	0.051	0.232	2.254	69529.41
2009-10	Private Total	0.065	0.067	0.230	2.560	31593.37
	LICI	0.103	0.035	0.300	2.382	50413.69
	Industry Total	0.088	0.047	0.273	2.451	82007.05

NA= Nagaland, SK= Sikkim, TR= Tripura; Source: Annual Report, IRDA 2007-08, IRDA 2009-10 and others. Source: Annual Report, IRDA 2007-08, IRDA 2009-10 and others

From Table 7 it is observed that percentage share of private insurer in terms of Individual New Business Policies is in increasing trend i.e. from 2.28% in 2006-07 to 3.68% in 2009-10 in NER. Again the percentage share of LICI in terms of Individual New Business Policies is in decreasing trend i.e. from 2.67% in 2006-07 to 2.44% in 2009-10 in NER. As a whole the insurance industry in NER is in increasing trend particularly in respect to Individual New Business Policy i.e. from 2.6 % in 2006-07 to 2.77% in 2009-10. Similarly, it is observed that percentage share of private insurer in terms of Individual New Business Premium is in increasing trend i.e. from 1.99% in 2006-07 to 2.56% in 2009-10 in NER. Again the percentage share of LICI in terms of Individual New Business Premium is in increasing trend i.e. from 2.32% in 2006-07 to 2.38% in 2009-10 in NER. As a whole the insurance industry in NER is in increasing trend particularly in respect to Individual New Business Premium i.e. from 2.23 % in 2006-07 to 2.45% in 2009-10.

TABLE 7: PERCENTAGE SHARE OF NER IN INDIAN LIFE INSURANCE MARKET

Year	Individual New Business Policy			Individual New Business Premium		
	Private (%)	LICI (%)	Share of NER (%)	Private (%)	LICI (%)	Share of NER (%)
2006-07	2.281	2.667	2.6	1.987	2.324	2.231
2007-08	2.63	2.435	2.486	1.346	2.292	1.934
2008-09	2.874	2.612	2.689	2.276	2.238	2.254
2009-10	3.675	2.438	2.772	2.56	2.382	2.451

Source: Annual Report, IRDA 2007-08, IRDA 2009-10

Finally, the average growth rate of private life insurer in NER in terms of Individual New Business Policies very positive during 2006/07—2009/10 and it is much higher than all India average. Again, within NER states the average growth rate is very high in Arunachal Pradesh (125.47%) followed by Manipur (98.17%), while Sikkim (-3.44%) records lower average growth rate in case private life insurance followed by Meghalaya (16.40%). Again in case of LICI, the average growth rate is very high in Arunachal Pradesh (13.09 %) followed by Manipur (7.03%) and lower average growth rate recorded by Tripura (-4.59%) followed by Nagaland (-3.75%) in terms of Individual New Business Policies during 2006/07—2009/10. However as a whole the average growth rate of life insurer in terms of Individual New Business Policies in NER during 2006/07—2009/10 is comparatively higher than all India average (Table 8)

TABLE 8: AVERAGE GROWTH RATE: LIFE INSURERS IN NER (INDIVIDUAL NEW BUSINESS POLICIES 2006/07—2009/10)

Insurer	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram
Private	125.47	44.63	98.17	16.40	82.10
LICI	13.09	-2.11	7.03	3.46	-9.21
Industry	23.17	6.84	28.48	8.16	6.25
Insurer	Nagaland	Sikkim	Tripura	NER	India
Private	66.23	-3.44	64.66	46.34	25.43
LICI	-3.75	-3.49	-4.59	-2.25	0.69

Industry	12.04	-5.45	2.41	7.13	4.95
Source: Annual Report, IRDA 2007-08, IRDA 2009-10					

Finally, the average growth rate of private life insurer in NER in terms of Individual New Business Premium very positive during 2006/07—2009/10 and it is much higher than all India average. Again, within NER states the average growth rate is very high in Arunachal Pradesh (129.15%) followed by Manipur (122.42%), while Sikkim (.44%) records lower average growth rate in case private life insurance followed by Meghalaya (7.54%). Again in case of LICI, the average growth rate is very high in Meghalaya (49.69%) followed by Manipur (31.67%) and lower average growth rate recorded by Sikkim (-10.24%) followed by Mizoram (3.26%) in terms of Individual New Business Premium during 2006/07—2009/10. However, as a whole the average growth rate of life insurer in terms of Individual New Business Premium in NER during 2006/07—2009/10 is comparatively very in higher than all India average (Table 9)

TABLE 9: AVERAGE GROWTH RATE: LIFE INSURERS IN NER (INDIVIDUAL NEW BUSINESS PREMIUM 2006/07—2009/10)

Insurer	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram
Private	129.15	39.17	122.42	7.54	28.12
LICI	18.66	4.52	31.67	49.69	3.26
Industry	43.53	13.37	36.13	28.95	-0.85
Insurer	Nagaland	Sikkim	Tripura	NER	India
Private	73.69	0.44	63.59	75.85	27.63
LICI	11.90	-10.24	13.27	164.41	5.70
Industry	19.27	-5.77	19.96	119.63	11.46
Source: Annual Report, IRDA 2007-08, IRDA 2009-10					

The average share of private life insurer (in terms of Individual New Business Policies) in the NER is in increasing trend and it is higher than Indian average. Further within the States of NER, Meghalaya recorded highest average market share of 43.04% followed by Manipur (37.52) and it is very low in Tripura (24.70%). Hence it is observed from Table 10 that there is ample scope for expansion of business by private players in the NER.

**TABLE 10: AVERAGE MARKET SHARE OF LIFE INSURERS IN NER STATES
(INDIVIDUAL NEW BUSINESS POLICIES)**

NER States	Insurer	2006-07	2007-08	2008-09	2009-10	Average
AP	Private	8.01	27.56	37.36	33.45	26.60
	LICI	91.99	72.44	62.64	66.55	73.40
	Total	100	100	100	100	100
Assam	Private	15.09	27.09	29.27	35.27	26.63
	LICI	84.91	72.91	70.73	64.64	73.37
	Total	100	100	100	100	100
Manipur	Private	17.11	30.68	52.35	49.93	37.52
	LICI	82.89	69.32	47.65	50.07	62.46
	Total	100	100	100	100	100
Meghalaya	Private	38.93	44.98	40.11	48.13	43.04
	LICI	61.07	55.02	59.89	51.87	56.96
	Total	100	100	100	100	100
Mizoram	Private	16.43	43.61	43.61	44.98	37.25
	LICI	83.57	56.39	56.03	55.02	62.75
	Total	100	100	100	100	100
Nagaland	Private	14.04	26.57	33.58	46.17	30.09
	LICI	85.96	73.43	66.42	53.83	69.91
	Total	100	100	100	100	100
Sikkim	Private	26.89	39.51	35.93	24.81	31.79
	LICI	73.11	60.49	64.07	75.19	74.63
	Total	100	100	100	100	100

Tripura	Private	8.50	22.69	31.67	35.93	24.70
	LICI	91.50	74.63	68.33	64.07	74.63
	Total	100	100	100	100	100
NER	Private	15.06	27.58	31.52	35.78	27.49
	LICI	84.94	72.42	68.48	64.22	72.51
	Total	100	100	100	100	100
India	Private	17.17	26.07	29.09	26.99	27.13
	LICI	82.83	73.93	70.51	73.01	73.19
	Total	100	100	100	100	100

Further, the average share of private life insurer (in terms of Individual New Business Premium) in the NER is in increasing trend and but it is lower than Indian average. Therefore it is observed that since the average market share of private life insurer in The NER in terms of new business policies is very high, hence there is ample scope for business promotion in the near future. Further within the States of NER, Mizoram recorded highest average market share of 45.61% followed by Meghalaya (42.33%) and it is very low in Manipur (20.47%). Hence it is observed from Table 11 that there is ample scope for expansion of business by private players in the NER.

TABLE 11: AVERAGE MARKET SHARE OF LIFE INSURERS IN NER STATES (INDIVIDUAL NEW BUSINESS PREMIUM)

NER States	Insurer	2006-07	2007-08	2008-09	2009-10	Average
AP	Private	15.60	30.95	47.76	54.32	37.16
	LICI	84.40	69.05	52.24	45.68	62.84
	Total	100	100	100	100	100
Assam	Private	25.37	24.86	41.92	42.73	33.72
	LICI	74.63	75.14	58.08	57.27	66.28
	Total	100	100	100	100	100
Manipur	Private	6.45	10.66	35.40	29.25	20.47

	LICI	43.55	89.34	64.60	70.75	79.56
	Total	100	100	100	100	100
Meghalaya	Private	52.81	41.88	42.64	32.00	42.33
	LICI	47.19	58.12	57.36	68.00	57.67
	Total	100	100	100	100	100
Mizoram	Private	28.72	44.93	70.69	38.10	45.61
	LICI	71.28	55.07	29.31	61.90	54.39
	Total	100	100	100	100	100
Nagaland	Private	9.52	23.51	27.87	28.39	22.17
	LICI	90.48	76.49	72.13	71.61	77.68
	Total	100	100	100	100	100
Sikkim	Private	43.28	47.34	57.02	54.72	50.59
	LICI	56.72	52.66	42.98	45.28	49.32
	Total	100	100	100	100	100
Tripura	Private	13.62	23.59	37.22	32.42	26.11
	LICI	86.38	76.41	62.78	67.58	73.29
	Total	100	100	100	100	100
NER	Private	24.49	26.39	42.30	40.24	33.36
	LICI	75.51	73.61	57.70	59.76	66.65
	Total	100	100	100	100	100
India	Private	27.50	37.91	41.89	38.89	36.46
	LICI	72.50	62.09	58.11	61.47	63.54
	Total	100	100	100	100	100

OPPORTUNITIES FOR GROWTH

From the forgoing analysis it is observed that life insurer particularly private players have ample opportunities in the expansion of their business in the NER. It is further observed that the low insurance penetration and low insurance density in the NER also visualize the ample scope for business expansion of life insurer in the region. The penetration of life insurance in India is as 'still woefully low'. India had 16% of the world population, but only 1.68% of the world life insurance market in 2006. India is also far behind world averages in terms of insurance penetration and insurance density. A mere 20% of the insurable population aged 20 to 60 years is currently covered by life insurance. The average number of policies (life/non-life) held by per Indian consumer is just 1.33 as against 5.2 policies per consumer in mature markets (Capgemini World Insurance Report, 2008).

Again, from Table 12 it is observed from the trend analysis that the position of life insurer in NER is very favorable than that of India in respect of both private and LIC. Further, it is observed that private insurer has a positive trend in both NER and India and negative trend is followed in case of LIC. However, the growth rate in Individual New Business Policies in respect to the industry is very high at all India level and very low in NER. Hence, there are the ample scopes for the industry to trap the potentials of the NER market.

TABLE 12: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA (INDIVIDUAL NEW BUSINESS POLICIES)

Insurer	NER				TOTAL			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	180632	348599 (92.99)	431550 (23.80)	527537 (22.24)	7919223	13257201 (67.41)	15013539 (13.25)	14356538 (-4.38)
Trend Value	203529.6	315896.2	428262.8	540629.4	9476383	11583211	13690039	15796867
LICI	1018888	915392 (-10.16)	937395 (2.40)	946915 (1.02)	38208575	37589995 (-1.62)	35891332 (-4.52)	38838600 (8.21)
Trend Value	983734.9	964343.3	944951.7	925560.1	37603403	37622560	37641718	37660800
Industry Total	1199520	1263991 (5.37)	1368945 (8.30)	1474452 (7.71)	46127798	50847196 (10.23)	50904871 (0.11)	53195190 (4.50)

Trend Value	1187264.5	1280239.5	1373214.5	1466189.5	18378989	39638839	60898689	82158539

Again, from Table 13 it is observed from the trend analysis that the position of NER is very favourable than that of India in respect of both private and LICI particularly in case of Individual New Business Premium. Further, it is observed that private insurer has a positive trend in both NER and India, but the rate of growth in NER is much higher than that of India. Further, it is observed a positive trend is followed in case of LICI in both NER and India but the rate of growth is very tardy. However, the growth rate in Individual New Business premium in respect to the industry is very high in the NER and quite low at all India level. Hence, there are the ample scopes for the industry to trap the potentials of the NER market and India as a whole.

TABLE 13: TRENDS IN LIFE INSURANCE BUSINESS IN NORTHEAST INDIA (INDIVIDUAL NEW BUSINESS PREMIUM) (RUPEES IN CRORE)

Insurer	NER				All India Total			
	2006-07	2007-08	2008-09	2009-10	2006-07	2007-08	2008-09	2009-10
Private Total	336.68	1229.75 (265.26)	1034.92 (-15.84)	808.65 (-21.86)	16944.58	30106.35 (77.68)	29126.30 (-3.26)	31593.37 (8.47)
Trend Value	669.34	791.45	913.55	1035.66	20497.71	24794.34	29090.97	33387.60
LICI	338.14	2180.01 (544.71)	1665.87 (-15.84)	1201.02 (-21.86)	44673.25	49316.62 (10.39)	40403.11 (-18.07)	50413.69 (24.78)
Trend Value	1035.09	1242.54	1449.99	1657.44	44955.5	45786.28	46617.06	47447.84
Industry Total	674.82	3409.76 (405.28)	2700.79 (-20.79)	2009.67 (-25.59)	61617.83	79422.97 (28.90)	69529.41 (-10.46)	82007.05 (17.95)
Trend Value	1704.42	2033.98	2363.54	2693.10	65453.21	70580.62	75708.03	80835.44

The following points has also corroborates the fact of future growth of life insurance business in the country.

1. It is estimated from the survey of literature that ‘aspirers’ will comprise 46% of the population by 2012, representing a formidable emerging bankable class. Insurance is seen as long term savings instrument by this segment of the society providing higher return at low risk, given the lack of alternative investment options. Key challenges in this segment are managing profitability due to low ticket size & high underwriting risk.
2. After the recent financial crisis, insurance companies want to reduce their costs and outsourcing some of the non-core processes like claims processing, policy management etc, can help them to reduce their cost and focus on the core processes. India is seen as one of the favorable partners for the outsourcing business. Services such as analysis and decision support are likely to be the higher-end, billing rate-based services that will drive value growth for BPO organizations.
3. The health insurance sector is one of the booming sectors of the insurance industry as people are becoming more aware about the health insurance and their health care so taking advantage of this, private sector insurers are more competitive in this segment. Life insurer companies are likely to primarily target the young population to amortize the risk over the policy term.
4. According to the Old Age Social and Income Security (OASIS Report, 1999), there will be 113 million Indian’s over 60 years of age by 2016 and 179 million by 2026. On the one hand, this is good news as the life expectancy has increased but on the other hand, it has also increased the risk that people will outlive their savings. Indians will have an expected life span of 80 years, i.e. live a full 20 non-earnings years. Health care costs have also increased many folds eroding retiree’s purchasing power.
5. Social security provided by the Government of India is very limited; in fact that less than 4% of the population is covered under any social security scheme. Only Government employees are entitled to pension benefits after retirement. Opening up of the pension sector and the establishment of a new pension regulator have made this segment highly attractive. Hence, insurance products are being considered as the next best option to secure the future. To facilitate insurance and social security cover for the economically weaker sections of society, the Pension Fund Regulatory & Development Authority (PERDA) has launched a pension scheme, since April 2010, for rickshaw-pullers, barbers, daily wage earners etc.
6. The transition from Solvency I to Solvency II norms by 2012 is likely to increase the demand for actuaries & risk management professional. The regulator has also asked insurance companies to get their risk management system and processes audited every 3 years by an external auditor to ensure the solvency of private sector companies. Hence, the need for professionals is expected to rise. Furthermore, insurance companies will now be able to calculate risk better, bringing enhanced stability in their operations and transparency in the sector.

CHALLENGES BEFORE THE INDUSTRY

The four main challenges facing the insurance industry are product innovation, distribution, customer service, and investments. Unit-linked personal insurance products might find greater acceptability with rising customer awareness about customized, personalized and flexible products. Flexible products and new technology will play a crucial role in reducing the cost and, therefore, the price of insurance products. Finding niche markets, having the right product mix through add-on benefits and riders, effective branding of products and services and product differentiation will be some of the challenges faced by new companies. Because of the challenge in the entire environment caused by globalization and liberalization the industry is facing the following challenges.

1. The existing insurer, LIC and GIC, have created a large group of dis-satisfied customers due to the poor quality of service. Hence, there will be shift of large number of customers from LIC and GIC to the private insurers.
2. Increased awareness and importance of insurance among public especially in urban areas compels more customized products and pricing methodology as per the needs of the customers.
3. Both expense ratio and operating ratio is very high in the Indian insurance sector, especially for the private players. In FY 09, the private sector life insurance segment had an expense ratio (operating expenses & commission expenses) of 30.6%. It is observed that the CAGR of operating expenses for LIC is 13.06 % (03-04 to 9-10) while this is 42.29 % for other private players. Public sector companies have been in existence for a couple of decades and hence, have managed to reduce their expenses over time. However, experts on insurance field (Seth, 2010) believed that the expenses ratio should be around 10-15% from long term sustainability & profitability perspectives. A high expense ratio directly impacts profitability. Since the insurance industry is still at a nascent stage, many companies are yet to break down & rising expenses can further delay this process.
4. Tariff free regime poses biggest challenge in quoting accurate pricing for the risks covered.
5. Although the life insurance sector has shown rapid growth over the last few years, low margin single premium products & potentially volatile ULIPs have accounted for most of the growth. These products are proven to be easily sold, but merely focusing on these could weaken the growth and long term profitability for India's life insurers.
6. Customer expectations and awareness have significantly increased in recent years, particularly in terms of better and speedy service, accurate pricing and customized solutions.
7. LIC may face problem of surrender of a large number of policies, as new insurers will woo them by offering of innovative products at lower prices.

8. There is a likelihood of exit of young dynamic managers from LIC to the private insurer, as they will get higher package of remuneration.
9. LIC has overstaffing and with the introduction of full computerization, a large number of the employees will be surplus. However, they cannot be retrenched. Hence the operating costs of LIC will not be reduced. This will be a disadvantage in the competitive market, as the new insurers will operate with lean office and high technology to reduce the operating costs.
10. Reaching the consumer expectations on par with foreign companies such as better yield and much improved quality of service particularly in the area of settlement of claims, issue of new policies, transfer of the policies and revival of policies in the liberalized market is very difficult to LIC and GIC.
11. Intense competition from new insurers in winning the consumers by multi-distribution channels, which will include agents, brokers, corporate intermediaries, bank branches, affinity groups and direct marketing through telesales and internet.
12. Major challenges in canalizing the growth of insurance sector are product innovation, distribution network, investment management, customer service and education.
13. There are several important issues on which IRDA is working on. The convergence of the Indian Accounting Standards with the IFRS , the settlement of norms which will relate to the issuance of IPOs (initial public offers) and M&As (mergers and acquisitions), the establishment of a more robust system to collect and disseminate appropriate insurance related data and several other initiatives are the main issues of global insurance issues.
14. In the distribution of products, agency channel accounts nearly 80-85% of new business. The agency force in India has also grown rapidly but the overall inactivity and attrition rates are quite high which are estimated to be 50-55% which are significantly higher than the global benchmarks of about 25%. It is reported (McKinsey Global Survey, 2011) that proper strategies are not implemented while selecting the agency forces in a life insurance market in India. Lack of professional agency channel and other alternative channels of insurance business hinders the growth of Indian insurance market.

FUTURE MARKETING STRATEGIES

The following innovative marketing strategies should be adopted to grow and survive in the Indian Insurance Market. `

1. **UNDERSTANDING CUSTOMER NEEDS:** Use data warehousing, management and mining to gauge the profitability and potential of various customer and product segments and ensure effective cross selling. Understanding the customer better will allow insurance companies to design appropriate and customized products, determine pricing correctly and increase profitability.

2. **HIGH-LEVEL TRAINING AND DEVELOPMENT:** Ensure high level of training and development not just for staff but also for agents and distribution organizations. Existing organizations will have to train staff for better service and flexibility, while all companies will have to train employees to cope with new products and an intensive use of information technology.
3. **ALLIANCE & TIE UP:** The importance of alliances and tie-ups means that companies will have to integrate related but separate providers into their systems to ensure seamless delivery.
4. **AGENT RELATIONSHIP:** Build strong relationships with intermediaries such as agents.
5. **MARKET SEGMENTATION:** They must segment the market carefully to arrive at the appropriate products and pricing and should cater the needs of every individual.
6. **REVAMPED MARKETING STRATEGY:** Worldwide, insurance products move along a continuum from pure service products to pure commodity products then they could be sold through the medical shops, groceries, novelty stores etc. Once commodization, popularity and awareness of the products are attained then the products can move to remote channels such as the telephone or direct mail. Brand loyalty could shift from the insurer to the seller.
7. **PROMOTION OF BANC ASSURANCE:** It is further observed from the survey of existing literature that customers prefer banc assurance channel next to agency channel. Given the highest penetration of banking products, banc assurance could be the single most important channel for insurers to rapidly acquire new customers.

CONCLUSION

It is observed that LIC is losing its market share in favour of new entrants or private companies. Being the largest insurance company in India, it is obvious that LIC has the largest strength of insurance agents and insurance business. It is further seen that LIC is well ahead of private insurers in terms of premium collection. It can be said that, LIC is the only life insurer in India that is fairly settled but the market share of LIC is decreasing day by day. Private players play a rivalry role in the insurance market. Further, it is observed that there should be a large gap between new business premium amount and renewal premium, but in case of Indian insurance business, this gap is too narrow.

A number of districts, especially in the northeastern states do not have a single insurance company branch. The Northeast, as a matter of fact, was among the country's top performing zones of private life insurer like Aviva Life, ICICI etc. The growth rate is even higher in the small towns. ICICI Prudential is piloting the delivery of a term life insurance product with a savings component to groups of tea workers through intermediary agencies. The intention is to significantly reduce transaction costs and improve customer service and overall efficiency by using an aggregating distribution channel that is supported by technology. Intermediary agencies

are trained to create awareness, enroll policyholders, collect premiums, facilitate claims settlement and provide customer service.

From the trend analysis it is observed that the life insurance business in the NER is in increasing trend and the private insurer is acting as a rival partner and LIC suffers from stiff competitions from them. Further, prospects of life insurance business are also very promising in the NER in near future.

Over the past three years, around 40 companies have expressed interest in entering the sector and many foreign and Indian companies have arranged anticipatory alliances. The threat of new players taking over the market has been overplayed. As is witnessed in other countries where liberalization took place in recent years, we can safely conclude that nationalized players will continue to hold strong market share positions, but there will be enough business for entry to be profitable.

1. For the development of the life insurance sector, improvement in the insurance density and insurance penetration is a must. Hence, efforts need to be instituted for its improvement. Development of insurance products including special group policies to cater to different categories should be a priority, especially in rural areas.
2. The life insurers should conduct more extensive market research before introducing insurance products targeted at specific segments of the population so that insurance can become more meaningful and affordable.
3. Understanding the customer better will enable insurance companies to design appropriate products, determine price correctly and increase profitability.
4. Selection of right type of distribution channel mix along with prudent and efficient 'Fleet on Street' management. Proper step for promotion of Banc assurance is a must.
5. An efficient CRM system, which would eventually create sustainable competitive advantages and build a long-lasting relationship
6. Insurers must follow best investment practices and must have a strong asset management company to maximize returns.
7. Promoting health insurance and using e-broking to increase the insurance business.
8. Consumer awareness campaign should be encouraged to improve financial literacy/ insurance literacy levels by conducting workshops, distributing leaflets, distributing literature etc. in both urban and rural areas.

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LONG RUN DEMAND FOR MONEY IN INDIA: A COINTEGRATION APPROACH

SAHADUDHEEN I*; UMMALLA MALLESH**

*M.Phil Scholar,
Department of Economics,
Pondicherry University, India.
**M.Phil Scholar,
Department of Economics
Pondicherry University, India.

ABSTRACT

Demand for money plays a pivotal role in determining the welfare implications of monetary policy actions in an economy. This study estimated the demand for money in India and investigated various determinants of demand for money for the period 1970 to 2009. The study utilized Johansen-juselius cointegration analysis to test for the existence of a long run relationship between the variables and an Error Correction method is then used. The study concluded that the income and price has a positive effect on the demand for money. On the other hand, interest rate and exchange rate has a negative. The income elasticity is 1.98 and showing significant, implying that in India, a one percent economic growth requires around 1.98 percent increase in the nation's money supply.

KEYWORDS: cointegration, Demand for money, ECM, India, unit root.

INTRODUCTION

Demand for money is an important concept in the history of economic thought and can be defined as the desired holdings of money balances in the form of cash or bank. According to Mankiw "the demand for money reflects the degree of willingness to possess money by economic entities". It plays a pivotal role in determining the welfare implications of monetary policy actions in an economy. Since the early 1970s a sizable chunk of empirical literature in monetary economics has been concerned with the demand for money, because money demand is considered as an important indicator of growth of a particular economy. The demand for money function creates a background to review the effectiveness of monetary policies, as an important issue in terms of the overall macroeconomic stability. Money demand is an important indicator of growth of a particular economy. The increasing money demand mostly indicates a country's improved economic situation, as opposed to the falling demand which is normally a sign of deteriorating economic climate.

LITERATURE OF THE STUDY

It is essential to review the literature in the relevant field both theory and practice as to arrive at reasonable and meaningful conclusion. With this background on mind some of the earlier studies on demand for money in national and international level are reviewed.

THEORETICAL LITERATURE REVIEW

There are diverse spectrums of money demand theories which address a broad range of hypotheses. These theories bring forward the relationship between the quantity of money demanded and a set of economic variables.

Classical Theory examined the link between the quantity of money (M) and the total amount of spending on final goods and services, aggregate nominal income /total spending (P_xY) and expressed it in a celebrated fisher equation(MV=PY). The Cambridge approach stressed the demand for money as public demand for money holdings, especially the demand for real balances, which was an important factor in determining the equilibrium price level consistent with a given quantity of money. Keynes's liquidity preference theory emphasizes the role of interest rates in the demand for money. He distinguished three motives for holding money: the transactions motive, the precautionary motive and the speculative motive. Keynes argued that the demand for money for transactions and precautionary motives depends on the level of income, while speculative demand for money depends on interest rates. Baumol (1952) and Tobin (1956) independently developed similar demand for money models, which demonstrated that even money balances held for transactions purposes are sensitive to the level of interest rates. Friedman developed the modern quantity theory of money which says that the demand for money must be influenced by the same factors that influence the demand for any asset.

EMPIRICAL LITERATURE REVIEW

The empirical literature on demand for money is extensively available. The empirical investigation may shed some light on which specification is more likely to be better.

A number of researchers have been estimated India's money demand function. Among these the first study was conducted by Moosa in 1992. His study explicitly considers the stationarity of, and cointegration relationships among, the variables of the money demand function. He used three types of money supply, cash, M1, and M2 to perform cointegration tests on real money balances, short-term interest rates, and industrial production over the period 1972Q1 to 1990Q4. Results indicated that for all three types of money supply, the money balance had a cointegrating relationship with output and interest rates.

Bahmani-Oskooee and Rehman (2005) analyzed the money demand functions for India and six other Asian countries during the period of 1972Q1-2000Q4. Using the ARDL approach they performed cointegration tests on real money supplies, industrial production, inflation rates, and exchange rates (in terms of US dollar). For India, cointegrating relationships were detected when money supply was defined as M1, so they concluded that M1 is the appropriate money supply definition to use in setting monetary policy.

Das and Mandal (2000) considered only the M3 money supply in stating that India's money demand function is stable. They used monthly data for the period of April 1981 to March 1998 to perform cointegration tests and detected cointegrating vectors among money balance, industrial production, short-term interest rates, wholesale prices, share prices, and real effective exchange rates. Their position, therefore, was that long-term money demand relevant to M3 is stable.

Parvez Azim, Nisar Ahmed, Sami Ullah, Bedi-uz-Zaman, Muhammad Zakaria (2010) estimated the demand for money in Pakistan for the period 1973 to 2007 using Autoregressive Distributed Lag (ARDL) approach to cointegration analysis. The empirical results shows that there is a unique cointegrated long-run relationship among M2 monetary aggregate, income, inflation and exchange rate. The income elasticity and inflation coefficients are positive while the exchange rate elasticity is negative. The results show that income and inflation variables are positively associated with money demand while exchange rate negatively affects money demand.

DATA AND METHODOLOGY

In order to estimate the demand for money in India, the following data are used. The data used in this study are cumulated from various secondary sources. The variable such as Broad money (M3), nominal Gross domestic product, wholesale price index (WPI), call money rate, `-\$ bilateral exchange rate are collected from various Reserve Bank of India bulletin. The data collected over a period of 1970-71 to 2009-10. The WPI is collected on the basis of 1993-94 constant prices, whereas nominal GDP is on 2004-05 constant prices. To investigate the above issue the study uses the 40 observations. In order to estimate the demand for money function in India, we considered five variables, namely M3 (Nominal money), nominal GDP, WPI, call money rate and bilateral exchange rate between rupee and dollar. The statistical and time series properties of each and every variable are examined using the conventional unit root test and employed cointegration and error correction method.

ECONOMETRIC MODEL

There is a diverse spectrum of money demand theories emphasizing the transactions, speculative, precautionary considerations. All the theories share common important variable. The general agreement in the literature is that a money demand equation should contain a scale variable to the level of transactions in the economy and a variable representing the opportunity cost of holding money. In the context of an open economy, a variable such as exchange rate can be included in the money demand equation to reflect the impact of currency depreciation on money demand.

SPECIFICATION OF THE MODEL

The general specification begins with the following functional relationship for the demand for money:

$$M = f(s, oc, x)$$

The demand for nominal balances M is a function of the chosen scale variable(S) to represent the economic activity and the opportunity cost of holding money (OC) and exchange rate. Although there are several functional forms of specifying money demand function, there is general consensus that the log linear version is the most appropriate functional form because it performs better than the other forms because the log linear form allows for interpretation of coefficients of variables in logarithms as elasticities.

We start with a standard money demand function in which nominal money balances are expressed as a function of nominal income, price level, interest rate and exchange rate. We expect the estimate of income is expected to be positive; an estimate of price level, interest rate and exchange rate are expected to be negative.

For estimation purposes, we use the logarithmic transformation of annual data for the period 1970:71 – 2009:10. We specify the following money demand equation, where all variables are expressed in logarithmic forms, U is a random error term, and t is a annual time index.

$$\ln(M)_t = \alpha + \beta_0 \ln Y_t + \beta_1 \ln P_t + \beta_2 \ln r_t + \beta_3 \ln X_t + u_t \quad (1)$$

M= Nominal money,

Y= Nominal gross domestic product (2004-05 base year prices)

P= wholesale price index (1993-94 base year prices),

r= (1+Call money rate)

X= rupee- dollar bilateral exchange rate,

U= error term

ECONOMETRIC METHODOLOGY AND EMPIRICAL RESULTS

UNIT ROOT TEST

The first step of the strategy of our empirical analysis involves determining the order of integration. Most time series are trended and therefore in most cases are nonstationary. The problem with nonstationary or trended data is that the standard OLS regression procedure can easily lead to incorrect conclusion. A series of Augmented Dickey-Fuller unit root test is performed to determine the order of integration of the variables.

Table (1) shows the ADF test results for both at the level and the first difference on intercept and intercept and trend.

TABLE (1)

Variables	Intercept only		Intercept and trend	
	Level	First difference	Level	First difference
	Prob: value	Prob: value	Prob: value	Prob: value
ln M	0.9793(0)	0.0000(0)	0.3236 (0)	0.0002(0)
ln Y	1.0000(0)	0.0000(0)	0.8523(0)	0.0000(0)
ln P	0.1861(0)	0.0013(0)	0.3805(0)	0.0023(0)
ln r	0.1484(0)	0.0000(0)	0.2763(0)	0.0000(0)
Ln x	0.9206(0)	0.0046(0)	0.7813(0)	0.0239(0)

(Numbers in parenthesis are the number of lags)

The reported result in table (1) reveals that the hypothesis of a unit root can't be rejected in all variables in levels. However, the hypothesis of a unit root is rejected in first differences at 0.05 level of significant which indicates that all variables are integrated of degree one, I(1). That means all the variables achieve stationarity only after first difference.

The estimation of the equation by direct OLS gives the following integration equation.

$$M = -11.95514 + 1.357y_t + 1.3280p_t - 0.0632r_t - 0.144x_t \quad (2)$$

(-8.574708) (11.64363) (14.49066) (-1.355412) (-2.3448)

(0.000) (0.000) (0.000) (0.1840) (0.0248)

Adj R² = 0.998553 F = 6730.536 DW = 0.881464

The estimated parameters of equation are in accordance with economic theory. Interest rate and exchange rate have negative parameters while nominal income and price level has positive elasticity. All coefficients are statistically significant at 0.05 % level except interest rate. Here we have high R² and t-values, but U_t is not white noise. Often it is identified with R² > D-W statistic. All the variables give the expected result, but the nonstationarity of variable biased the previous estimation, and the low value of DW compared to R² can be interpreted as sign of spurious regression.

SELECTION OF LAG LENGTH

The criterion for selecting the lag length consist an important step. There are different tests that would indicate the optimal number of lags. The study utilizes the SC criterion to ensure sufficient power of the Johansen procedure.

TABLE (2)

Lag	AIC	SC
0	-2.485340	-2.267649
1	-15.16707	-13.86092*
2	15.92078*	-13.52617
3	15.90297	-12.41991

COINTEGRATION

The next step in our empirical analysis is to test for cointegration. Since the variables are considered to be I(1), the cointegration method is appropriate to estimate the long run demand for money. The concept of cointegration is that non-stationary time series are cointegrated if a linear combination of these variables is stationary. The cointegration requires the error term in the long-run relation to be stationary. Suppose there are two variable Y_t ad X_t and both Y_t and X_t follows I (1) process, Still the linear combination $U_t=Y_t - \alpha X_t$ is I (0). If so, both Y_t and X_t are said to be cointegrated and α is the cointegrating parameter. The maximum likelihood approach to test for cointegration is based on the following system of equations

$$\Delta x_t = \pi x_{t-1} + \sum_{i=1} \pi_i \Delta x_{t-i} + \varepsilon_t$$

The number of independent cointegrating vector is equal to the rank of matrix π , If rank of $\pi = 0$; then π is a null matrix and equation turns out to be a VAR model, whereas If rank of $\pi = 1$, there is one cointegrating vector and πx_{t-1} is an error correction term. Johansen suggests that it can be done by testing the significance of characterizes roots of π .

Suppose that π is a 3x3 matrix and the ordered characteristics roots are $\lambda_1 > \lambda_2 > \lambda_3$

If rank of $\pi = 0$ then $\lambda_i = 0$; hence, $\ln(1 - \lambda_i) = 0$ whereas, If rank of $\pi =$ unity then $0 < \lambda_1 < 1$ and $\ln(1 - \lambda_1)$ will be negative and the rest $\ln(1 - \lambda_2) = \ln(1 - \lambda_3) = 0$

Johansen suggests two test statistics to test the null hypothesis that numbers of characteristics roots are insignificantly different from unity.

$$\lambda_{trace}(r) = -T \sum_{i=r+1}^n \ln(1 - \hat{\lambda}_i)$$

$$\lambda_{max}(r, r+1) = -T \ln(1 - \hat{\lambda}_{r+1})$$

λ_i = estimated characteristic roots or Eigen values

T = the number of usable observations

λ_{trace} test the null hypothesis

$r = 0$ against the alternative of $r > 0$

λ_{max} test the null hypothesis

$r = 0$ against the alternative of $r = 1$

The theory asserts that there exists a linear combination of this non-stationary that is stationary. Solving for the error term, we can rewrite the relation as

$$e_t = \alpha - \beta_0 \ln Y_t - \beta_1 \ln P_t - \beta_2 \ln r_t - \beta_3 \ln X_t \quad (3)$$

Since $\{e_t\}$ must be stationary, it follows that the linear combination of integrated variables given by the right hand side of must also be stationary.

JOHANNSEN COINTEGRATION RESULT

TABLE (3)

Sample adjusted 1973-2009				
Unrestricted cointegration Rank test (Trace)				
Null hypothesis	Eigen Value	Trace statistics	5 percent critical value	Porb.**
$r=0^*$	0.755347	102.8782	69.81889	0.0000
$r \leq 1^*$	0.446328	50.78548	47.85613	0.0259
$r \leq 2$	0.386113	28.91171	29.79707	0.0630
$r \leq 3$	0.210302	10.85775	15.49471	0.2204
$r \leq 4$	0.055735	2.121876	3.841466	0.1452
Unrestricted cointegration Rank test (Maximum Eigenvalue)				
Null hypothesis)	Eigen Value	Max-Eigenvalue statistics	5 percent critical value	Porb.**
$r=0^*$	0.755347	52.09276	33.87687	0.0001

$r \leq 1$	0.446328	21.87377	27.58434	0.2269
$r \leq 2$	0.386113	18.05395	21.13162	0.1278
$r \leq 3$	0.210302	8.735877	14.26460	0.3088
$r \leq 4$	0.055735	2.121876	3.841466	0.1452

(* denotes the rejection of the hypothesis at the 0.05 level. And ** are Mackinnon-Haug-Michelis (1999) p-values.)

The above table shows that the null hypothesis of no cointegration is rejected at the conventional level (0.05) and the study concludes that there exists a relationship among the proposed variables in the long run. Trace test indicates that there are two cointegrating vectors there, whereas Eigen value test indicates that there is at least one linear combination in the long run.

TABLE (4)

Normalized cointegration coefficients				
lnM	lnY	lnP	lnr	lnx
1.0000	1.985757 (0.15342)	1.282433 (0.10896)	-0.42314 (0.075)	-0.4782 (0.060)

The cointegration equation is depicted in above table which reveals that the income and price has a positive effect on the demand for money. On the other hand, interest rate and exchange rate has a negative. The income elasticity is 1.98 and showing significant, implying that in India, a one percent economic growth requires around 1.98 percent increase in the nation's money supply. Interest rate and exchange rate carries expected negative and significant coefficient.

THE DYNAMIC SHORT RUN RELATIONSHIP (VECM)

By specifying the long run demand for money in an error correction model, the short run as well as the long run effects of all right hand side variables in equation are estimated in one step, which is a major advantage that error correction modeling has in comparison to other estimation.

The dynamic relationship includes the lagged value of the residual from the cointegrating regression (ε_{t-1}) in addition to the first difference of variables which appear in the right hand side

of the long run relationship (y, p, r and x). The inclusion of the variables from the long run relationship would capture short run dynamics.

To start, we define the error correction term by

$$e_t = \alpha - \beta_0 \ln Y_t - \beta_1 \ln P_t - \beta_2 \ln r_t - \beta_3 \ln X_t \quad (4)$$

$\beta_0, \beta_1, \beta_2$ and β_3 are cointegrating coefficient $e_t =$ the error from a regression of M on y_t, p_t, r_t and x_t .

The ECM simply defined as

$$\begin{aligned} \Delta m_t &= \lambda_m (m_{t-1} - \alpha - \beta_1 y_{t-1} - \beta_2 p_{t-1} - \beta_3 r_{t-1} - \beta_4 X_{t-1}) + \varepsilon_{mt} \\ \Delta y_t &= \lambda_y (m_{t-1} - \alpha - \beta_1 y_{t-1} - \beta_2 p_{t-1} - \beta_3 r_{t-1} - \beta_4 X_{t-1}) + \varepsilon_{yt} \\ \Delta p_t &= \lambda_p (m_{t-1} - \alpha - \beta_1 y_{t-1} - \beta_2 p_{t-1} - \beta_3 r_{t-1} - \beta_4 X_{t-1}) + \varepsilon_{pt} \\ \Delta r_t &= \lambda_r (m_{t-1} - \alpha - \beta_1 y_{t-1} - \beta_2 p_{t-1} - \beta_3 r_{t-1} - \beta_4 X_{t-1}) + \varepsilon_{rt} \\ \Delta X_t &= \lambda_x (m_{t-1} - \alpha - \beta_1 y_{t-1} - \beta_2 p_{t-1} - \beta_3 r_{t-1} - \beta_4 X_{t-1}) + \varepsilon_{xt} \end{aligned}$$

Where, the elements of ε_t s are white noise errors and λ_s are speed of adjustment parameters and α and β are short run parameters. All the variable in the ECM are stationary, and therefore, the ECM has no problem of spurious regression.

TABLE (5)

Error correction	D(M)	D(Y)	D(P)	D(r)	D(X)
Coit Eq1	-0.048794	-0.090687	0.216132	1.930285	-0.355205
Standard error	(0.05300)	(0.06177)	(0.09236)	(0.42757)	(0.12612)
t statistics	[-0.92068]	[-1.46805]	[2.33998]	[4.51450]	[-2.81651]

The above table shows the speed of adjustment coefficients, which reveals that only three variables are adjusting. The adjustment coefficient on cointegration equation 1 for the price is positive, but quite rapid 9% per year. The adjustment coefficient for interest rate is showing negative, as it should not be, but both adjusting coefficient are showing significant. Similarly adjustment coefficient for exchange rate is showing negative, as it should be. But the estimated error correction model enjoys a very low goodness of fit ($R^2=0.345262$, $\text{adj } R^2=0.057177$). The empirical study is performed by using PC version of Eviews 6.0.

CONCLUSION

The study used five variables extracting 40 annual observations from 1970 to 2009. Since all the variables have unit root at levels the study utilizes Johansen-Juselius cointegration

analysis to test for the existence of a long run relationship between the variables. The cointegrating regression so far considers only the long-run property of the model, and does not deal with the short-run dynamics explicitly. For this, the error correction from the long run money demand is then used as a dynamic model to estimate the demand money demand. The trace test indicates that there are two cointegration vector is there, whereas Eigen value test indicates that there is at least one linear combination in the long run. The study concluded that the income and price has a positive effect on the demand for money. On the other hand, interest rate and exchange rate has a negative. The income elasticity is 1.98 and showing significant, implying that in India, a one percent economic growth requires around 1.98 percent increase in the nation's money supply. Interest rate and exchange rate carries expected negative and significant coefficient.

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EN-GOVERNANCE – A PARADIGM SHIFT IN CORPORATE GOVERNANCE

DR. A. ELANGO VAN*; MALA JAYASHREE J**

*Professor and Head,
Department of Commerce,
Periyar University,
Tamil Nadu.

**Research Scholar,
University of Madras,
Chennai, Tamil Nadu.

ABSTRACT

The current corporate activities damaged the fragile Environment. The fragile environment is undergoing unsustainable levels of stress from growing unsustainable activities of the corporate. Fast depletion of resources, shrinking of water bodies, desertification, air, water, soil pollutions, warming globe, acid precipitation, threats to ozone layer, accumulation of green house gases, desert consuming agricultural land, disappearance of rain forests, loss of species and climate change are some of the major environmental issues which really threatens the very survival of Trade, Industry and commerce. The unbridled access to the natural resources by the corporate is considered the primary sources of these environmental issues. The frame work used for decision making by the corporate caused an irreversible damage and a strong carbon print on the nature exposed the failure of the corporate not exhibiting the CSR with letter and spirit.

Corporate hardly included the Ecological Environment as one of its stakeholders in their decision making processes. Environment with full of resources sustains business Nature is the only source of supply for all the needs and wants of the creatures of this planet including the corporate. Disturbance in the supply chain will paralyze the life of this planet. The current corporate created many environmental problems particularly environmental conflicts. Corporate activities created a negative impact on the society and caused society unrest. The prospect of the investors, employees, public at large lies in the strength of the Environment. Therefore a paradigm shift in general practice of the present corporate governance should consider or include environment as one of the stakeholders.

The En-Governance refers Environmental Governance. The new En-Governance is expected to search new sustainability sources of gaining long term competitiveness by differentiation. For they are the opinion formers, these strategists stimulate the focus on environmental based corporate strategy adoption by investors and other financing players. It means learning how to manage environmental issues beyond law to regulation, complying and for more than environment reporting, marketing and communication.

KEYWORDS: En-Governance, Unsustainable, Unbridled Access, Social Responsible Investment (SRI), Stewardship, Depletion, Edifice, Fragile Environment, Ecosphere.

INTRODUCTION

Business houses are the basic cells of modern economic life. Their outstanding success in converting the resources of the earth into wealth has shaped the physical and social world. The downside of the story is that in popular perception, business houses have no use for ethics and values in the life. In fact, till the middle of the 20th century, the phrase “Business Ethics” was considered an oxymoron.

However, in recent times, there has been a lot of discussion on how corporate social responsibility (CSR) may be redefined – its legal obligations, its social commitments, and its duty vis –a-vis ecological and environmental protection.

The question is whether the role of the business organisations is confined to creating wealth for their owners , or is it more inclusive ,embracing the well- being of a wider spectrum of the stakeholders. Doubtless, the 21st century demands a new business economics, which warrants new corporate governance, both inside and outside the organisation. In other words, business corporations are obliged to subscribe in thought, word and deed to the long –term sustainability of this planet.

OBJECTIVE OF THE STUDY

Drawing resources by the corporate from the environment was consented by the society on the line that this act will meet the needs and wants of the people through converting resources into product and services. In due course, the corporate has taken this consent as granted and started over using the resources than it wanted. In the process of churning the wealth, they started overusing and misusing the nature’s resources which ultimately affected the great supply chain. The objective of this study is to look into failure of the current corporate governance and suggesting a model to redefine the corporate governance which should include environment as one of the stakeholders in all their decision making process.

THE FAILURE OF THE CURRENT CORPORATE GOVERNANCE

The governance adopted by the corporate hitherto aimed to create wealth and distribute a part of the wealth thus amazed to the stakeholders. In the process of creating wealth, the corporate used marketing as a Strategy to promote over consuming society which consumes the natural resources than the Nature’s capacity to renew. Corporate greed to the create wealth lead to fast depletion of natural resources which resulted into many environmental conflicts.

In the act of increasing their base- Product, Market, Finance and Technology-they had seen only one aspect i-e. How to strengthen these bases further? Corporate have completely ignored the other side of their game i.e. environmental degradation. There is a cloud over the functioning of business due to their unsustainable activities.

The planet Earth is a primary supplier of resources for human population and non- human population. The edifice of corporate stood upon this supply chain only. It is true that much of the corporate draws raw materials form forest, soils, seas and water bodies. The function of drawing

resources by corporate, resources supplied by nature should be a continuing phenomenon for infinite period for the benefit of the society. But, now there is a doubt over this vital function.

The earth's vital resources are shrinking to an abnormal level due to unsustainable economic development and corporate practices. The need for further development is likely to impose colossal burden on the Ecosphere. The present population needs two Earth's by the year 2030¹.

The current corporate activities damaged the fragile Environment. The fragile environment is undergoing unsustainable levels of stress from growing unsustainable activities of the corporate. Fast depletion of resources, shrinking of water bodies, desertification, air, water, soil pollutions, warming globe, acid precipitation, threats to ozone layer, accumulation of green house gases, desert consuming agricultural land, disappearance of rain forests, loss of species and climate change are some of the major environmental issues which really threatens the very survival of Trade, Industry and commerce. The unbridled access to the natural resources by the corporate is considered the primary sources of these environmental issues. The frame work used for decision making by the corporate caused an irreversible damage and a strong carbon print on the nature exposed the failure of the corporate not exhibiting the CSR with letter and spirit.

WHY IS EN-GOVERNANCE IMPERATIVE?

Current corporate governance is fully centred on wealth creation and profit making. In fulfilling these objectives, the corporate overdrawn the natural resources in the last 50 years which resulted into many environmental issues. Trade, Industry, Commerce, and consumer activity ends up in emission of Green House Gas (GHG) which is warming the globe, ultimately making a negative impact in setting climate.

Corporate hardly included the Ecological Environment as one of its stakeholders in their decision making processes. Environment with full of resources sustains business Nature is the only source of supply for all the needs and wants of the creatures of this planet including the corporate. Disturbance in the supply chain will paralyze the life of this planet. The current corporate created many environmental problems particularly environmental conflicts. Corporate activities created a negative impact on the society and causes society unrest. The prospects of the investor, employees, public at large are lies in the strength of the Environment. Therefore a paradigm shift in general practice of the present corporate governance should consider or include environment as one of the stakeholders. En-governance refers Environmental Governance. En-Governance should embrace the ambitions of sound environmental planning and appropriate polices to solve environmental conflict evolving appropriate measures to study social impacts and sustaining the business through establishing a harmonic relationship. It frequently causes severe problems for planning, decision-making and legal institutions, business development and local communities in which environmental, economic and social eliminations are in tension. The complex relationship between impacts and conflict affects a range of stakeholders, who may be on-site (local) off-site (regional, National, Global) or crucially they may lie in the future (a vital consideration when seeking Sustainable Development).

The new En-Governance is expected to search new sustainability sources of gaining long term competitiveness by differentiation. There are opinion formers and strategists who stimulate the focus on the environmental based corporate strategy adoption by investors and other

financing players. It means learning how to manage environmental issues beyond law to regulation, complying and for more than environment reporting, marketing and communication.

ENVIRONMENTAL GOVERNANCE-A MUST ADDITION IN THE CORPORATE STRUCTURE

There is a clear demand for approaches that can integrate stakeholders and evaluate multiple issues; interests and values into environmental decision making process. In particular, tools such as SIA (Social Impact Assessment) can be very valuable to those seeking to avoid reduce or mediate environmental conflict. Environmental mediation, conflict addressing, community development, impact assessment can be specially focused by developing a suitable organization Structure.

SIA plays an important analytical role in investigating optional impacts. As the approach includes interviewing and consulting members of the public, SIA may inform negotiations from the perspective of various stakeholders and help establish the validity of apparently conflicting issues. On the other hand, negotiations and mediation approaches may be used to solve potential social and environmental impacts that have already been documented through IA (SIA, EIA, and SEA). Thus, the potential for integrating conflict mediation practices with impact assessment deserves scrutiny.

ENVIRONMENTAL CORPORATE GOVERNANCE

A must addition of the following Structure in the existing organisation would make a drastic change in the corporate Governance in general and environmental Governance in particular. A company must have a robust governance structure to monitor and direct improvements in the environmental performance of their products and operations. This includes the following:

MAIN BOARD

The Main Board has responsibility for all environmental matters.

PRODUCT STEWARDSHIP BOARD

Product stewardship in the sense of industries who try to meet customer and public demands for new improved products but at the same time need to strive to reduce the health, safety and environmental risk posed by new as well as existing products.

It offers a forum to senior executives who are responsible for managing environmental and sustainability affairs at the strategic level and allows them to network and share experiences on issues related to environment and human health in order to help them improve their businesses¹.

The Board can discuss and exchange in the following:

¹ <http://www.conference-board.org/councils/councildetail.cfm?councilid=302>.

- Product risk management
- Regulatory advocacy
- Process development
- Value chain partnering
- Societal engagement
- Talent management

Chaired by the Director of Materials, it works towards eliminating materials and processes that are hazardous to health and the environment. In other words, scanning the entire process of product development by following cradle to create to grave approach(C to G) will help to achieve this objective.

HS&E COMMITTEE

The Health, Safety & Environment Committee (HS&E) is an expert working group concerned with promoting a balanced understanding of hazards and risks associated with chemicals². This committee can focus the following:

- Influence corporate policy and legislation on health, safety and the environment to ensure that they are based on sound science and in the public interest.
- Help to improve the public image of chemistry and chemists by improving public understanding of the risks associated with the benefits of chemicals.

The Health, Environment and Safety Committee, chaired by the Chief Executives, are responsible for developing strategy, setting policy and reviewing performance. It can support the Main Board in its corporate governance role.

ENVIRONMENTAL ADVISORY BOARD

The role of this Board is to review and make recommendations on the environmental aspects of the company's activities, including business, product and operational strategies. Board members are drawn from academia external organisations and are respected authorities in their fields.

The EAB can discuss on issues including solid waste disposal, recycling, pollution prevention, energy, green building, integrated pest management and air quality. The Board can

² <http://www.rsc.org/ScienceAndTechnology/Policy/EHSC/>

also provide advice to other boards and City Council concerning the effects on the physical environment of any proposed master plan or revision³.



SOURCE: SELF –DEVELOPED MODEL FOR EN-GOVERNANCE

ENVIRONMENT COUNCIL

Chaired by the Director of Engineering and Technology, its role is to direct the implementation of company policy on product environmental matters and to co-ordinate all related activities across the Group, Viz., conflict solving, Mediation, SIA, IA, EIA etc. EIA is a process that provides a framework for prioritizing, gathering, analyzing and incorporating social information and participation into the design and delivery of developmental interventions. It can ensure the following development interventions:

³ http://www.bouldercolorado.gov/index.php?option=com_content&task=view&id=508&Itemid=271

- a. Are informed and take into account the key relevant social issues? and
- b. Incorporate a participation strategy for involving a wide range of stakeholders⁴.

The corporate activities should take care about the Ecosystems and

Bio-diversity. A well defined Ecosystem and Bio-diversity governance is essential for the sustenance of business and eventually for the well being of all the creatures of this planet Earth. Building environmental and social safeguards into the internal and external governance will help reducing carbon emission in particular and carbon prints in general. The board also can have a comprehensive plan for energy consumption and energy saving.

SOCIAL RESPONSIBLE INVESTMENT BOARD

A separate team who are having very strong possible attitude towards environment shall be entrusted with the task of socially responsible investment. It refers as proceeds within the context of financial analysis, which takes into account social, environmental and ethical consequences when selecting, retaining or realizing investmentsⁱⁱ. In other words, it is an ethical investment following criteria in selection options not on the basis of return on investment but on non-financial and ethical objectives.

The SRIB can focus the following

- Create a climate of leadership for socially responsible investment.
- Establish a solid core of organisations and individuals who will robustly seek, define and enact socially responsible investment.
- Ultimately, create a new market for investors and investment in which socially responsible investment is assured.
- Promotes ethical, sustainable investment.
- Helps people and organisations to develop guidelines, investments and methods for socially responsible investment⁵.

CONCLUSION

Present corporate and its governance are partially responsible for environmental eroding. The policies pursued by the corporate truly helped the economic development but at the cost of loss of environment. Sustainable development cannot be achieved without sustenance of Natural resources. Therefore revisiting the policies practiced by the corporate is the need of the hour. Each and every policy of the company was to be viewed in the prism of Environmental protection because it is the basis for the prospects of Trade and Industry. Corporate Governance should give top priority for managing issues arising from Environment. Keeping the importance

⁴ <http://www.sasanet.org/documents/Tools/Social%20Impact%20Assessment%20Methodology.pdf>

⁵ <http://www.csri.org.nz/>

of the Environment, making necessary changes in the organisational structure and policies is the need of the hour. The newly created department in the organisation shall be responsible to evolve suitable policy measures in addressing various environmental issues and find a harmonic corporate and Nature relation to forward the philosophy of sustainable development.

i Times of India, Oct 14, 2010 p-3.

ii <http://www.conference-board.org/councils/councildetail.cfm?councilid=302>.

iii <http://www.rsc.org/ScienceAndTechnology/Policy/EHSC/>

iv http://www.bouldercolorado.gov/index.php?option=com_content&task=view&id=508&Itemid=271

v <http://www.sasanet.org/documents/Tools/Social%20Impact%20Assessment%20Methodology.pdf>

vi <http://www.csri.org.nz/>

RURAL MARKETS: THE UNTAPPED POTENTIAL (WITH SPECIAL REFERENCE TO CONSUMER'S PERSPECTIVE)

PARUL MARWAH*; DR VIBHUTI**

*Assistant Professor,
Raj Kuma Goel Instititue of Technology,
Ghaziabad.

**Professor,
Raj Kuma Goel Instititue of Technology,
Ghaziabad.

INTRODUCTION

"The future lies with those companies who see the poor as their customers."

- C. K. Prahalad

Since independence, India has gone through a lot of different phases. Gradually, it has taken control over all its problems and now India is going through its technology development stage in full swing. India is a country of diversified nature with 3/4th of the population living in villages. India is a country of diverse cultures, languages and rituals. In these circumstances it has become a challenge for manufacturers to differentiate their offerings according to the Indian market. The Importance of Rural India can be understood with the wording's of our Prime Minister Manmohan Singh who shared his vision for rural India as: "My vision of rural India is of a modern agrarian, industrial and services economy co-existing side by side, where people can live in well-equipped villages and commute easily to work, be it on the farm or in the non-farm economy. There is much that modern science and technology can do to realize this vision. Rural incomes have to be increased. Rural infrastructure has to be improved. Rural health and education needs have to be met. Employment opportunities have to be created in rural areas."

Driven by green revolution, rural population's purchasing power has grown tremendously over the years. Accordingly rural demand for industrial and urban related products is also growing. In this context, a special marketing strategy, namely, rural marketing has emerged. But often, rural marketing is confused with agricultural marketing. While latter denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers. 'Go rural' is the slogan of marketing gurus after analyzing the socio-economic changes in villages. The Rural population is nearly three times the urban, so that Rural consumers have become the prime target market for consumer durable and non-durable products, food, construction, electrical, electronics, automobiles, banks, insurance companies and other sectors besides hundred per cent of agri-input products such as seeds, fertilizers, pesticides and farm machinery. The Indian rural market today accounts for only about Rs 8 billion of the total ad pie of Rs 120 billion, thus claiming 6.6 per cent of the total share. So clearly there seems to be a long way ahead.

70% of India's population lives in 627000 villages in rural areas. 90% of the rural population is concentrated in villages with a population of less than 2000, with agriculture being the main business. This simply shows the great potentiality rural India has to bring the much - needed volume- driven growth. This brings a boon in disguise for the FMCG Company who has already reached the plateau of their business urban India.

As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. According to the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size India is expected to be double that of urban India.

	HOUSEHOLD	POPULATION	INCOME
RURAL	73.6	74.6	55.6
URBAN	27.4	25.4	44.4
ALL INDIA	100	100	100

Rural products of India are unique, innovative and have good utility and values. Large number of these rural products (like handicraft items, food products, embroidery, clothes & other products) sustains a significant segment of the population in the rural areas. Several attributes of rural products can be identified, for which, it has a demand in the market. Out of the lots, 'ethnic origin' and 'indigenous design & appearance' are two traits of rural products, attracting a premium in the market.

Products in local use are also not marketed horizontally; they often first travel down to market through a long chain of intermediaries and then up to more difficult locations in the rural areas. In the process, the people in rural areas suffer from both low prices as producers and high prices as consumers. In this conflict, rural products lose its equilibrium and the supply side becomes exponentially high. Because of this hazard, rural entrepreneurs face acute economic loss and rural markets become stagnant

ATTRACTIONS OF INDIAN RURAL MARKET

A. LARGE POPULATION

Indian Rural Population: 760 Million (Arx)	
FMCG SIZE OF RURAL MARKET	₹ 65000 CR.
DURABLES SIZE OF RURAL MARKET	₹ 5000 CR
AGRI INPUTS SIZE OF RURAL MARKET	₹ 45000 CR
TWO AND FOUR WHEELERS SIZE OF RURAL MARKET	₹ 8000 CR
MOBILE CONNECTIONS IN RURAL MARKET	₹ 1 MILLION

B. RISING RURAL PROSPERITY

Income Group	1994-95	2000-01	2006-07
Above Rs. 1,00,000	1.6	3.8	5.6
Rs. 77,001 – 1,00,000	2.7	4.7	5.8
Rs. 50,001 – 77,000	8.3	13.0	22.4
Rs. 25,001 – 50,000	26.0	41.1	44.6
Rs. 25,000 & Below	61.4	37.4	20.2

*Projections are based on 7.2% GDP Growth

C. GROWTH IN CONSUMPTION

States	Expenditure
Punjab	614
Kerala	604
Haryana	546

Rajasthan	452
Gujarat	416
Andhra Pradesh	386
Maharashtra	384
West Bengal	382
Orissa	381
Tamil Nadu	381
Uttar Pradesh	373
Karnataka	365
Assam	338
Madhya Pradesh	326
Bihar	289

❖ **DISTRIBUTION HOUSE HOLE INCOME WISE (PROJECTIONS IN CRORES)**

Income Groups	Total	Number	%	Total	Number	%
High	0.26	0.07	26.9	0.52	0.12	23.1
Middle	12.04	7.73	64.2	16.72	10.32	61.8
Low	5.7	5.09	88.7	3.68	3.52	95.7
Total	18.04	12.89	71.4	20.9	13.9	66.7

(For Year 2001-02)

(For Year 2006 -07)

(* Figures are in reference to the Rural Indian Consumer)

❖ **Spending Pattern (Rural House Hold in Rupees)**

Item	%	Rich	Poor	Average
Food Articles	44	147	73	95
Toiletries	20	67	33	43
Washing Material	13	43	22	28
Cosmetics	10	33	17	21
OTC Products	4	13	6	9
Others	9	30	15	19
Total		333	166	215

(*Average House hold spends on consumables excluding food grains, milk and vegetables are Rs. 215/-)

D. LIFE STYLE CHANGES

Goods	Upto 350	351 -750	751 - 1500	1501 +
Washing Cakes/ Bars	60	78	86	91
Toilet Soaps	57	72	89	93
Tooth Paste/ Powder	22	36	65	85
Talcum Powder	20	25	41	63
Tea (Packed)	22	30	48	64

(*Monthly House hold Income in Rs.)

E. LIFE CYCLE ADVANTAGES

Product	Urban	Market Growth Rate (in percentage)	Rural
Popular Soaps	Maturity	2	Growth
Premium Soaps	Late Growth	11	Early Growth
Washing Powder	Late Growth	6	Early Growth
Skin Creams	Maturity	1.1	Growth
Talcum Powder	Maturity	4	Growth

REASONS OF SHIFT TOWARDS RURAL INDIA

The Indian rural market has a huge demand base and offers great opportunities to marketers. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. The reasons for heading into the rural areas are fairly clear. The urban consumer durable market for products like color TVs, washing machines, refrigerators and air conditioners is growing annually at between 7 per cent and 10 per cent. The rural market is zooming ahead at around 25 per cent annually. "The rural market is growing faster than urban India now," says Venugopal Dhoot, chairman of the Rs 989 crore (Rs billion) Videocon Appliances. "The urban market is a replacement and up gradation market today," adds Samsung's director, marketing, Ravinder Zutshi.

CHARACTERSTICS OF RURAL CONSUMERS

- ✚ Rural areas generally have less pollution, less crime, and less stress than urban areas.
- ✚ People in rural areas have poor job opportunities than urban.
- ✚ Rural life is generally less exciting than urban life.
- ✚ The rural consumer is very conscious about getting value for money.
- ✚ He understands symbols and colors better, and looks for endorsement by local leaders or icons.
- ✚ He doesn't like to pay extra for frills he cannot use.
- ✚ He has his daily routine, and there is no sense of urgency in his lifestyle.
- ✚ He has a very high involvement in any product purchased.

- ✚ Divisions based on caste, community and other hierarchical factors exist in rural areas.
- ✚ The rural market of India is a geographically scattered market.
- ✚ Rural consumers continue to be marked by low purchasing power.
- ✚ Rural market is culturally a diverse and Heterogeneous
- ✚ There is also a great deal of difference between different states in extent of development.
- ✚ The rural consumers are marked by a conservative and tradition-bound lifestyle.
- ✚ The lifestyle of a sizeable segment of rural is currently going through the process of change.

CHARACTERSTICS AFFECTING BUYING PROCEDURE OF RURAL CUSTOMERS

- ❖ Age and life-cycle stage
- ❖ Occupation
- ❖ Economic situation
- ❖ Life-style
- ❖ Personality and self concept
- ❖ Psychological factors

(A) **AGE AND LIFE-CYCLE STAGE:** Buying is influenced by the age and life-cycle stages of people

(B) **OCCUPATION:** Evidently, the goods and services bought by a person are influenced by the occupation of the individual

(C) **ECONOMIC SITUATION:** The purchasing power of an individual is the prime consideration for markets. If the disposable income of an individual is high, obviously, he or she can buy a number of popular goods or a few expensive goods. Marketers have to find the income sensitivity of the goods and services they offer and make decisions like:

Today, sachets of shampoos, toothpastes, hair oils, skin creams, cough syrup and several other products tap the vast rural market. The small unit purchasing is convenient to rural customers who are mostly daily wage earners.

(D) **LIFESTYLE:** Lifestyle is a person's pattern of living. The pattern of living is determined by the activities, interests and opinions (AIO) of people.

- Activities ---- work, hobbies, shopping, social events, etc

- Interests ----- food, fashion, family, recreation, etc.
- Opinions ----- about self, society, government, business, etc.

(E) PERSONALITY AND SELF-CONCEPT: personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment. To relate personality to products people purchase, there are two aspects to be considered situation and person

(F) PSYCHOLOGICAL FACTORS: the three psychological factors, which help describe what goes on in the minds of consumers, have influence on his decision-making. There are

- Perception
- Cognition and
- Motivation

STRATEGIES FOR IMPROVING RURAL MARKETS

Considering the environment in which Indian rural market operates and other related problems, need of the hour is to evolve more effective strategies for rural marketing which would be in sync with rural physique. The strategies discussed here though not universally applicable depend upon product characteristics, the targeted segment of the rural market, the choice of the rural area and its economic condition.

Some of the typical characteristics which affect the rural market segmentation are land holding pattern, irrigation facilities, progressiveness of farmers, cropping pattern; mix of enterprise, education levels, proximity to cities/towns, sociological factors, occupation categories. Small and marginal farmers, agricultural laborers and artisans form the largest segment in rural market (about 2/3rd) where as rich farmers constitute about one third of rural market

➤ NEW PRODUCT DESIGNS

A close observation of rural household items indicates the importance of redesigning or modifying products consumed by rural population. The manufacturing and marketing companies can think in terms of new product designs like small packs (e.g. sachets) specially meant for rural areas keeping their lifestyles in view.

➤ BRAND NAME

The rural consumers being value for money customers are more concerned with the utility of the products. Being mostly semi literate, a brand name and/or logo which can be easily remembered is very essential for rural consumers.

➤ **PRICING STRATEGIES**

Pricing strategies are very much linked to product strategies. Some of these strategies are mentioned here.

A. LOW COST/CHEAP PRODUCTS

Pricing strategy for rural market will largely depend upon scope for reducing price of the product to suit the rural incomes and at the same time not compromising with utility and sturdiness of the product.

This is a common strategy being adopted widely by many manufacturing and marketing companies. Price point can be kept low by small unit packing.

B. AVOID SOPHISTICATED PACKING

Adopting cheaper yet durable & aesthetic packaging can bring down the cost, as it is presently being done in the case of biscuits. Some innovation in packaging technology is very necessary for rural markets.

C. REFILL PACKS/REUSABLE PACKAGING

Such measures have a significant impact on the rural market as it helps in reducing price. Packaging material used should preferably lend itself for reuse. An ideal example in this direction can be the packing of fertilizers. Now companies have started packing fertilizers in LDPE or HDPE sacks, which are not only tamper proof but also reusable for host of domestic chores.

D. APPLICATION OF VALUE ENGINEERING

This is a technique which can be tried to evolve cheaper products by substituting the costly raw material with the cheaper one, without sacrificing the quality or functional efficiency of the product, for example in food industry, 'soya protein is being used instead of milk protein. Milk protein is expensive while soya protein is cheaper but the nutrition value is same. This technique yields itself for application in many engineering or product designed areas so that the price can be kept at an affordable level.

➤ **DISTRIBUTION STRATEGIES**

Most manufacturers and marketing companies have distribution arrangement for village with a population of at least 5000 people. While it is -essential to formulate specific strategies for distribution in rural areas, the characteristics of the product, its shelf life have to be kept in mind. Distribution strategies that are specifically designed for rural areas are: through co-operative societies, public distribution system, multi-purpose distribution centers, distribution up to feeder markets/mandi towns shanties/hat/jathras/melas, agricultural input dealers etc.

➤ **PROMOTION STRATEGIES**

Mass media is a powerful medium of communication. It could be television, cinema, print media, and radio. Other means of mass media available are hoardings/wall paintings, shanties/hats/melas, non-price competition, special campaigns etc. Besides these, other mass media like hand bills and booklets, posters, stickers, banners of the schemes etc.

REASONS FOR IMPROVEMENT OF BUSINESS IN RURAL INDIA

- Socio-economic changes (lifestyle, habits and tastes, economic status)
- Literacy level (25% before independence – more than 65% in 2001)
- Infrastructure facilities (roads, electricity, media)
- Increase in income
- Increase in expectations

MART, the specialist rural marketing and rural development consultancy has found that 53 per cent of FMCG sales lie in the rural areas, as do 59 per cent of consumer durable sales, said its head Pradeep Kashyap at the seminar. Of two million BSNL mobile connections, 50 per cent went to small towns and villages, of 20 million Rediffmail subscriptions, 60 per cent came from small towns, so did half the transactions on Rediff's shopping site.

CONCLUSION

Consumer is the basic foundation of every business. What consumer sees, thinks prefers and buys is of great importance to marketers to fine tune their marketing offers and achieve high level of consumer acceptance and satisfaction. The emergence of rural market as a viable proposition has sparked a new interest among marketers to explore and understand them. The 'Go Rural' mantra is the need of the hour for most of the companies to survive for a longer time in the competitive market scenario.

For decades, MNCs have sold modified products in India, a process widely recognized as globalization. This strategy worked reasonably well with the more affluent urban consumers whose behavior is somewhat similar to Western consumers. With growing rural purchasing power and the three times larger population than urban, companies will need to develop appropriate products for this market. The globalization or minor modification will not work as rural consumers are very different.

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RECRUITMENT PROCESS OUTSOURCING IN INFORMATION TECHNOLOGY INDUSTRY

RAVI KUMAR GUMMADI*

*Associate Professor,
Sree Chaitanya P.G. College,
Karimnagar.

ABSTRACT

Outsourcing has been around for over twenty years and is still growing, while outsourcing of recruitment is a relatively new phenomenon. Organisations outsource primarily because of the cost benefit and time saving, since there are also several reasons to outsource, there are also several types of outsourcing.

Business process outsourcing is when an organisation outsources a whole business process such as Human Resources, which Recruitment Process Outsourcing (RPO) is a part of. Recruitment Process Outsourcing is a process used to increase organisation's efficiency through managerial time saving, moving the recruitment process to external recruiting agencies providing trust and the proper competitive expertise needed.

RPO is the outsourcing of all or part of the recruiting process to an external business provider. The service provider may act as a virtual recruiting department for the company by providing all of the skills, technologies and activities needed for recruiting or may provide only select components and processes within the recruiting cycle.

This paper explores the history of RPO, the industry and market trends driving RPO, the challenges and benefits of RPO and guidelines for planning and implementing a successful RPO program.

KEYWORDS: Business process out sourcing, RPO, HR, Recruitment Process Efficiency, Industry Drivers.

INTRODUCTION

RPO is a specialised service that allows clients to outsource some or all of the recruitment function. An RPO provider leverages the combination of strategy, technology, resources and vendor management to improve the recruitment process. Operating as the client's internal recruitment function and strategic partner, the RPO provider will work closely with the client to improve the recruitment efficiencies of quality of hire, speed of delivery and cost containment. Improvements measured and monitored through real-time metrics are then tied to strict service level agreements. The client's goal is to select a world-class RPO partner that continuously recognises and delivers best practices to tactically elevate the client company's internal processes and to promote the company as an employer of choice.

Full-service RPO runs the gamut from finding the candidate to hiring a new employee and almost everything in between. HRO Today defines recruitment process outsourcing services to include:

SOURCING

SCREENING

- Testing
- Interviewing
- Background checks and drug testing

HIRING

- Coordinating the offer letter
- On- boarding
- Maintaining applicant tracking logs, requisition, and candidate files
- Reporting
- Training 1

THE HISTORY OF RPO

Traditionally, recruiting has included the use of internal recruiters, external recruiting agencies and other external resources such as newspapers and internet sites. Information Technology companies have been utilizing temporary placement and executive search firms to supplement their recruiting efforts for decades, but the concept of true recruitment process outsourcing did not emerge until the mid 1990s. Many believe that the creation of recruitment process outsourcing was the result of the shortage of skilled labor created by the dot-com boom combined with the proven cost savings of other forms of business process outsourcing.

The first RPO programs were primarily project based. RPO providers demonstrated their value proposition by focusing on attracting more talent per recruiter than their client's in-house recruiting staff. This led to annual contracts for all recruiting. These one year contracts led to three year contracts. Today, seven to ten year RPO contracts are not uncommon.

In 2006, the Recruiting Roundtable polled 163 recruiting executives from large organisations to determine how many recruitment processes were outsourced to a third-party. Although just 4.3 percent of responding organisations reported that the vast majority of their recruitment processes were outsourced and roughly 20 percent reported that they do not outsource at all, nearly three-quarters of organisations reported a portion of their processes were outsourced.

THE RISE OF RPO

RPO offers a number of distinct advantages. First, an RPO partner can greatly expand the size and quality of the candidate pool because of its singular focus and wider reach. RPO can also significantly shorten the cycle time to fill positions, often at reduced cost. As the client's needs change, the RPO program can also be modified, refocused, expanded or scaled back. Furthermore, because of its efficiency and focus, candidates frequently have a better experience as they feel more informed about their positions and have a better understanding of job expectations in order to make an immediate performance impact.

WHAT'S DRIVING THE RPO EVOLUTION?

RPO has become one of the most dynamic and rapidly growing practices in HR Today. In a highly competitive and constantly evolving labor market, RPO is redefining the hiring process and streamlining the HR functions at many Information Technology companies. There are many factors, both internal and external that are driving this RPO evolution, including:

RPO DRIVERS

INTERNAL

- Information Technology companies are facing challenges finding quality candidates
- Hiring managers' roles & responsibilities have expanded & resources are needed to free up their time
- HR departments are having difficulty producing a large enough talent pool to accommodate growing talent needs
- Organisations are finding it harder to attract & retain talented recruiters with business & industry expertise
- HR is encountering demanding hiring managers that expect candidates quickly & within a reasonable budget

EXTERNAL

- Supply/demand shifting for candidates with specific skills
- Millions of people will exit the labor pool by 2014
- 19% of all executive, managerial & administrative personnel will retire within three years
- Predicted shortfall of 3-6 million workers within five years

INDUSTRY DRIVERS FOR RPO

Recent research found that 86% of HR executives surveyed identified their greatest challenge as maintaining their company's ability to compete for top talent. The ability to hire the right people at the right time is a key factor in the success of any organisation. In today's market, workers are fluid, the use of contract and part-time labour is on the rise, and unemployment is low. These factors have led to a war for talent. Information Technology companies are feeling pressure to find faster and easier ways to attract secure and keep talent.

According to a survey many Information Technology companies are finding that their current recruiting processes are not sufficient for meeting their talent goals. The top five challenges in talent acquisition were listed as:

- Inefficiency, cost or lack of timeliness in managing the sourcing process
- The lack of online assessment tools for skills
- The inability to assess candidates for skills and attitudes
- The need to cut back on expenses and
- The lack of a hiring management system

The industry trends that have led to a war for talent and the lack of adequate resources for recruiting are leading organisations to ask if someone else can do it better, cheaper and faster.

BENEFITS OF RPO

A recruitment process outsourcing program that is properly planned and managed will provide several benefits. First, it will increase the efficiency of the recruiting process and the quality of the talent found while simultaneously decrease recruitment costs. It will also reduce the risks associated with recruiting while freeing resources to focus on strategic HR functions.

RECRUITMENT PROCESS EFFICIENCY

As recruitment process experts, RPO providers use their infrastructure, technology, and expertise to reduce hiring cycle times.

TALENT QUALITY

A strong RPO provider utilizes proven talent attraction and screening strategies and tools in order to provide quality talent. Many RPO providers are experts in talent acquisition. They have years of experience in quickly reducing a large list of candidates to the top three to five, and then to the best possible candidate for a given position. Using a rigorous selection and screening process, an RPO partner can screen out potentially low-performing candidates.

RECRUITING COSTS

RPO providers are able to lower the costs associated with recruiting through the use of technology, process improvement, and by leveraging their recruiting dollars across clients.

Current data suggests an RPO partner can help organisations reduce overall hiring costs by 10 to 30 percent.

RECRUITING RISK

There are a number of laws that employers must follow when hiring employees. Generally speaking, these laws prohibit discrimination in employment decisions based on race, color, religion, sex, age, ethnic/national origin, disability, or veteran status. The increase in the use of internet recruiting has led to the new OFCCP Internet Applicant Recordkeeping Rule which requires Information Technology companies that work with government contracts to solicit race, ethnicity, and gender data from all individuals who are ‘applicants’ for employment and to maintain records for all applicants. A worthy RPO provider monitors the legal environment in order to stay in compliance with all of the regulations that relate to recruiting by following standard and compliant recruiting processes.

OBSTACLES TO RPO SUCCESS

THE WRONG APPROACH

Information Technology companies as well other companies often make the mistake of including only the most senior stakeholder in RPO planning because they view RPO as traditional recruiting done by a third party. This can lead to change management issues. Those that are a part of the recruiting process but were not included in the planning process may resist the change. This decreases the commitment of those affected by recruitment decisions - those who ultimately work with or manage new hires. Including all who will be affected by the change in the goal setting and decision making processes will help to ensure their commitment to the project.

LACK OF COMMITMENT

A successful RPO engagement requires a great deal of discovery, analysis, process definition, and planning. A lack of commitment may result in a plan that does not include steps for optimising the recruiting process, shifting risk to the provider or change management. The plan must include the project goals, the steps to reach those goals, the recruiting process, an internal marketing plan that includes communication and training as well as guideline for measuring success,

POOR COMMUNICATION

When communication is lacking, those employees who are actually charged with making the RPO process work create their own plans that may not be consistent with the company’s

recruitment outsourcing goals. Communication needs to be frequent, clear and driven from the top down.

WE VS. THEY MENTALITY

In order to be successful, the relationship with the provider needs to be a true partnership not competition. In-house recruiters and HR staff members may feel threatened or believe that their jobs are in jeopardy. Others may feel that the new process will add to their workload rather than reduce it. Competition between the HR staff and the RPO provider leads to a competitive disadvantage in talent acquisition. Including everyone who will be affected by the change in the planning will help set the stage for a true partnership.

PROCESS BOTTLENECKS

The primary goal of RPO is to increase the number of qualified candidates available to the client. Internal processes that are inefficient or outdated will prevent the organisation from achieving its goal of a more efficient, cost effective recruiting process. A successful RPO plan includes not only those recruiting processes that will be outsourced, but every process in the recruiting lifecycle.

POOR SELLING AND BRANDING

In order to win today's talent war; an organisation must develop a strong employment brand. Today's candidates consider more than just the position when looking for employment. They look at employee retention rates, the social responsibility of the company and reputation of the organisation. In order to be successful, the RPO provider needs to have the knowledge and tools to sell the company's employment brand.

LACK OF BASELINE DATA

In order to set service levels and measure the success of your RPO program, you need to know where you started. Most organisations lack meaningful data about the cost of their recruiting efforts and consider RPO an additional cost. Without reasonably accurate data tied to common benchmarks, it's extremely difficult to determine the cost of an organisation's recruitment effort.

OVERCOMING THESE OBSTACLES

An organisation can overcome these obstacles or avoid them all together by knowing their current state and creating a solid plan for RPO. The current state includes the level of executive support and commitment, the business case for RPO, areas of internal resistance and solid baseline data. The plan for RPO starts with the goals of the program and includes the effort required to meet those goals and the metrics for measuring success.

RPO PROVIDERS

Recent buyer sentiment surveys rank recruitment as an HR function high on the list of likely functions to outsource, yet of all the outsourced HR services, it has the lowest customer

satisfaction. Much of this dissatisfaction can be attributed to unclear goals for the outsourcing program.

The first step in selecting a RPO provider is defining your RPO needs. Keep in mind that RPO is defined as the outsourcing of some or all recruiting tasks. The services provided by RPO companies range from strategic to administrative and almost always include the sourcing of candidates. Few providers excel in all areas of the recruiting process. When checking references for potential providers, ask about their performance in each of the areas that you are planning to outsource. When evaluating RPO companies, ask the following questions:

How did your company begin?

- What services were included in your initial offering?
- What services have been added and how were they added?

How many clients are using each of your services and how large are those clients?

What will you do to help us meet the goals outlined in our plan?

How will you adjust your services as our organisation grows and changes?

How will you track and report on KPIs?

What level of experience will the resources dedicated to our organisation have?

What can I expect in terms of Returns on investment?

Can you provide references for clients with solutions similar to the solution you will provide for our organisation?

What service level guarantees will you give us? Will you agree to financial penalties for not reaching service levels?

What technology do you use? How is it supported? Will you allow us to evaluate your technology?

METHOD OF RECRUITMENT ADOPTED

To get the right blend of candidates for any organisation there are different methods of Recruitment. By adopting them the job of the organisations will be made simple to pick the right candidate for the job. The different methods of Recruitment adopted by Information Technology companies are;

- a. Direct Method is used by sending its HRM personnel to educational and professional institutes, Employee contacts with public.
- b. Indirect Method is used by giving advertisements in news papers, web sites,

radio, trade and professional journals.

- c. Third Party Method (Recruitment Process Outsourcing) is used wherein commercial/private employment agencies, stage agencies, placement offices, recruiting firms, management consulting firms, friends and relatives are contacted when ever Recruitment and Selection is needed
- d. All the above listed methods of Recruitment.

The details of different methods of Recruitment adopted in select units are presented in the table 4.12

TABLE 1
KNOWLEDGE OF METHOD OF RECRUITMENT ADOPTED BY SELECT UNITS

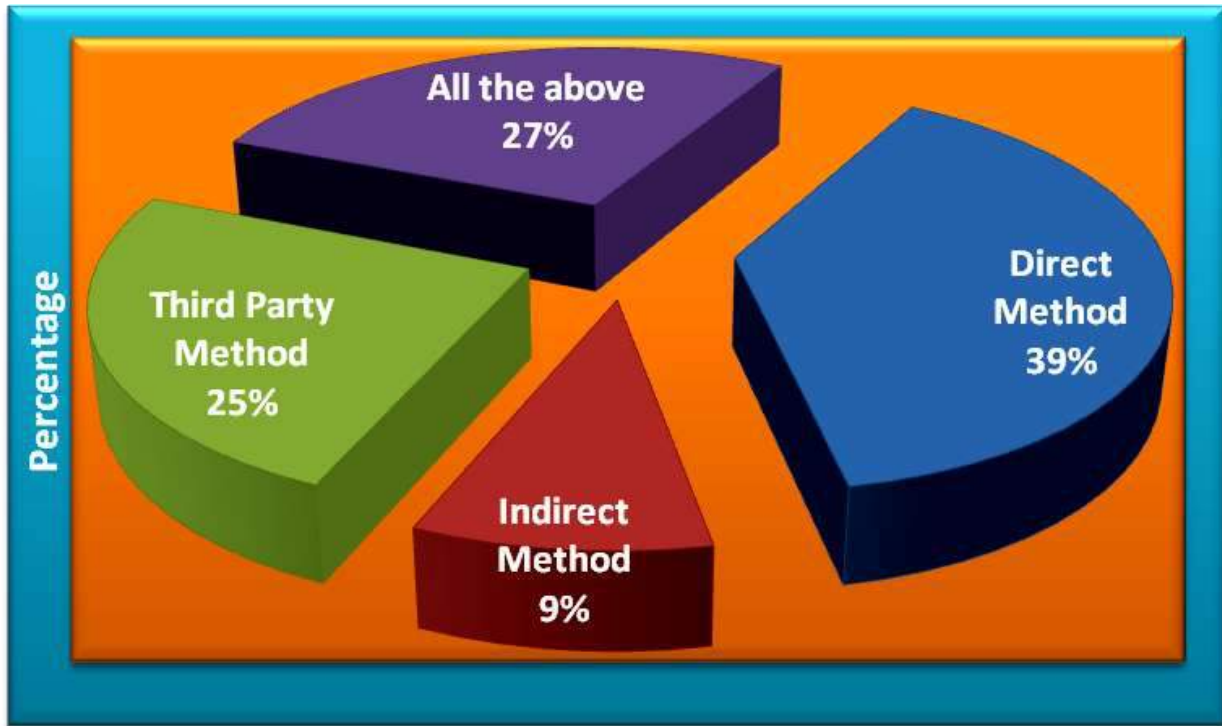
Methods	No. of respondents	Percentage
Direct Method	58	38.67
Indirect Method	14	9.33
Third Party Method (Recruitment Process Outsourcing)	37	24.67
All the above	41	27.33
Total	150	100

The above table states that, 38.67% of respondents said the method of recruitment adopted is direct method, 27.33% of respondents said it is by all the above listed, 24.67% of respondents opined that the Information Technology companies followed third party method and 9.33% of respondents said it is by Indirect method.

The details are also presented with the help of a pie diagram and the details are shown in Figure 4.12

CHART.1

KNOWLEDGE OF METHOD OF RECRUITMENT ADOPTED BY SELECT UNITS



It is understood from the study that a majority of respondents i.e. 38.67% said the method of recruitment adopted is direct method. Hence, among all the methods of Recruitment used in the organisations, 'Direct method' is considered to be more effective and powerful in comparison with other methods used for Recruitment in the organisation. It implies that Information Technology companies prefer to go for direct recruitment of staff through placement through programmes organised directly by the firms. Employee's contacts with public are also used and their referrals are taken for recruitment of the staff.

CONCLUSION

In order to remain competitive in the talent war, Information Technology companies must continuously strive to improve their talent acquisition and talent management processes. Working with the right RPO provider can help an organisation acquire quality talent quickly while managing recruiting costs. A successful RPO program requires a comprehensive plan, executive level support, commitment from the HR staff and hiring managers, a worthy partner, and the flexibility to change with changes in the talent market. Although the use of RPO is a growing trend, particularly in IT as well in ITES sectors it is no different with other sectors, it is still only partially understood.

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SPORT AS AN INSTRUMENT FOR SOCIAL COHESION IN NIGERIA

SIR JEROH*; ERUTEYAN JOSEPH**

*Senior Lecturer,
Department of Physical & Health Education
Delta State University,
Abraka, Nigeria.

**Senior Lecturer,
Department of Physical & Health Education
Delta State University,
Abraka, Nigeria.

ABSTRACT

The paper looked at the various roles sport could play in bringing about social cohesion in Nigeria. This was viewed from the perspective of benefits of sports to the society, schools, social significance of sports. The dark side of sport was also periscoped into. It was concluded that sport can provide opportunities to co-operate with others to achieve goals, make friends and straighten relationships with others, etc. It was recommended that governments from federal to local should encourage mass participation in sports by providing sports infrastructures nationwide. Physical and sport education should be mandatory at all levels of education.

KEYWORDS: Meritocratic, Federal character, Chauvinists, Social transformation, Over-aged, Role Learning.

INTRODUCTION

From the onset, it might seem unnecessary defining sport because through experience and intuition most people already know what the word means. For the purpose of this discourse there is the need to know the meaning of sport as seen by many scholars. Loy (1978) claimed that sport must have five characteristics. It must:

- a) be play like in nature;
- b) involve some element of competition;
- c) be based on physical prowess;
- d) involve elements of skill, strategy, and chance; and
- e) have an uncertain outcome.

Snyder and Spreitzer (1989) defined sport as competitive human physical activity that is governed by institutional rules. Vander Zwaag (1998) averred that “sport is a competitive physical activity, utilizing specialized equipment and facilities, with unique dimensions of time

and space, in which the quest for records is of high significance.” Coakley (2001) on the other hand opined that “sports are institutionalized competitive activities that involve rigorous physical exertion or the use of relatively complex skills by participants motivated by personal enjoyment and external rewards.

The broadest definition of sport was provided by Pitts, Fielding & Miller (1994) who stated that sport is any activity, experience, or business enterprise focused on fitness, recreation, athletics or leisure. They felt that sport does not have to be competitive, nor does it always require specialized equipment or rules. To them sport includes activities such as working out, running and dancing. To Park and Quarterman (2003), sport includes an expansive variety of physical activities and associated business endeavours.

From the foregoing definitions the author looks at how sports can be used as an instrument for social cohesion in Nigeria. This aspect is discussed under:

- a) Social significance of sports;
- b) Benefits accruing from sports to the society; and
- c) The dark side of sport.

At the end of the discourse a stand will be taken as to the relevance of the title which essentially comes under the terrain of sport sociology which Coakley (2001) saw as a “sub discipline of sociology that studies sports as parts of social and cultural life”.

SOCIAL SIGNIFICANCE OF SPORT

Many scholars regard sport as a social institution that faithfully teaches and reinforces esteemed societal values, thereby contributing to socializing athletes into major cultural, social and behavioural patterns of the society in which they live. Eitzen and Sage (1997) said that in this way sport contributes to the development, stability and future progress of the particular society.

Sports seem to play a dominant role in almost every aspect of our daily lives. An attestation to this claim is the vast resources both financial and material invested in sports. A case in point is the 2010 World Cup in South Africa. The sport and fitness industry has an enormous economic impact on the Nigerian society with respect to discretionary spending alone. Billions of naira are spent annually on sports goods and television rights and coverages / patronage.

Sport is believed to be meritocratic because persons with talent, regardless of social background, are upwardly mobile. Irrespective of educational background we are all living witnesses to the exploits of Nigerian footballers particularly in Europe and Asia. Through sports they have become millionaires and role models (Jeroh, 2008). Sportsmen / women play a central role in our society particularly the attention they receive which shine a spotlight on many of our nation’s social ills like impatience and unforgiving spirit which was displayed by a Nigerian player who was redcarded during the group stage match between Greece and Nigeria in the 2010

World Cup in South Africa. Nigerians knew what this unforgiving spirit caused the country. This action of the player is a carbon copy of religious intolerance in some parts of the country. Sports can help to maintain and shape many cherished societal values such as loyalty, respect for authority, honesty, hard work, self – discipline, sacrifice and reliance and a commitment to one’s self and others.

BENEFITS OF SPORTS TO THE SOCIETY

One of the benefits is that of a socializing agent. Sports play a significant role in the socialization process which Kane (2003) regarded as the various ways in which a society’s dominant values, attitudes and beliefs are passed down from generation to generation. A major component of the socialization process is role learning which means that young children learn to think and behave in accordance with the multiplicity of social roles available to them (Greendorfer, 2001). A social role is learned when an individual is exposed to a variety of stimuli and reinforcers from meaningful people (e.g. parents, peer group, coaches, teachers and professional athletes) who influence and have meaning in their social world.

Because many of us are socialized into play, sport and physical activity at an early stage, they become an important incubator for mastering such roles as responsible neighbour, productive student and co – workers, loyal friend and companion. Many studies have revealed the positive effects of sports as a socializing agent (McPherson, Curtis & Loy, 1989).

Coakley (2001) argued that the socialization aspects of sports can be so far reaching that they affect even those individuals who do not actively participate. For instance, spectators learn about the values and attitudes the society has toward a whole host of issues ranging from respect for authority to teamwork and to notions of citizenship. With this in mind, it is easy to understand how involvement in sport – whether as participants or spectators – can influence a wide variety of individuals to think and behave in ways that enable them to contribute to the larger social agenda.

Another benefit accruing from sport is the unification of a people. Sport can bring people together by giving them a sense of personal identity, as well as feelings of group membership and social identification (Coakley, 2001). It seems apparent that few (if any) institutions have the ability to bringing people together the way sport does. Nigerians irrespective of education, occupation, tribe or religion unite to back the super eagles once there is any major competition. The quest to qualify for the 2010 World Cup in South Africa is a case in point. In spite of all the brouhaha in the country courtesy of deregulation of the downstream sector of the oil industry, the 8th All African Games “Abuja 2003” brought the nation together in unison to support Team Nigeria (Jeroh, 2008). The same fervour is on now as Nigerians await the last group match against Guinea for the 2012 Africa Cup of Nations in Equatorial Guinea and Gabon.

Interschool sports competition is a means of unifying the entire school. Different races, social classes, fraternities, teachers and students unite for a common cause – the defeat of a common enemy outside the group. Potentially hostile segments of the school are often kept from fragmenting the school by athletics. Schools morale can also be lifted through the collective following of an athletic team, thereby serving to unify the school. Teams representing a school

provide a rallying point for persons who though otherwise be only loosely identified with the school (Jeroh, 2008).

Sports can also be used for community development and peace building. On the international scene, President Nixon of the United States used table tennis to mend diplomatic relations with China. Back home, one of the things that contributed greatly to reconciliation after the three years civil war between Nigeria and “Biafra” was sports (football). This was evident when Enugu Rangers Football club stormed Lagos for the Nigerian Challenge Cup in 1970.

We can use sports as a vehicle for social transformation. As a matter of fact, sports can help us overcome injustice, prejudice and oppression. Structured and reinforced with appropriate social values the sport experience can instill individuals and corporate bodies with a strong desire and commitment to make significant contributions to their society. The role of GLO and MTN Communication Networks in the promotion and sponsorship of sports is a clear testimony.

It has been pointed out that sport, because of its enormous visibility and popularity, frequently serves as a catalyst for protesting society’s ills and bring about significant social change (Kane, 2003). An example to buttress this assertion was the “Black power salute” of Tommie Smith and John Carlos during the victory ceremony at the 1968 Mexico Olympics to protest the injustices faced by African Americans which “revealed the hypocrisy of America as the land of the free”. Gettings (2002) pointed out that their protest represents not only one of the most memorable moments in Olympic history but a milestone in the civil rights movement.

Back home in Nigeria, Kadiri Ikhana, an accomplished football coach once berated club owners and managers of influencing referees to win the National League and go on to represent the country in the African Champions Cup with no visible results. Though, it did not go down well with the many Nigerians, nevertheless, it cast a gloomy image on Nigerian referees on the international scene. How many FIFA – badged referees have been invited of recent to handle international matches? Even when Nigeria hosted WAFU competition in 2009, no Nigerian referee was at the centre in the four venues. What a shame. A former national footballer and football administrator, Adokie Amasiemaka condemned cheating in age – grade football by our football players during the 2010 under – 17 FIFA competition for boys hosted by Nigeria.

It can be inferred that the use of over – aged footballers has affected negatively the performance of our senior national team. We “do well” at the junior levels. Why can’t this translate to excellence at the senior stage?

Another way sport can bring social cohesion is the tremendous role it plays in economic empowerment. Without sport, particularly football, the army of unemployed youths nationwide would have been unbearable. Soccer has taken many youths from the labour market. There are over 40 clubs in the Nigerian professional football league and if every team has at least 25 players, that gives a total of 1000. This is just football. Other sports like basketball, hockey and track and field are there. The various Sports Commissions in Nigeria have “programmed athletes” under their employment. Through football, Nwankwo Kanu has been able to establish a Heart Foundation that has catered for the medical bills of some children with heart – related diseases in far way India and Europe.

THE DARK SIDE OF SPORTS

The various way sports can be used to produce highly beneficial outcomes to the society and individuals have been discussed. This does not mean that participation in sports results only in good things. It is becoming increasingly apparent that sport involvement can have a darker side as well (Kane, 2003). The dark side is discussed under:

(A) SEXISM IN NIGERIAN SPORT

In the wake of the modern feminist movement begun in the early 1970s, a number of women roles expanded into the areas traditionally occupied by men; the world of sport was not exception. In 1972, Title IX of the Education Amendment Act was passed in the United States. It was designed to prohibit sex discrimination in educational settings (Masteralexis, 1995; Brake, 2001). Since its passage and implementation, enormous changes in the world of women's sports have taken place. Many women now participate in a variety of sports in the United States.

This position is not different in the Nigerian scene as Nigeria sport does not have an admirable history in terms of equal opportunity and access for girls and women. For a very long time women did not show up in sports as they were derided that their functions should not go beyond the kitchen. There is definitely no sex equity in Nigerian sports administration. Discrimination stares all in the face. The picture of women in administrative positions is bleak. We need to count the number of women in administrative positions in sports in the country. We are yet to see a woman director of sports in our State Sports Commissions / Councils and the universities. Now that we even have a woman as the head of coach of the Super Falcons (the Nigerian Senior Female Football Team), the male chauvinists want her removed because Nigeria failed to qualify for the 2011 All African Games in Maputo. Nigerians have suddenly forgotten that it was this same woman coach who led the Super Falcons to reclaim Nigerian pride in African Women Soccer in Angola in 2011. The first ever gold medal at the Olympics was won by a lady (Chioma Ajunwa) at the Atlanta Olympics of 1996 yet we continue to discriminate against the women folk.

(B) MEDIA COVERAGE

The Nigerian media has not been fair to our girls in their coverage. In spite of the remarkable achievements made by our ladies, the media portrays them with images that highlight their femininity and physical attractiveness. The media sees only the bad side. Remember how they "crucified" our ladies who tested positive to banned drugs in the last Commonwealth Games in India.

The amount and type of media coverage that sportswomen receive is not a trivial matter. Kane (2003) asserted that by creating the impression that females are largely (if not mostly) absent from the sporting scene and by treating the female athletes we do see and read about in ways that denigrate them and their athletic endeavours, the media marginalizes women's sport involvement. This in turn denies them the status, power and prestige that are routinely given to male athletes. Why are females treated in this manner?

(C) FEDERAL CHARACTER

Another bad aspect in Nigerian sport is that devil called “federal character.” Some shameless sports administrators had insisted on team selection based on quota system or federal character instead of proficiency or excellence. One sees nothing wrong or bad if a team in football or any other sport is picked from one or two states as long as the team produces the desired goal which is victory.

(D) VIOLENCE/DRUG USAGE

The Oxford Advanced Learner’s Dictionary (7th ed) defines violence as a violent behaviour that is intended to hurt or kill somebody. Violence has of recent crept into the sport scene particularly in football. There are many reported cases of supporters of clubs engaging in violence. A glaring case is that between supporters of Baylesa United Football Club and Ocean Boys Football Club all in Bayelsa State in 2010. No cogent reason was given for this detestable action. Another reason why violence persists is the win – at – all – cost syndrome in which officials cut corners to ensure victory. Some football clubs have been banished from their home bases in the Nigerian Premier League to play their home matches on neutral grounds.

Drug use is something that has just crept into the Nigerian sport industry. There is growing concern over the use of products called “health supplements” (containing ingredients such as ephedrine and creatine). They can enhance performance, but also carry health risks (Green, and Uryasz, 2001). Nigeria was stripped of some gold medals in the 2010 Commonwealth Games in India because some of her athletes tested positive to banned drugs.

(E) CORRUPTION

Odeyemi (2009) saw corruption as the use of public office for private gain. He said corruption comes in many shapes and forms which include bribery, extortion, fraud, embezzlement, misappropriation, theft, forgery, age falsification, use of mercenaries, etc. All these aspects are present in the Nigerian sport scene.

Nigerians have accused the football sector of using over – aged players in age – grade football. This had earlier on been mentioned in this discourse. The cash for vote otherwise known as “Adamugate” is fresh in our memories. A Nigerian FIFA Executive Member was accused of taking bribe to influence the hosting of the World Cup in 2014. At the last World Cup finals in South Africa, Nigerian officials were accused of settling for a sub – standard hotel to accommodate our players. Much money was claimed to have vanished from the coffers of the Nigerian Football Federation.

The high turnover of corruption in the sport industry is capable of seriously undermining the growth, development and high performance of our athletes (Odeyemi, 2009).

CONCLUSION AND RECOMMENDATION

Though the issues outlined under the dark side of sports represent some of the most problematic aspect of sports, it is equally true that sport can help us overcome injustice,

prejudice and oppression which will eventually create a more socially cohesive nation. Sporting activities have gone beyond the simple notion of keeping the body fit and healthy and have become substantial instruments in international political issues. Sport has been a useful instrument for keeping the country together despite glaring political, religious and ethnic differences. Sport can provide opportunities to play and have fun, promote socialization by introducing rules to be followed, co-operate with others to achieve goals, make friends and strengthen relationships with others, earn an income, experience pride, learn how to respect others etc. All these are tenets of social cohesion.

It is the recommendation of the author that there is need for all governments from federal to local to encourage mass participation in sports by providing sports infrastructures in all the nooks and crannies of Nigeria. Physical and sport education should be made compulsory at all levels of education because the products constitute the plural publics.

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FDI IN CIVIL AVIATION: NEED AND IMPACT ANALYSIS

PREETI SHARMA*

*Teacher,
CHIREC Public School,
Hyderabad, Andhra Pradesh, India.

ABSTRACT

All-round economic development and prosperity in the developed and fast-developing countries in all around the world, have now made the aviation sector rather large, sophisticated, and open to foreign investors, in most of these countries. Both domestic and international air travels and tourism have now much more increased and enriched, in most of such countries. USA, China, India, Brazil, etc., are some of these countries. In this article we will especially deal with the aviation sector of India. Presently, the aviation market of India is the ninth biggest aviation market in the whole world, and has been growing fast with a rate of over 15% every year during recent years. As per a recent report by RNCOS, the aviation sector of India is going to rank among the top five largest aviation markets in the entire world by the year 2020. Recent liberalization on the rules of foreign investment in the aviation sector of India by DIPP (Department of Industrial Policy and Promotion) and the Government of India is expected to facilitate greater and faster FDI in aviation sector in India, in the near forthcoming years. A growing middle class supplemented with rise in disposable incomes, change in lifestyles and a globalize economy, all act as drivers that project a huge potential for the industry. Besides, airport infrastructure would require an investment of about Rs.67, 500 crore during the 12th Plan of which around Rs. 50,000 crore is likely to be contributed by the private sector. This study examines the need and impact of Foreign Direct Investment on Indian aviation sector.

KEYWORDS: Equity, Foreign Direct Investment, Globalize, Aviation.

INTRODUCTION

The airline industry has remained an exception globally, to the process of economic liberalization. Globally, the airline industry remains subject to several restrictions in terms of both operations and of ownership & control. All countries impose restrictions in this one sector; restrictions that benefit national entities; and debar foreign. Civil Aviation in its role of a key infrastructure sector facilitates growth of other industries and trade by offering a reliable and faster mode of transport services to move products and personnel across long distances. It also plays a vital role in supporting tourism and generates both direct and indirect employment opportunities.

The vision for the Indian civil aviation industry for the 12th Plan period is:

“To propel India among the top five civil aviation markets in the world by providing access to safe, secure and affordable air services to everyone through an appropriate regulatory framework and by developing world class infrastructure facilities”

A growing middle class supplemented with rise in disposable incomes, change in lifestyles and a globalize economy, all act as drivers that project a huge potential for the industry. Another way of looking at the potential of the sector is by comparing the domestic tariff of another emerging economy China. Domestic traffic in China is believed to be five times the size of India’s despite having a population just 10% larger.

FORECAST OF AIR TRAFFIC CARRIED OUT FOR 12TH PLAN* PERIOD SUGGESTS

- Domestic passenger throughout would grow at an average annual rate of around 12%.
- Domestic passenger throughout is expected to touch around 209 million by FY-17 from 106 million in FY-11.
- International passenger throughout is estimated to grow at an average annual rate of 8% during the 12th Plan period
- International Passengers to reach 60 million passengers by FY-17 from 38 million in FY-11.

*Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17)

OBJECTIVE

- The study analyzes the need of opening up of FDI in Civil Aviation.
- It also tries to assess the impact of opening up of FDI in Civil Aviation.

NEED FOR FDI

The Indian Aviation Industry has been going through a turbulent phase over the past several years facing multiple headwinds – high oil prices and limited pricing power contributed by industry wide over capacity and periods of subdued demand growth. Over the near term the challenges facing the airline operators are related to high debt burden and liquidity constraints.

Most operators need significant equity infusion to effect a meaningful improvement in balance sheet. Improved financial profile would also allow these players to focus on steps to improve long term viability and brand building through differentiated customer service. Over the long term the operators need to focus on improving cost structure, through rationalization at all levels including mix of fleet and routes, aimed at cost efficiency. At the industry level, long term viability also requires return of pricing power through better alignment of capacity to the underlying demand growth.

To address the concerns surrounding the operating viability of Indian carriers, the Government on its part has recently initiated a series of measures including

- (a) Proposal to allow foreign carriers to make strategic investments (up to 49% stake) in Indian Carriers
- (b) Proposal to allow airlines to directly import ATF
- (c) Lifting the freeze on international expansions of private airlines
- (d) Financial assistance to the national carrier.

However, these steps alone may not be adequate to address the fundamental problems affecting the industry. Huge amounts of additional investments will have to be made into the sector to develop more airports, increase the existing capacities as well as improve and create additional support infrastructure if India intends to harness the existing potential efficiently. Airport Infrastructure would require an investment of about Rs.67, 500 crore during the 12th Plan of which around Rs. 50,000 crore is likely to be contributed by the private sector

EXHIBIT 1. EXPECTED INVESTMENTS IN AIRPORTS DURING 12TH PLAN

Investor	Investment Category	INR (Cr.)
AAI	Airport projects	17,500
Private	By Airport Operator	40,000
Investments	By Others (Concessionaires, Third Party, etc.)	10,000
		67,500

Source: Report of Working Group on Civil Aviation for formulation of Twelfth Five Year Plan (2012-17)

Besides the investment in airport infrastructure airlines in India are expected to add around 370 aircrafts worth Rs.150, 000 crore. Decade 2000-2010 witnessed a profitless growth. The Airline Industry in India suffers from huge debt burden close to US \$ 20 billion (Estimated 2011-12).

EXHIBIT 2. FDI REGULATIONS

	FDI Limits	Approvals
Airports		
- Greenfield Projects	100	Automatic
- Existing projects	100	Automatic – up to 74% FIPB - beyond 74%
Air Transport Services		
- Scheduled Air Transport Services*	49	Automatic
- Non-scheduled Air Transport Service	74	Automatic – up to 49% FIPB – 49% to 74%
- Helicopter Services / Seaplane services requiring DGCA approval	100	Automatic
Other Services		
Ground Handling Services subject to sectoral regulations and security clearance	74 (NRIs 100%)	Automatic – up to 49% FIPB – 49% to 74% Automatic
Maintenance and Repair organizations; flying and technical training institutions	100	Automatic

*Foreign airlines are currently not allowed to participate directly or indirectly in the equity of an Air Transport Undertakings engaged in operating Scheduled, Non-Scheduled and Chartered airlines.

Source: Department of Industrial Policy and Promotion (DIPP), ICRA Research

FDI IN AVIATION: FEASIBILITY AND IMPACT ANALYSIS FOR VARIOUS STAKEHOLDERS

FDI PROPOSAL: Proposal to allow foreign airlines to participate up to 49% in the equity of an Indian air transport undertaking is under active consideration of the Government. Presently, FDI

is allowed up to 49% under automatic route for scheduled air transport/domestic scheduled passenger airline; however, no foreign airlines are allowed to participate directly or indirectly in the equity except for cargo airlines. In case of listed airlines, if the proposal does not get a waiver from SEBI's Takeover Code, foreign carriers may have to first make an open offer of 26% stake to public shareholders and later acquire up to 23% stake (from promoters or fresh equity), such that their stake remains within the 49 % cap. FDI brings in competition, lowers prices and accords choice to consumers. All round liberalization in foreign investment rules also allows domestic companies to diversify and explore investment opportunities in other markets.

Foreign airline companies may be interested in taking strategic stakes due to their longer investment horizons, deeper business understanding and overall longer term commitment towards the global aviation industry. Rising disposable incomes, healthy passenger traffic growth on account of favorable demographics, and low air travel penetration could attract long-term strategic investments in the sector. Direct investment by foreign airlines would:

- Provide managerial and technical expertise needed to improve productivity.
- Raise much-needed capital for the private-sector players
- Improve operating standards and services

INDIAN CARRIERS: The FDI proposal, if approved, would certainly be an important milestone in the aviation sector and may provide much-needed relief to the domestic aviation industry reeling under the pressure of mounting losses and rising debt burden. Besides, the move will help bring global expertise and best industry practices over the medium term.

FOREIGN CARRIERS: It will not just provide entry into one of the fastest growing aviation market globally but also an opportunity to establish India as their hub for connections between US/Europe and South-East Asian countries. While full-service airlines could help them further consolidate their market position on international routes (and improve connectivity within India), acquisition of low-cost airlines could help them compete in a market where travelers are highly price sensitive.

CONSUMERS: New players could enter the market as they could now have a strategic foreign player with deep pockets to support the airline in difficult times. Besides, it would provide more flexibility in international travels when one travels through the same airline domestically as well as internationally. Overall, this could increase competition, offer more alternatives, reduce tariffs and improve customer service standards over the medium term.

However, in our opinion, there are two key challenges: i) aviation economics is currently not favorable in India resulting in weak financial performance of airlines and ii) Internationally, too airlines are going through period of stress which could possibly dissuade their investment plans in newer markets. The Global Airline industry is itself currently going through a tough phase (Bloomberg World Airline index down 22%, Asia-Pacific Airline index down 25% in last one year); due to below trend economic growth across advanced economies and high crude oil prices (\$100-125/Barrel). In addition, aviation economics currently remain unfavorable in India due to intense competition, mandatory route dispersal guidelines, higher taxes on ATF, airport related

charges and inadequate airport infrastructure. For example, airlines like Air Asia (citing high infrastructure costs) & American Airlines (parent facing financial stress) have recently withdrawn from India. Foreign carriers already enjoy significant market share of profitable international routes and have wide domestic access through code sharing agreements. Given these considerations, we believe, attracting investments from foreign airlines may not be easy.

NEGATIVE IMPACT

In an environment where restrictive foreign ownership in the Airline industry is the norm, this protects the foreign carriers from both targeting Indian carriers for acquisition; and also using bilateral air service rights to their advantage. The aggressive route expansion plans of the Indian carriers have already resulted in excess supply over a deficient infrastructure – leading to congestion on the ground; and congestion in the skies. A further FDI allowance in airlines in India would only impact adversely, the financial health and future of India's own homegrown carriers; and also the civil aviation sector.

AVIATION IS MORE THAN JUST AIRLINES

The key challenge for India's civil aviation sector is not 'more airlines', but more infrastructure. India allows 100% FDI in greenfield airports and this is a good example of both proactive government policy and also a deep focus on 'national priorities'. Additional airlines and foreign owned carriers will certainly mean more aircraft & more congestion.

The Indian aviation sector is fast growing at a pace of 13-15%. Foreign players will be willing to consider investing in Indian aviation sector due to strong domestic demand. Raising huge amounts of investments would require the government to adopt more progressive and positive fiscal regime as well as develop a collaborative approach with the industry. Civil Aviation industry would require not only large but continuous flow of funds if the next phase of growth needs to take place. For this to happen the government must relook at its FDI policy which disallows foreign airlines from purchasing equity of domestic airlines. Thus, I feel if the government gives nod to FDI to invest directly in the sector, it would be a big relief for debt ridden aviation companies.

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PARADIGM SHIFT IN CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (A STUDY OF SELECT INDIAN COMPANIES)

DR. RADHA.R*

*Assistant Professor,
Ramaiah Institute of Management Studies, (RIMS)
Bangalore.

INTRODUCTION

“On action alone be thy interest,
Never on its fruits.
Let not the fruits of action be thy motive,
Nor be thy attachment to inaction.”

- Bhagavad-Gita

CSR concept is not new to India. Bhagavad-Gita propagates about actions to be performed without expecting any fruits in return. History says that philosophers like Kautilya and the philosophers of pre-Christian era have advocated the concept of CSR. Moreover, this concept has been indirectly embedded and imbibed in the various religious practices like “ZAKAAT” followed by the Muslims, “DHRAMADA” followed by the Hindus and “DAASHAANT” followed by the Sikhs. The evolution of this concept of CSR can be traced back to the beginning of this century. The Ethical Model has been followed from 1930-1950, 1950-1970 has seen the Statist Model, it was Liberal Model from 1970-1990 and from 1990 onwards it has been the Stakeholder Model which concentrates on economic performance with a social angle.

From time immemorial the Companies around the world have been expected to provide products and services to the satisfaction of the customers and concentrate on the aspect of economic performance. But during the recent years there has been a sea change in this thinking and the perceptions have been altered. Stakeholders (employees, community, suppliers and shareholders) today are redefining the role of corporates taking into account the corporates' broader responsibility towards society and environment, beyond economic performance, and are

evaluating whether they are conducting their role in an ethical and socially responsible manner. As a result of this shift (from purely economic to 'economic with an added social dimension'), the companies of today are endorsing the term Corporate Social Responsibility (CSR). They use the term to define organisation's commitment to the society and the environment within which it operates. The concept of triple bottom line reporting which assesses the company's social, environmental and economic impact has been embraced by almost all the socially responsible companies.

DEFINITION OF CSR

Philip Kotler and Nancy Lee (2005) define CSR as “a commitment to improve community well being through discretionary business practices and contributions of corporate resources”

Mallen Baker refers to CSR as “a way companies manage the business processes to produce an overall positive impact on society.”

According to World Business Council for Sustainable Development “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

The above definitions clearly indicate that CSR activities should be the imperative of all business houses since it acts as an aid for sustainable development and gives a meaning and purpose for the very existence of the companies.

REVIEW OF LITERATURE

Many studies and surveys have been done in the area of CSR. One of the most important studies was done by United Nations Development Programme, British Council, CII and Price Water Coopers in India to identify the drivers of CSR and the top areas in which the corporates focused while doing CSR activities. The following is the summary of the findings of the survey conducted.

DRIVERS OF CSR



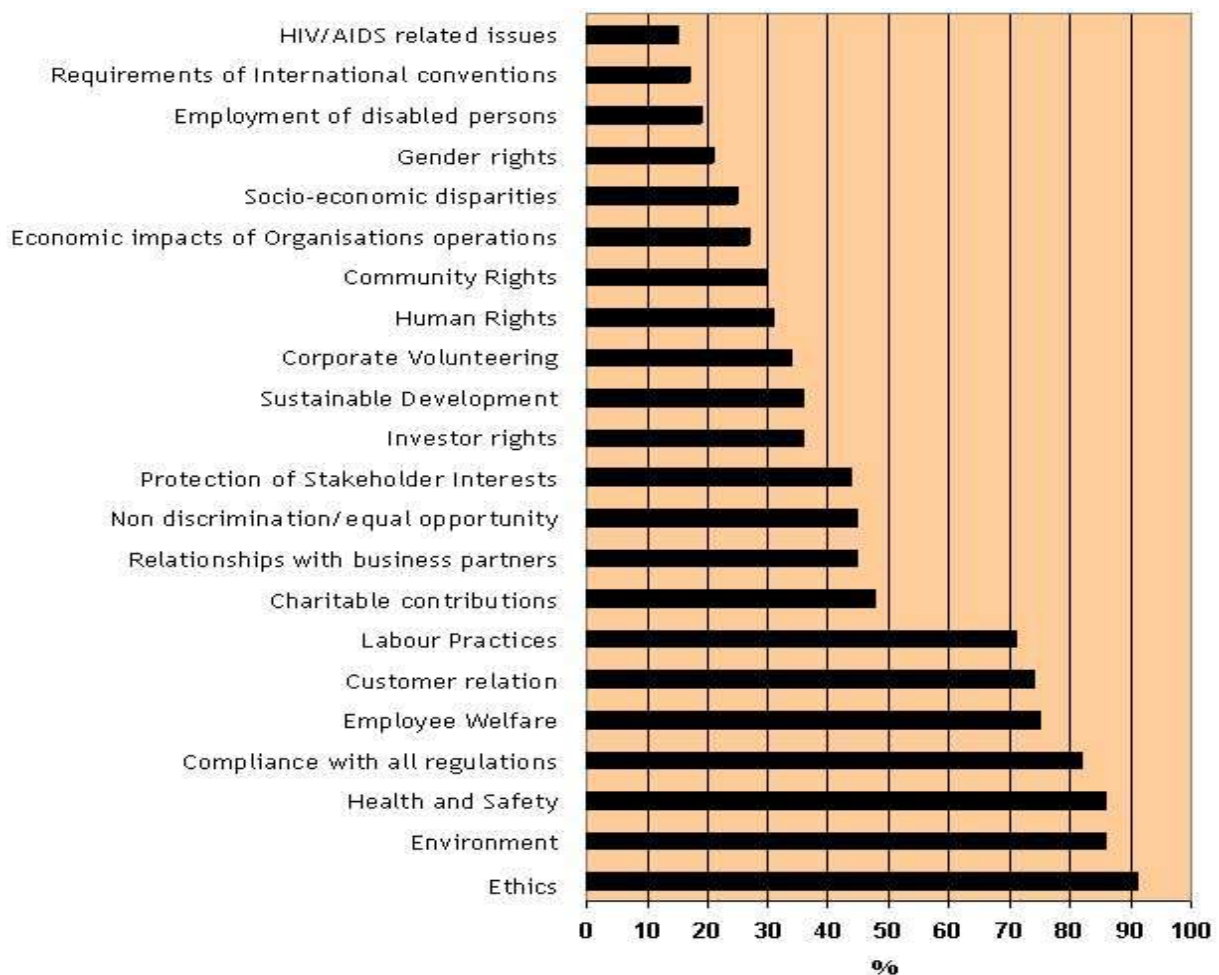
Source: Corporate Social Responsibility Survey, India

(United Nations Development Programme, British Council, CII, PriceWaterHouseCoopers

The respondents unanimously acknowledged that social responsibility was no longer an exclusive domain of the government and CSR is much more than “passive philanthropy.” “India has a strong tradition of philanthropy...,” states the foreword to the survey, “...It is encouraging to note that many are beginning to make a shift from a tunnel vision on corporate social responsibility to an integrated model that mainstreams through business vision and processes.” In fact the most striking feature of the survey was the overriding response that ‘passive philanthropy’ alone no longer constitutes corporate social responsibility.

The Survey broadly categorises the main types of CSR activities undertaken by Indian corporates as under:

AREAS OF CSR ADDRESSED IN CORPORATE POLICIES



Source: Corporate Social Responsibility Survey, India

(United Nations Development Programme, British Council, CII, PriceWaterHouseCoopers

A survey conducted by the Business World in 2003 to list out the top most respected companies has stated that ethics makes the companies the most respected and it is not the financial performance of the companies. What the survey clearly reveals is that impressive financials are not enough to earn respect. Companies are respected not because they were big and powerful, but because they were transparent, their stakeholders trusted their policies, their HR guidelines were fair, they were ethical, and contributed to society. Transparency and ethics were the most important.

RESEARCH METHODOLOGY

The study was conducted in 20 organisations which were selected at random. The select organizations consisted of private, public, IT and banking companies located in Bangalore. A structured questionnaire was distributed to these companies and the data was tabulated and analysed for the findings and conclusion. Face to face interviews were also done to get more clarity on the answers and this information was also duly considered and recorded.

Primary data was collected through the deployment of a structured questionnaire and the interview schedules.

Sampling technique adopted was simple random sampling

Sample units consisted of 20 Indian Companies consisting of 6 Private companies, 2 Public sector units, 2 banks and 10 IT companies.

Secondary data has been taken from the websites of the companies and other published sources

The findings and interpretations have been presented in the form of graphs, bar diagrams and pie charts.

THE OBJECTIVES OF THE STUDY WERE

1. To study the Corporate Social Responsibility of the select Indian Companies and recognize the various focus areas of these corporates
2. To analyse the gap in CSR activities and provide recommendations to bridge the gap.

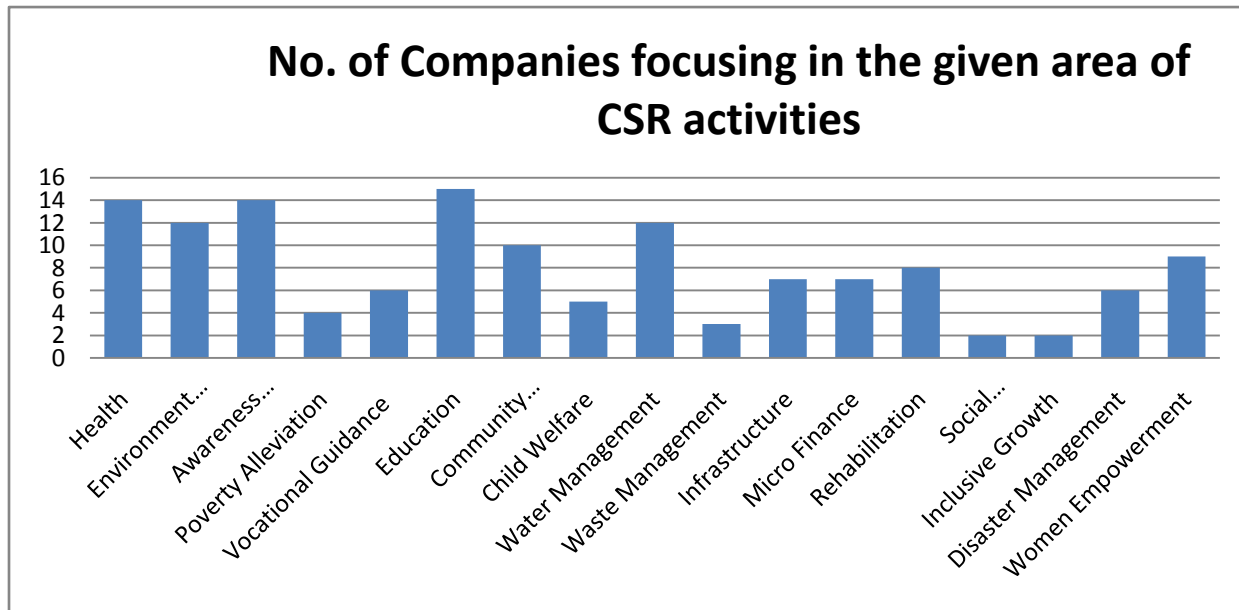
A structured questionnaire was distributed to the select 20 Indian Companies. The first question was about the areas in which the companies were focusing as far as CSR activities were concerned. The following was the response.

TABLE 1 FOCUS AREAS OF THE COMPANIES

Focus area of CSR Activities	No. of Companies focusing in the given area	Percentage
Health	14	70
Environment Protection	12	60
Awareness Programmes	14	70
Poverty Alleviation	04	20
Vocational Guidance	06	30
Education	15	75
Community Development	10	50
Child Welfare	05	25
Water Management	12	60
Waste Management	03	15
Infrastructure	07	35
Micro Finance	07	35
Rehabilitation	08	40
Social Entrepreneurship	02	10
Inclusive Growth	02	10
Disaster Management	06	30
Women Empowerment	09	45

Source: Primary data

GRAPH 1 FOCUS AREAS OF THE COMPANIES



From the above response it is evident that the highly focused areas are health and education followed by environment protection and awareness programmes. The new CSR activity which has gained more prominence is water management. 75% of the surveyed companies have stated that their primary focus area was education. They were in to various activities like construction of school buildings particularly in rural areas, providing scholarships to meritorious children, conducting adult literacy classes, conducting night classes for those interested in education, helping students to pursue higher education abroad, funding to institutions of higher learning and conducting training classes to the teachers to upgrade their skills, knowledge and ability.

70% of the companies have stated health and awareness creation as their area of focus. The list of activities provided by these companies include conducting of medical camps and medical check up drives, conducting pulse polio programmes to eradicate polio, construction of hospitals and also maintenance of hospitals, conducting oral health awareness programmes and dental check ups in schools, conducting blood donation camps, arranging for eye donation and organ donation campaigns and also educate the public about aids, HIV and TB, activities relating to child health, gender indiscrimination and infant mortality, creating awareness about female foeticide and skewed gender ratios.

60% of the respondents have stated that their area of focus was environment protection. Go green campaigns and save our mother earth campaigns has gained momentum and the corporates are engaged in various CSR activities to protect nature. The activities include tree plantation, recycling of materials, imparting knowledge on waste management, reclaiming of forests, education on soil erosion and deforestation. Some more of the activities include go green

concept, using organic products, sponsoring campaigns for saving the animals and educating the public on natural resource management.

Water management has also gained prominence as a good CSR activity done by many of the companies. The companies have reported CSR activities like advocating rain water harvesting, salinity ingress mitigation, treatment of water, education on conservation of water, providing potable water to rural areas, desilting the ponds and natural water reservoirs and building storage tanks for water.

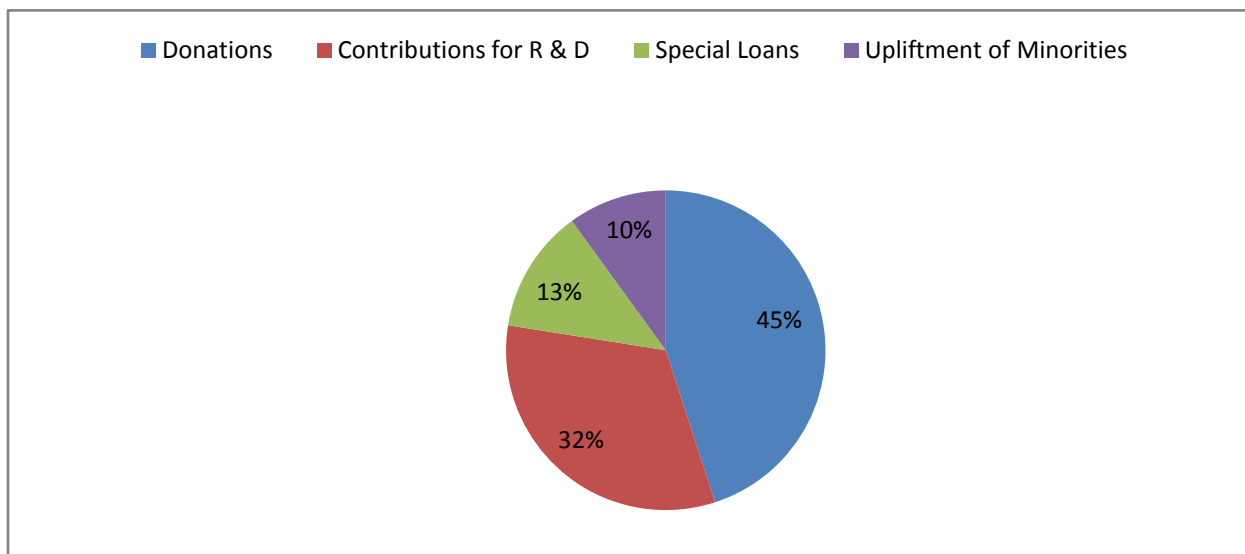
The other CSR activities include upliftment of the tribes, training and aid for destitute women and children, support for differently able students, free coaching classes for rural students, construction of toilets, funding for libraries, vocational guidance for employment generation, sponsoring sports events, micro financing and promotion of art and cultural activities.

TABLE 2 MONETARY BASED CSR ACTIVITIES

Monetary based CSR Activities	No. of Companies	Percentage
Donations	18	90
Contributions for R & D	13	65
Special Loans	05	25
Upliftment of Minorities	04	20

Source: Primary data

GRAPH 2 MONETARY BASED CSR ACTIVITIES



Amongst the monetary based CSR activities, donations to worthy causes stood first with 90% of the respondents agreeing that they made donations in cash. 65% of the respondents stated that they also made contributions for the cause of research and development. The rest of the respondents, especially the banking companies agreed that they advanced special loans at a special rate of interest to categories such as women, tribes, minorities etc.

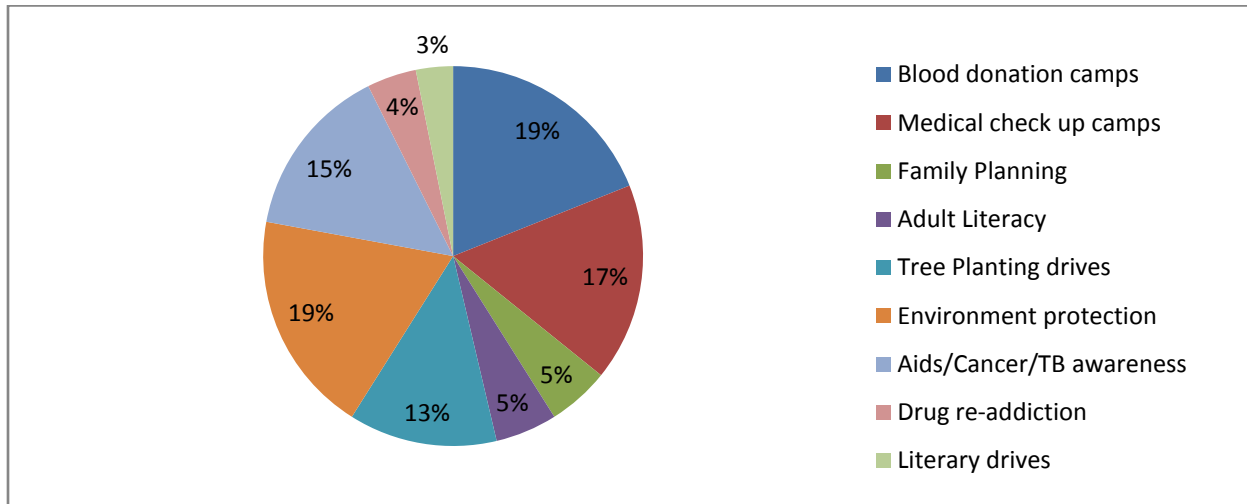
When discussing about the monetary based CSR activities each company has a different mode of operation. Some companies have a sum allotted at the beginning of the year and this sum is being utilized for CSR activities. In some other companies, the sanction is made on case to case basis. The merit of each case or situation is analysed and a sanction is made for the release of the required amount. They have also agreed that this process takes time and the benefits may not reach out to the needy in time.

TABLE 3 NON-MONETARY BASED CSR ACTIVITIES

Non Fund based CSR Activities	No. of Companies	Percentage
Blood donation camps	18	90
Medical check up camps	16	80
Family Planning	05	25
Adult Literacy	05	25
Tree Planting drives	12	60
Environment protection	18	90
Aids/Cancer/TB awareness	14	70
Drug re-addiction	04	20
Literary drives	03	15

Source: Primary data

GRAPH 3 NON-MONETARY BASED CSR ACTIVITIES



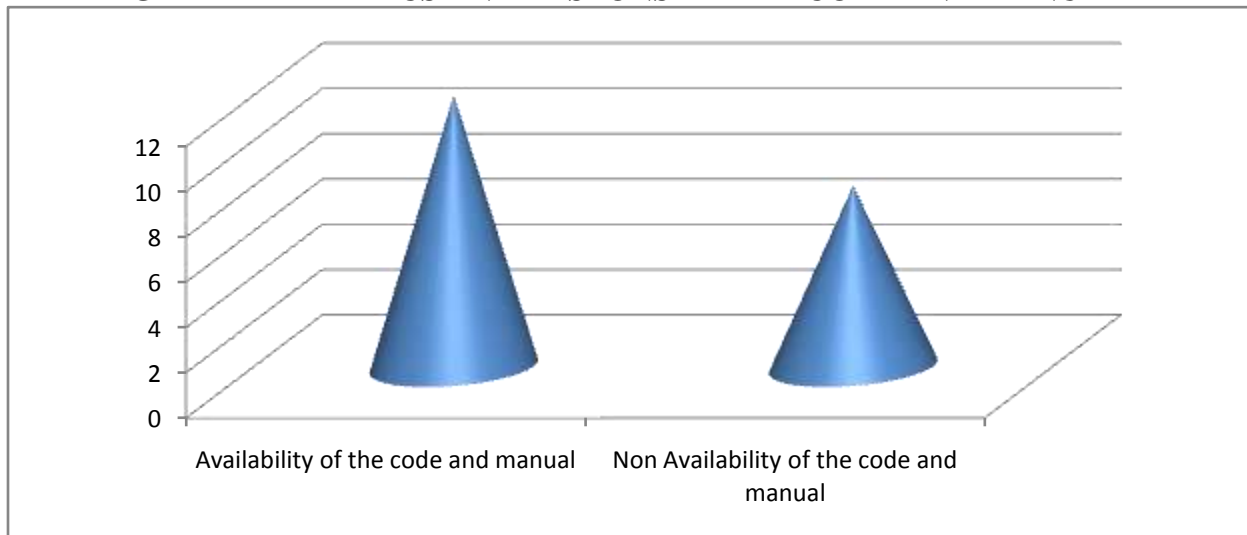
The non monetary based CSR activities included all those initiatives taken by the companies to instill awareness in the minds of people. All the campaigns, drives and programmes arranged by these companies came under the definition of non monetary based CSR activities.

TABLE 4 ETHICS AND RESPONSIBILITY CODE AND MANUAL

Ethics and CSR Code and Manual	No. of Companies	Percentage
Availability of the code and manual	12	60
Non Availability of the code and manual	08	40

Source: Primary data

GRAPH 4 ETHICS AND RESPONSIBILITY CODE AND MANUAL



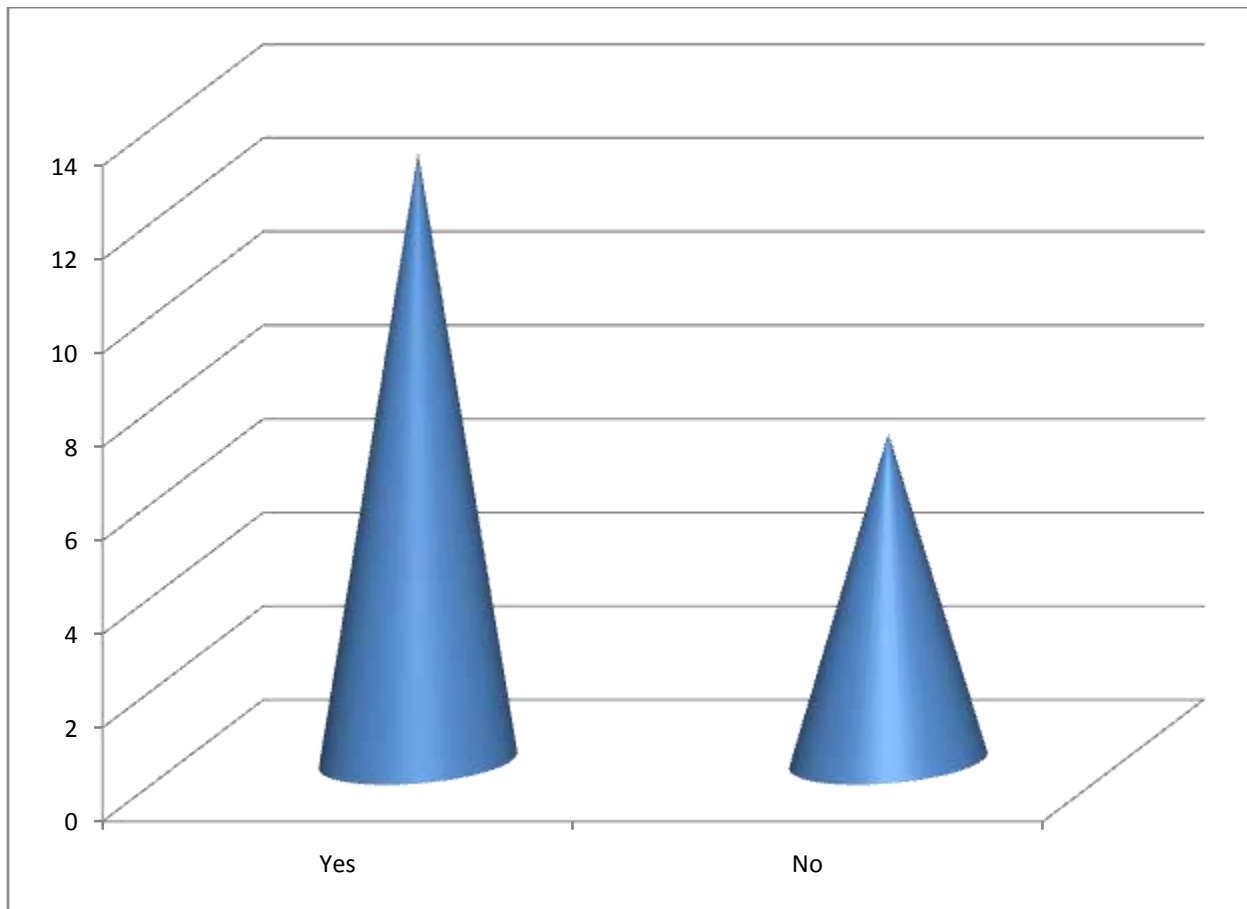
60% of the surveyed companies have stated that they have a formal ethics code. These companies have a written document showcasing the ethics code. 40% of the companies do not have an ethics code or they are in the process of formulating an ethics code. In spite of 60% of the companies stating that they have an ethics code it is disheartening to note that majority of the employees are not aware about the existence of this document or they are not fully aware about the content of this document. In most of the companies this ethics code has been evolved at the time of incorporation itself and the companies have tried to incorporate the standard as well as some of the international best practices.

TABLE 5 APPOINTMENT OF ETHICS OFFICER

Appointment of Ethics Officer	No. of Companies	Percentage
Yes	13	65
No	07	35

Source: Primary data

GRAPH 5 APPOINTMENT OF ETHICS OFFICER



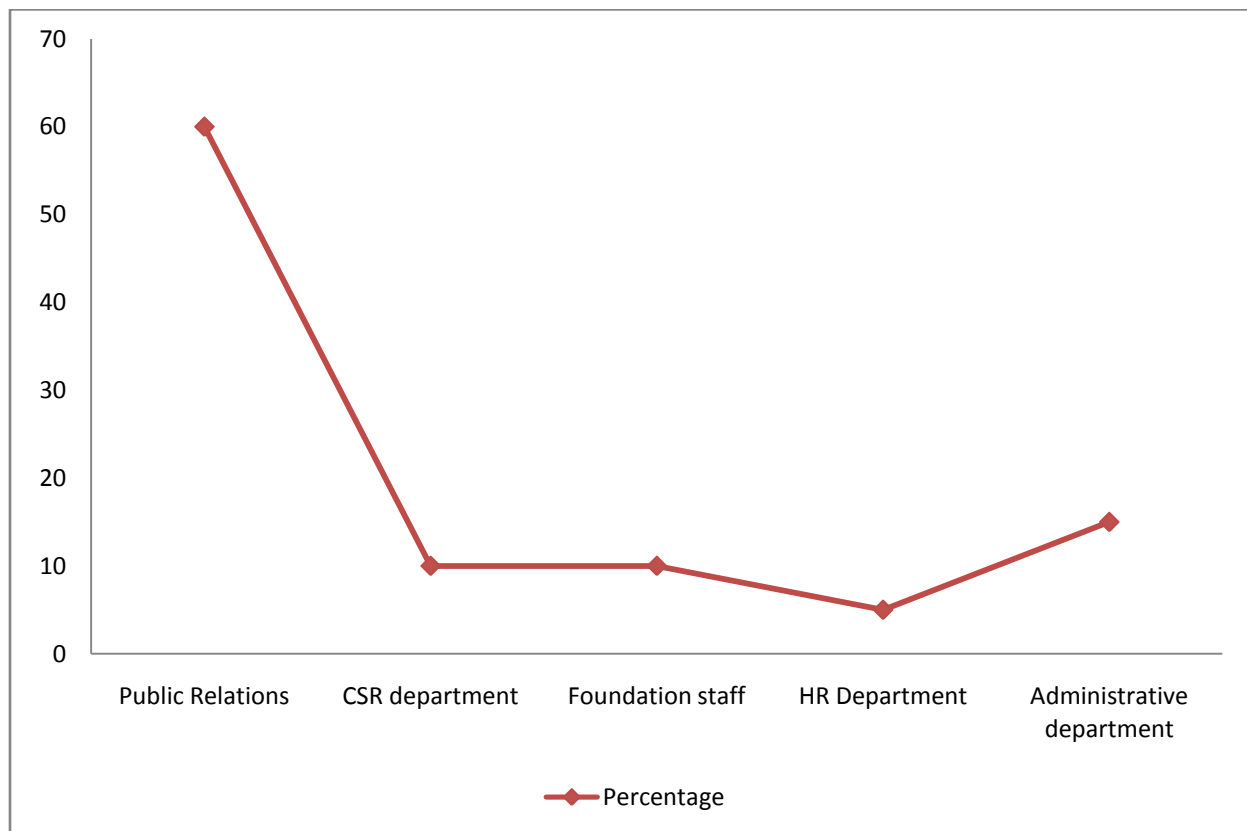
Amongst the 20 companies surveyed 13 companies have a separate functional area designated for these activities headed by an ethics officer. This specially designated person takes care of all the CSR activities and also acts as the PR for the company. In the rest of the 7 companies either the HR department or the administrative department takes care of the CSR activities.

TABLE 6 DEPARTMENTS HANDLING CSR ACTIVITIES

Departments handling CSR Activities	No. of Companies	Percentage
Public Relations	12	60
CSR department	02	10
Foundation staff	02	10
HR Department	01	05
Administrative department	03	15

Source: Primary data

GRAPH 6 DEPARTMENTS HANDLING CSR ACTIVITIES



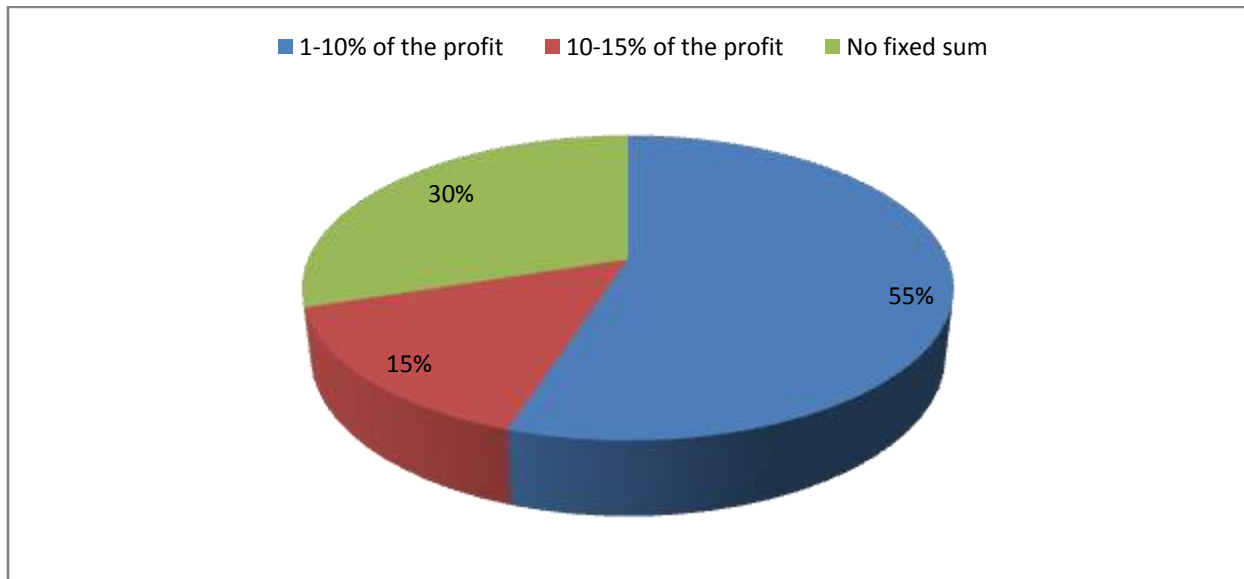
When asked about which department holds the responsibility for CSR activities majority of the companies had either a public relations officer or an ethics officer taking care of the activities. Nearly 10% of the companies had a separate CSR department or had designated foundations for CSR activities. In the balance companies either the HR department or the administrative departments were in charge of handling the CSR activities.

TABLE 7 EXPENDITURE INCURRED FOR CSR ACTIVITIES

Amount spent on CSR Activities	No. of Companies	Percentage
1-10% of the profit	11	55
10-15% of the profit	03	15
No fixed sum	06	30

Source: Primary data

GRAPH 7 EXPENDITURE INCURRED FOR CSR ACTIVITIES



55% of the surveyed companies spent less than 10% of their profits on CSR activities, 15% of the companies spent less than 15% of the profits. Nearly 70% of the companies state that they have a budget and allocate amount under the head CSR activities and spend the amount on worthy causes every year. Effectively, it can be seen that only 3 out of 20 companies spent a sizeable amount.

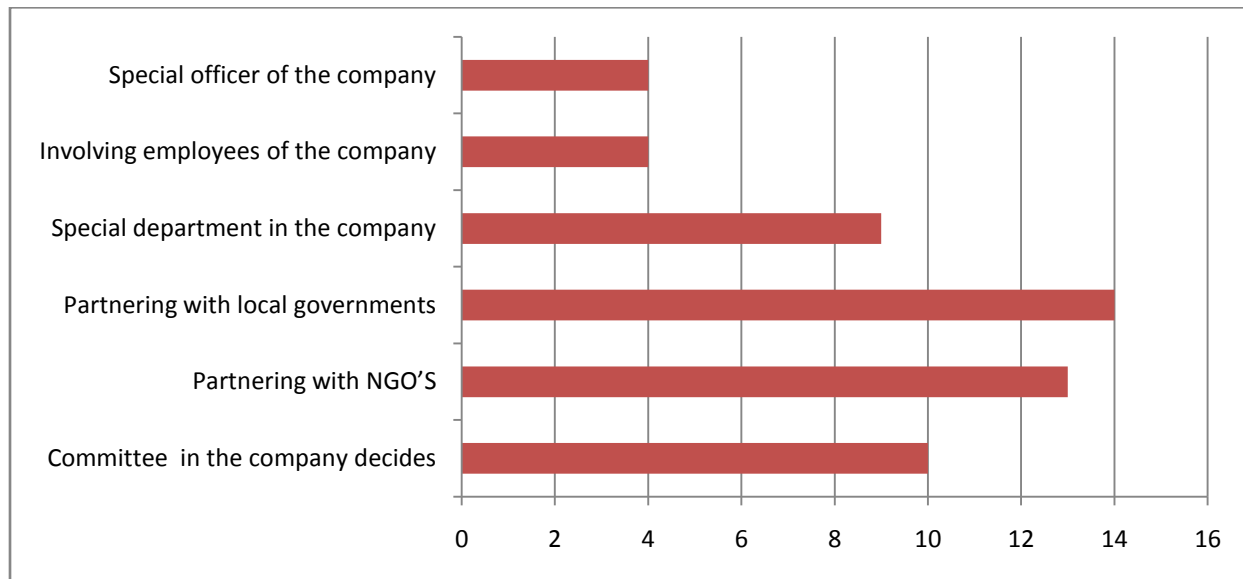
The other 30% of the companies did not have a budgeted amount and they have stated that the amount spent depends on many factors such as market conditions, financial conditions, number of requests received during the year and the number of requests approved during that particular year

TABLE 8 HOW THE CSR ACTIVITIES ARE DONE?

Modus Operandi	No. of Companies	Percentage
Committee in the company decides	10	50
Partnering with NGO'S	13	65
Partnering with local governments	14	70
Special department in the company	09	45
Involving employees of the company	04	20
Special officer of the company	04	20

Source: Primary data

GRAPH8 HOW THE CSR ACTIVITIES ARE DONE?



For nearly 70% of the companies surveyed, it was easier for them to partner with either the local or the state governments. They also felt that partnering with the local NGO'S gave them flexibility and meaningfulness to their activities. They also stated that the local NGO'S were fully aware about the requirements of the area and the companies were able to address the local problems and also give benefit to the local community by partnering with the local NGO'S. 45% of the companies had a special CSR department and 20% of the companies surveyed had a specially designated officer for this purpose. Four of the companies surveyed have indicated that they also encourage their employees to get involved in CSR activities. The companies to state this were the IT companies surveyed. These companies have stated that their employees are

personally involved in the computer literacy drive and they also pledge their time for educating the village kids.

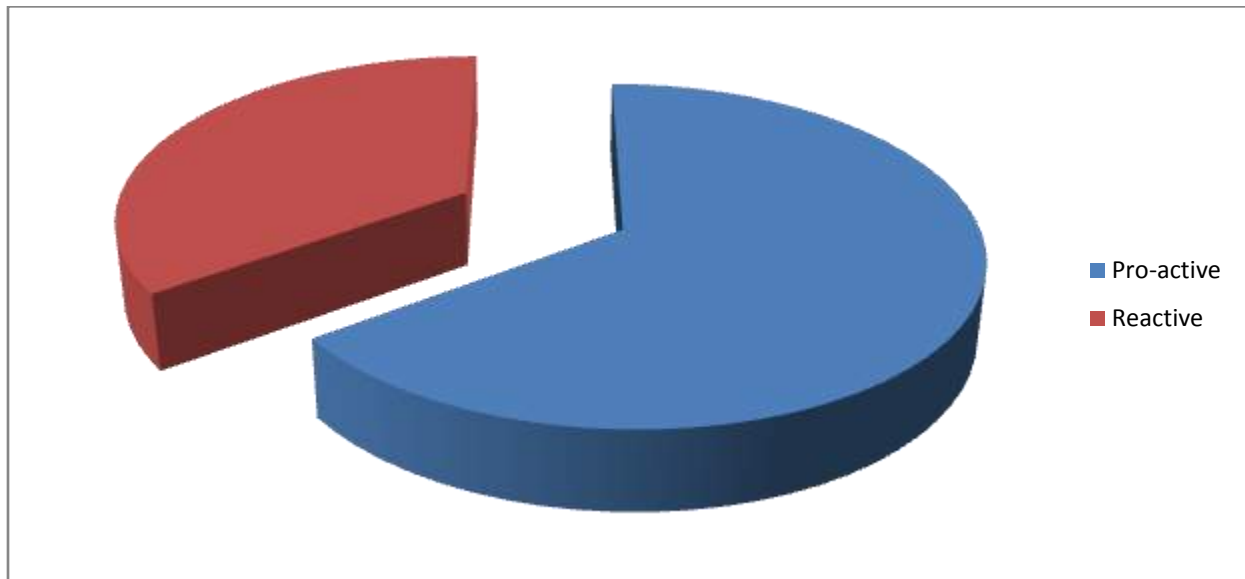
The basic criteria for selecting the activities are the amount of outlay or the expenditure involved, the number of people who will benefit from the activities, the easy availability of the other required resources, the number of months or years for which the activities will be carried on, whether the activities are sustainable or not and also whether other external agencies are involved or not.

TABLE 9 HOW DECISIONS ARE MADE?

Mode of decision making	No. of Companies	Percentage
Pro-active	13	65
Reactive	07	35

Source: Primary data

GRAPH 9 HOW DECISIONS ARE MADE?



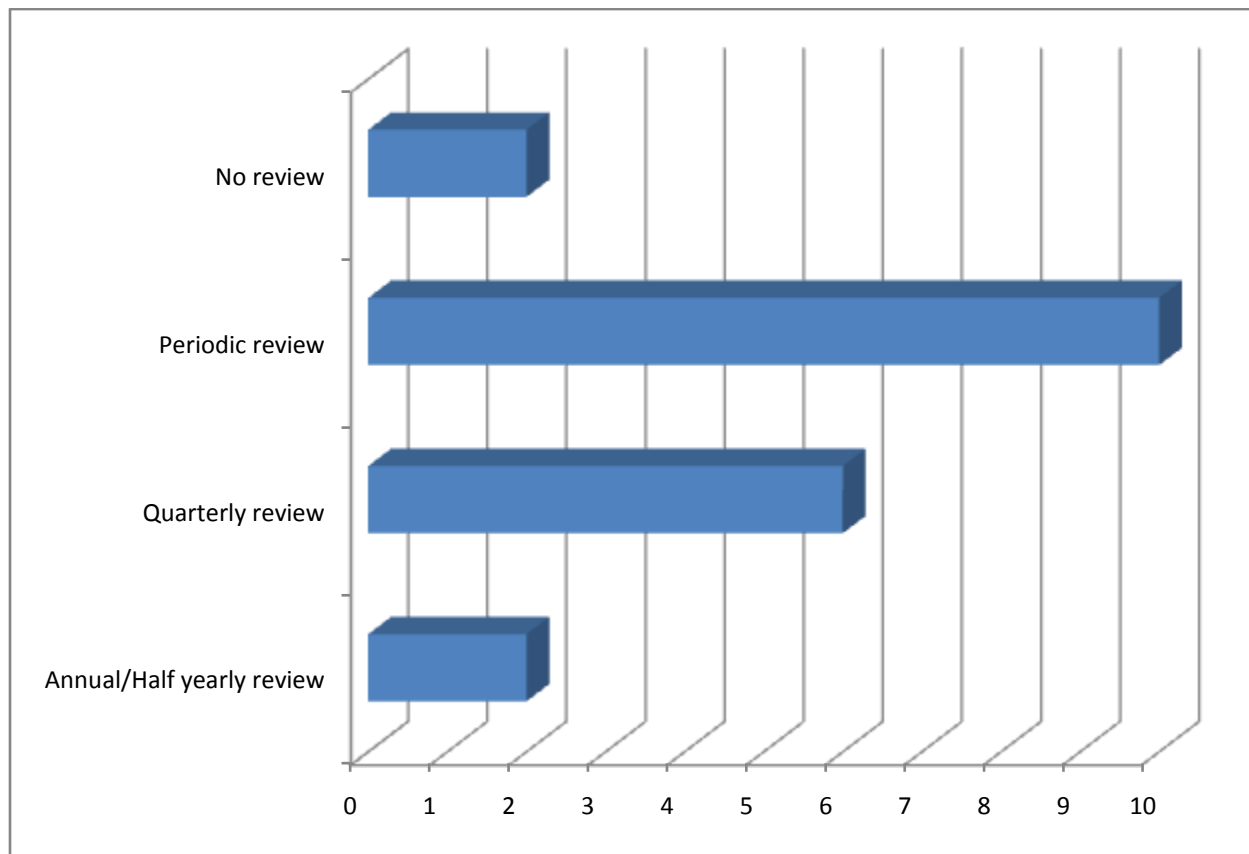
65% of the respondents have stated that decisions about CSR activities are taken pro actively even before the actual need arises. These companies have stated that they diagnose the problem of the local community, find out about their needs and pro actively decide on what CSR activities has to be done. 35% of the respondents have stated that the decisions are made reactively, that is, after they have received the requests from the community or from the concerned people.

TABLE 10 REVIEW OF CSR ACTIVITIES

Review of CSR Activities	No. of companies	Percentage
Annual/Half yearly review	02	20
Quarterly review	06	30
Periodic review	10	50
No review	02	10

Source: Primary data

GRAPH 10 REVIEWS OF CSR ACTIVITIES



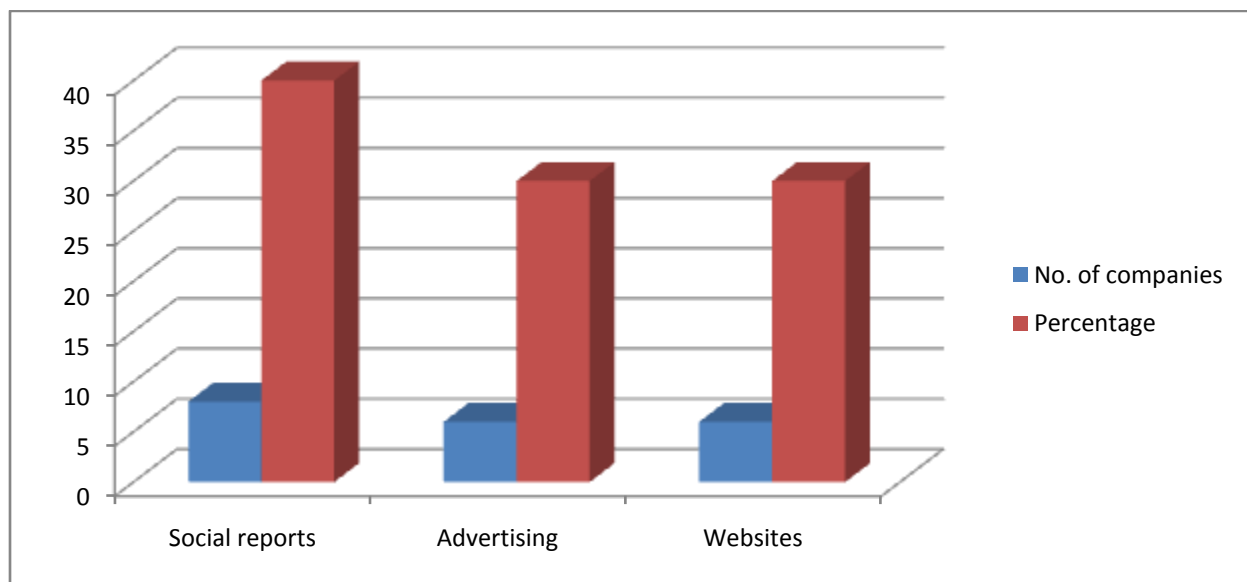
The study has revealed that the review of CSR activities has not been taken very seriously by all the companies. Half of the companies surveyed have stated that they review their CSR activities periodically. This is an indication that they do not do it regularly. There are companies who have stated bluntly that they do not review their CSR activities. Only a few companies have reported either quarterly, half yearly or annual review.

TABLE 11 COMMUNICATION OF CSR ACTIVITIES

Channels of Communication	No. of companies	Percentage
Social reports	08	40
Advertising	06	30
Websites	06	30

Source: Primary data

GRAPH 11 COMMUNICATION OF CSR ACTIVITIES



The surveyed companies have stated that they prepare social reports ranging from global reporting on the basis of sustainability reporting, accountability 1000 standards, social accounting 8000 series or ISO 14000 series reports. These social reports carry the message about their CSR activities. The other forms of communication include updating their websites or giving advertisements highlighting their activities

Telling the story is very important, but, the corporates also feel that the story should be told in a humble manner. They believe in bringing the information to the table but in a more subtle manner.

FINDINGS OF THE STUDY

1. The focus area of the companies for performing CSR activities has been health, education and environment protection. Water and waste management has also received more prominence in the recent years. But, the most neglected areas have been disaster management, spiritual, women empowerment, social entrepreneurship and inclusive

growth. Only 50% of the surveyed companies have stated that they have acted promptly during times of disaster like earthquake, flood or tsunami. It is really shocking to know this because we feel that this should be naturally done by all the companies. Where 100% participation is expected, half of the companies have not done this.

2. The CSR activities can be broadly classified in to monetary based and non monetary based activities. All the awareness campaigns and the programmes arranged for educating can be classified under non monetary activities, whereas donations to causes and contribution for the improvement of research are monetary activities. The companies have reported that they have a mix of both monetary as well as non monetary activities.
3. 40% of the surveyed companies do not have a formal ethics code. Many of the employees from the companies having ethics code are not aware about the contents of the ethics code.
4. All the companies do not have an ethics officer or a separate CSR department.
5. In majority of the surveyed companies, the public relations department itself doubled up as the CSR activities department. Only a few companies had a separate CSR department. In a few companies, the HR or the admin departments were in charge of CSR activities.
6. 65% of the sample companies decide on the CSR activities on a pro active basis by looking at the national agenda and the needs of the local community. The rest of the companies take up CSR activities on a reactive basis after receiving a request from the local community or the public.
7. There is no proper review of the CSR activities. A majority of the surveyed companies have stated that there is no fixed deadline for review of CSR activities and a periodic review is done. There are only a handful of companies which believe in quarterly, half yearly or annual review of CSR activities.
8. Communication about the CSR activities is done through social reports, websites or advertising.

OVERALL CONCLUSIONS OF THE STUDY

The Indian companies are well in the right path as far as CSR activities are concerned. The companies have realized the need for a social dimension and are very well aware that the profitability, reputation and the image of their organizations depends on their social visibility. They know that good corporate image will improve the reputation, goodwill of the firm and will contribute to the bottom line in the long run. So, as far as CSR awareness is concerned all the corporates are aware about this and its role in the image enhancement. But, the question is how far they are implementing this concept and how organized and successful they are?

The problem lies in the execution of the plans. The study has revealed that there is a wide gap between the conceptualization and the execution stage. Absence of ethical code and manual, absence of a separate CSR department fully dedicated to the CSR activities have contributed to

the woes of the Indian companies. Accountability also is a big problem. Unless some drastic measures are taken these companies may not reap the full benefits of CSR activities

SUGGESTIONS AND RECOMMENDATIONS:

The major recommendation would be to have a separate department for overseeing the CSR activities with an ethics officer in charge of these activities. With a department which caters to CSR activities, the problem of accountability will also be fixed.

The corporates should endeavor to have a continuous review of their CSR activities and a report about the same to be filed in the stakeholders meeting.

The focus of majority of the corporates has been on health and education. The focus should be shifted to less tread areas of employment generation and women empowerment.

India is a spiritual country. But, no corporates have agreed that they do spiritual activities. It is well known that many corporates supply free materials to temples and other places of worship and they also sponsor certain activities at these places of worship. The recommendation is that these corporates should come out in the open and contribute towards repairs and maintenance of these areas of religious worship.

CSR cannot be a compulsion. Therefore, the corporates should be well informed about the benefits of these activities and the social visibility they will get out of these activities. There should be a change in the mindset of these corporates. The government should work in this direction and encourage these activities in the form of offering more sops, tax cuts and concessions.

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A STUDY ON SEASONAL EMPLOYMENT IN RURAL AREAS (WITH REFERENCE TO AGRICULTURAL SECTOR)

MS. ANITA D'SOUZA*

*Assistant Professor,
Department of Commerce,
Badruka College – PG Center,
Kachiguda, Hyderabad,
Andhra Pradesh, India.

ABSTRACT

Agriculture in India is seasonal and thus it causes seasonal unemployment, which varies from region to region and with the type of crops. With the continuous growth of population and with almost static area of cultivable land, there is a chronic redundancy of agricultural labor, which has assumed the shape of disguised under-employment. A large volume of disguised unemployment exists among workers in small and cottage industries, which have declined due to competition with big factory products, made within the country or imported from abroad. The problem is widespread in rural as well urban areas. So far as rural areas are concerned, a very large number of people living in villages remain without any work for about five to seven months in the year. More than 70% of the total population of the country is engaged in or dependent on agricultural or allied operations. As a result of increasing poverty due to acute unemployment in rural areas, there has been a continuous movement of rural unemployed to urban areas. This article is taken up to highlight the impact of seasonal employment in rural areas and to study the difficulties faced by the farmers in their employment.

KEY WORDS: Agriculture, Globalization. Gross Domestic Product (GDP), Labor, Rural India, Seasonal Employment.

INTRODUCTION

India's agriculture sector has an impressive long-term record of taking the country out of serious food shortages despite rapid population increase. This was achieved through a favorable interplay of infrastructure, technology, extension, and policy support backed by strong political will. The main source of long-run growth was technological augmentation of yields per unit of cropped area. This resulted in tripling of food grain yields, and food grain production increased from 51 million tons in 1950–51 to 217 million tons in 2006–07. Production of oilseeds, sugarcane, and cotton have also increased more than four-fold over the period, reaching 24 million tones and 355 million tones and 23 million bales, respectively, in 2006–07. Agriculture is a critical sector of the Indian economy. Though its contribution to the overall Gross Domestic Product (GDP) of the country has fallen from about 30% in 1990-91 to less than 15% in 2011-12, a trend that is expected in the development process of any economy, agriculture yet forms the backbone of development. An average Indian still spends almost half of his/her total expenditure on food, while roughly half of India's work force is still engaged in agriculture for its livelihood.

PRAKASAM DISTRICT (PROFILE)

Situated in the south-eastern India, Prakasham is an administrative district in Andhra Pradesh. The district headquarters are located at Ongole. In Prakasham, economy largely depends on Agriculture. Veerapalli is one of the Village in Ulavapadu Mandal, Prakasham District, Andhra Pradesh State .The major crops grown are paddy, wheat, jowar, cotton, red chilies and vegetables. Plantations like Eucalyptus and fruits like mangoes, sapota, and guava are grown. The farmers mainly depend on rains for cultivation. Apart from rains they also depend on wells, lakes, tanks etc. The government provides loans and advances to the farmers through agriculture credit societies and micro finance institutions.

RESEARCH METHODOLOGY

OBJECTIVES

1. To know the impact of seasonal employment in rural areas.
2. To study the factors contributing to the role/growth of seasonal employment in rural areas.
3. To study the various opportunities and challenges/difficulties in the seasonal employment process.

SAMPLE SIZE

The project data is collected on the information from 100 respondents who are the farmers of Veerapally village, Prakasham district including men and women during the period of 45 days.

SAMPLING TECHNIQUE

The sampling technique adopted was the random sampling technique. The respondents for the study were chosen following the random sampling method.

SOURCES OF DATA COLLECTION

The data collected for the study included Primary data and the secondary data. Primary data is the original data collected specially for the problem at hand. Schedule method is adopted as majority of the farmers were illiterate. The secondary data for the study was obtained from Books, Journals and Websites

DATA ANALYSIS METHOD

Data obtained has been analyzed for each question and interpreted using percentage method and graphs were drawn accordingly.

PERCENTAGE METHOD

Percentage method is used in making the comparison between the series of data

$$\text{Percentage of Respondents} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

LIMITATIONS

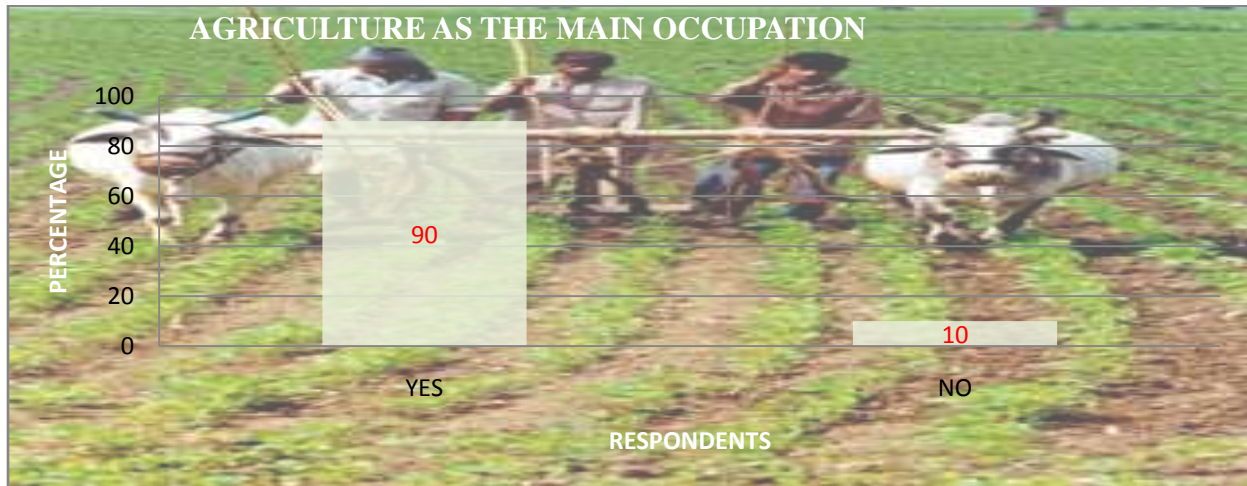
1. Duration of the study was for a period of 45 days which was not sufficient for a detailed study.
2. The study has been conducted at Veerepally Village, prakhasam district, only by taking a limited sample of 100 which may not give the true picture.
3. The study was confined to only the farmers who were available during the survey period.

LITERATURE REVIEW

While scanning to the agricultural sector and the scope of unemployment sector, it was discovered that The Decline of Agriculture 2011: Farmers who depend on reliable seasonal patterns face uncertainty due to climate change. Farmers and climate researchers are troubled by gradual or volatile climate disruption and are increasingly questioning agriculture's ability to feed fast-growing populations. Early sprouting, dry spells, torrential rains, virulent pests and need for replanting are no longer rare occurrences. Extreme weather, water shortages and the long-term effects of chemical fertilizers wear away and destroy soil's natural nutrients. Padmashri Prof. Nissim Ezekiel (1924-2004) said "Inequalities in income, lack of employment opportunities, lack of infrastructure and civic amenities, inadequate access to education, healthcare and other basic services are some of the major areas where rural areas lag behind. Over 70% of the population resides in rural areas, and agriculture which is its main occupation now, accounts for only a quarter of the country's GDP. Rural India encompasses a little less than three-fourths of the country's population and is characterized by low income levels, poor quality of life and a weak base of human development. The agriculture sector has been growing at less than half the pace of the other sectors. RENUKA MAHADEVAN (Asia-Pacific Development Journal Vol. 10, No. 2, December 2003) stated that "The Indian agricultural sector has been undergoing economic reforms since the early 1990s in the move to liberalize the economy to benefit from globalization. This paper traces this process, analyses its effects on agricultural productivity and growth and discusses the problems and prospects for globalization to draw policy implications for the future of Indian agriculture". The announcement made by the Prime Minister Mr. Morarji Desai (1977-1979) for removal of unemployment appears to be an attempt in the right direction. It reads: "The government is pledged to the removal of destitution within a definite time frame of ten years. To achieve this objective government will follow an employment oriented strategy in which priority will be given to the development of agriculture, agro-industries, small and cottage industries, especially in rural areas. High priority will also be given to the provision of minimum needs in rural areas and to integrated rural development."

DATA ANALYSIS AND INTERPRETATION

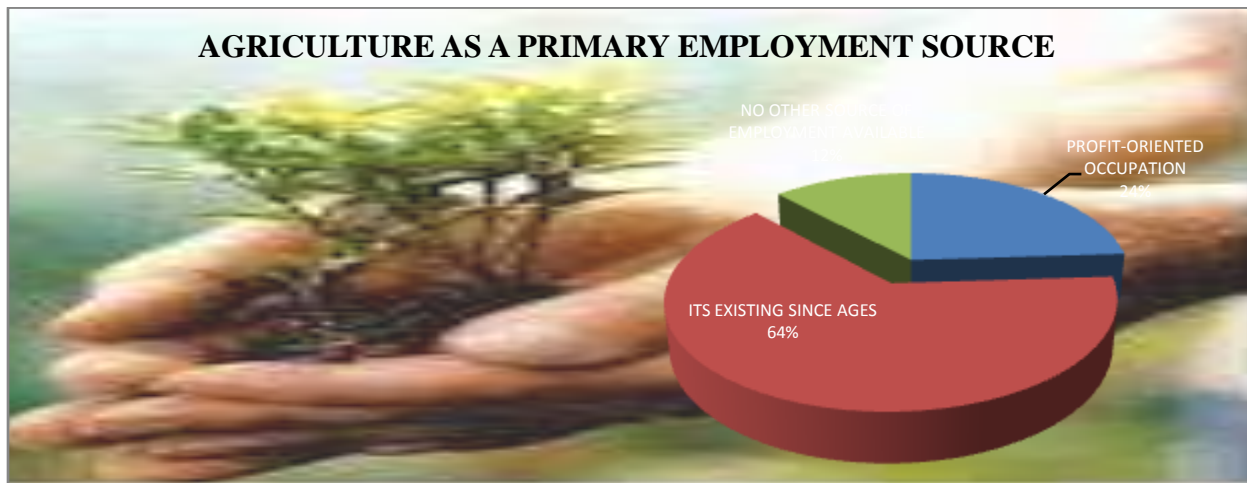
CHART 1: SHOWING AGRICULTURE AS THE MAIN OCCUPATION



INTERPRETATION

From the above analysis, it can be concluded that 90% of respondents accept agriculture as a predominant occupation and 10% of respondents do not accept agriculture as a predominant occupation.

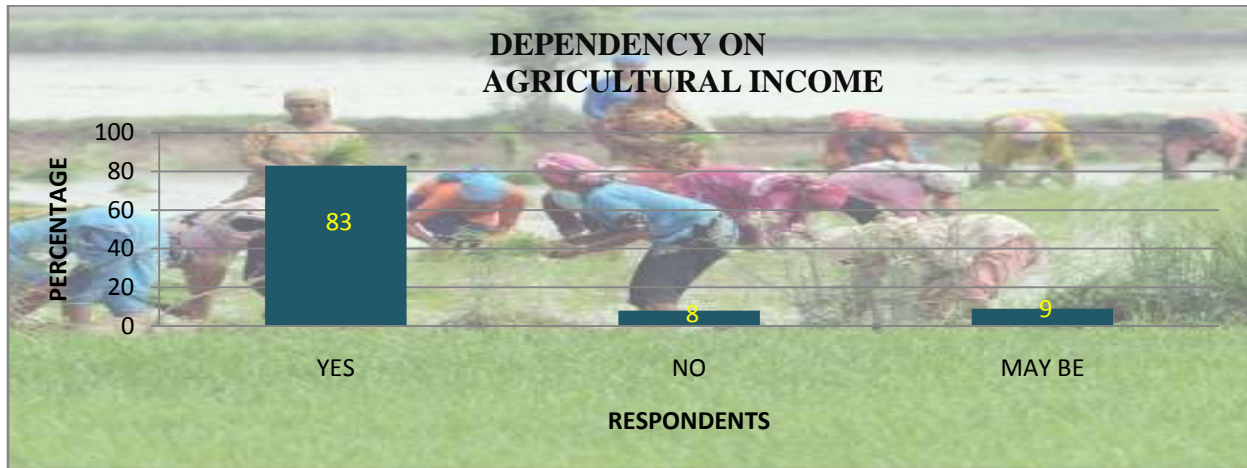
CHART 2: SHOWING AGRICULTURE AS A PRIMARY EMPLOYMENT SOURCE



INTERPRETATION

From the above analysis, it is observed that 24% of respondents accept agriculture as a profit-oriented occupation, 64% of respondents accept that it is existing since ages and 12% of respondents accept that no other source of employment is available.

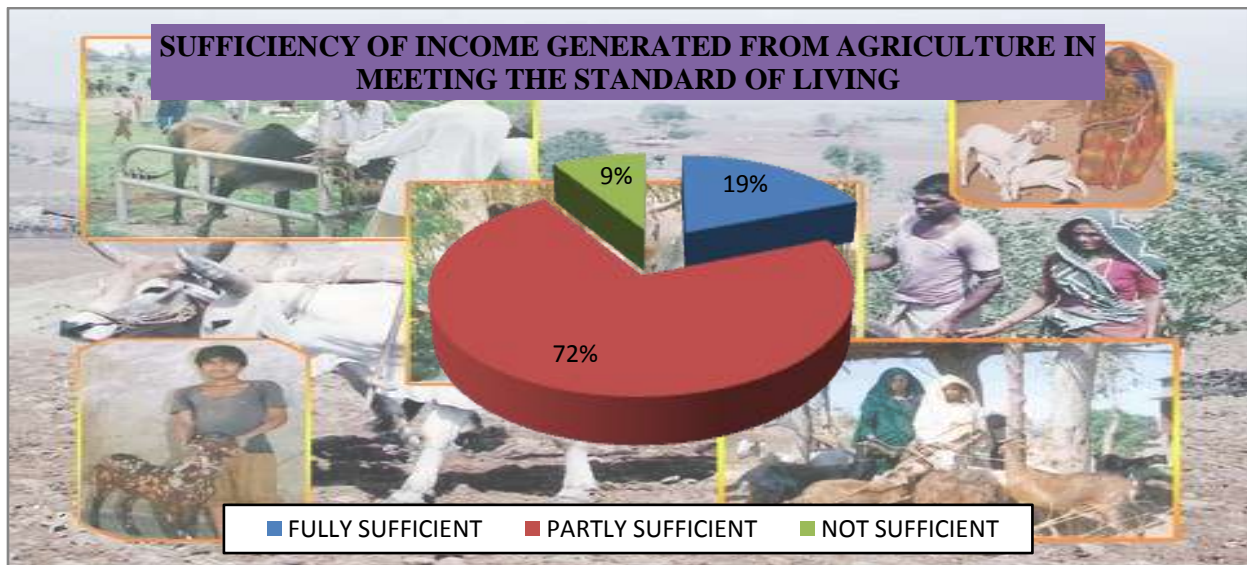
CHART 3: SHOWING DEPENDENCY ON AGRICULTURAL INCOME



INTERPRETATION

From the above analysis, it is inferred that 83% of respondents agree that farmers depend on agricultural income and 8% of respondents do not agree that farmers depend on agricultural income and 9% of respondents cannot say that farmers either depend on agricultural income or not.

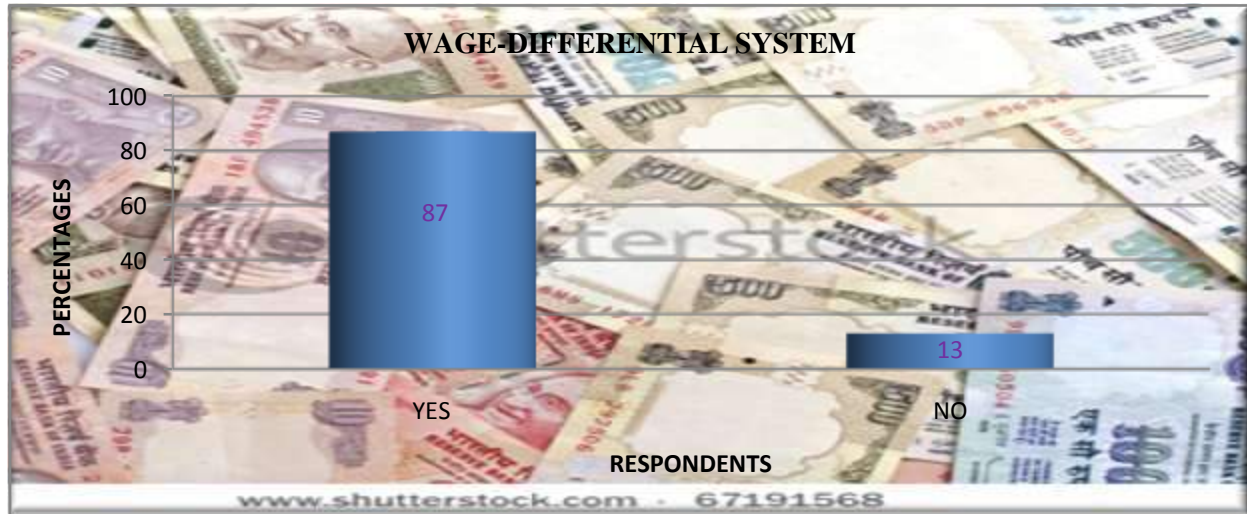
CHART 4: SHOWING SUFFICIENCY OF INCOME GENERATED FROM AGRICULTURE IN MEETING THE STANDARD OF LIVING



INTERPRETATION

From the above analysis, it is agreed by 19% of respondents that the agricultural income is fully sufficient and 72% of respondents agree that agricultural income is partly sufficient and 9% of respondents agree that agricultural income is not sufficient to meet the standard of living.

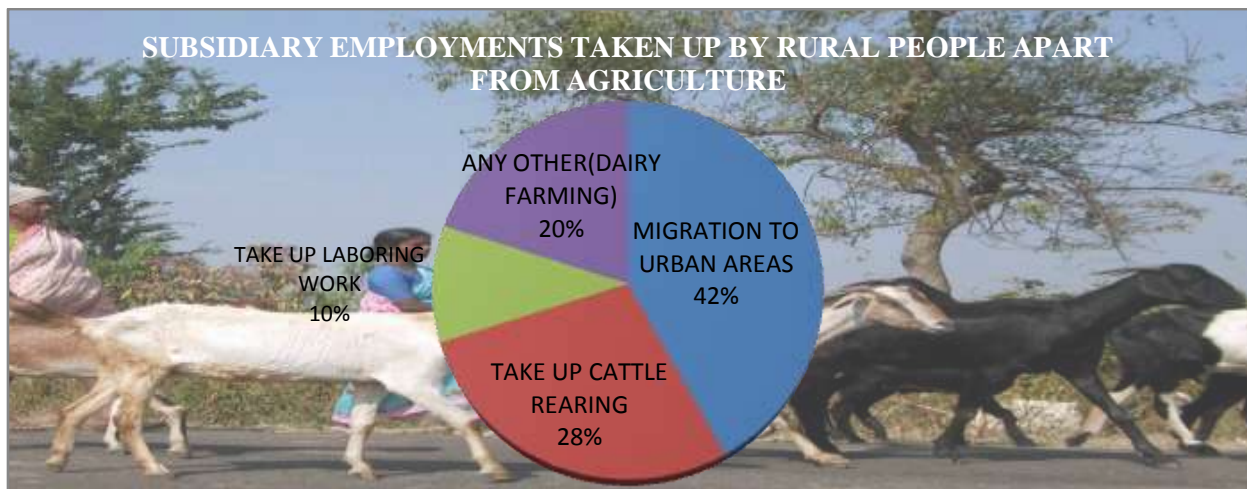
CHART 5: SHOWING WAGE-DIFFERENTIAL SYSTEM



INTERPRETATION

From the above analysis, it is concluded that 87% of respondents agree that wages differ with gender and 13% of respondents do not agree that wages differ with gender difference.

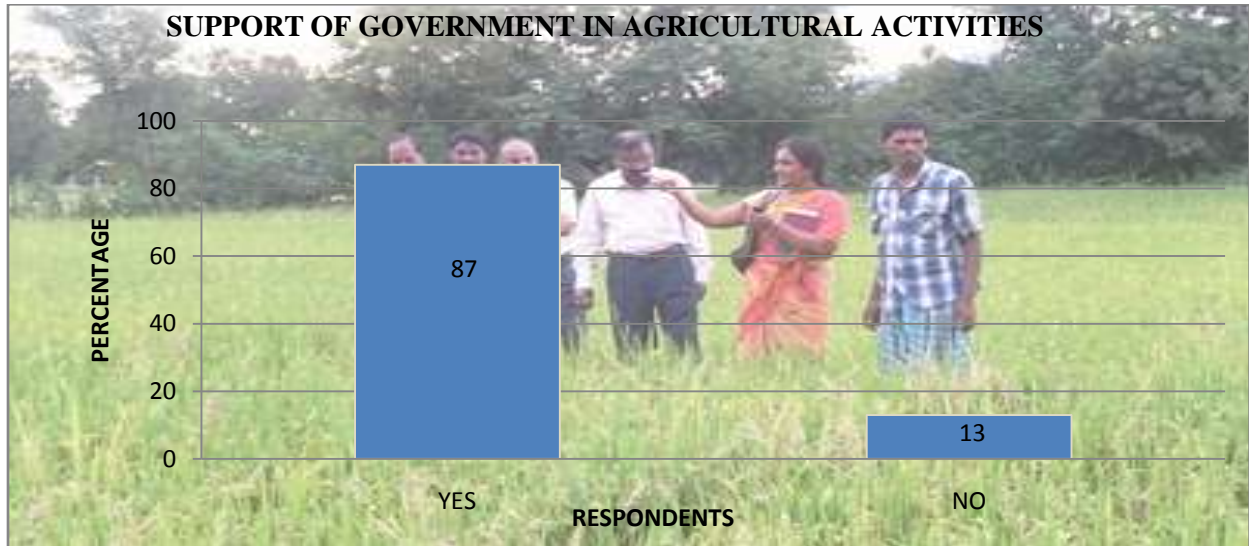
CHART 6: SHOWING SUBSIDIARY EMPLOYMENTS TAKEN UP BY RURAL PEOPLE APART FROM AGRICULTURE



INTERPRETATION

From the above analysis it is inferred that 42% of respondents accept that rural people migrate to urban areas and 28% of respondents accept that rural people take up cattle rearing and 10% of respondents accept that rural people take up laboring work and 20% of respondents accept that rural people go for any other employments like dairy farming etc.

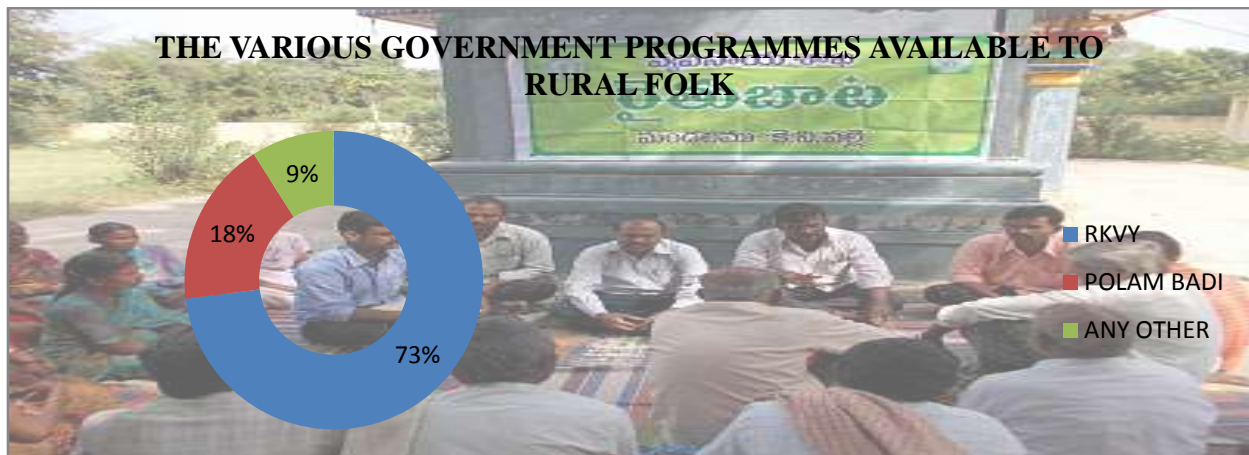
CHART 7: SHOWING SUPPORT OF GOVERNMENT IN AGRICULTURAL ACTIVITIES



INTERPRETATION

From the above analysis, it is observed that 87% of respondents agree that there is support from government and 13% of respondents do not agree that there is support from government to agricultural activities.

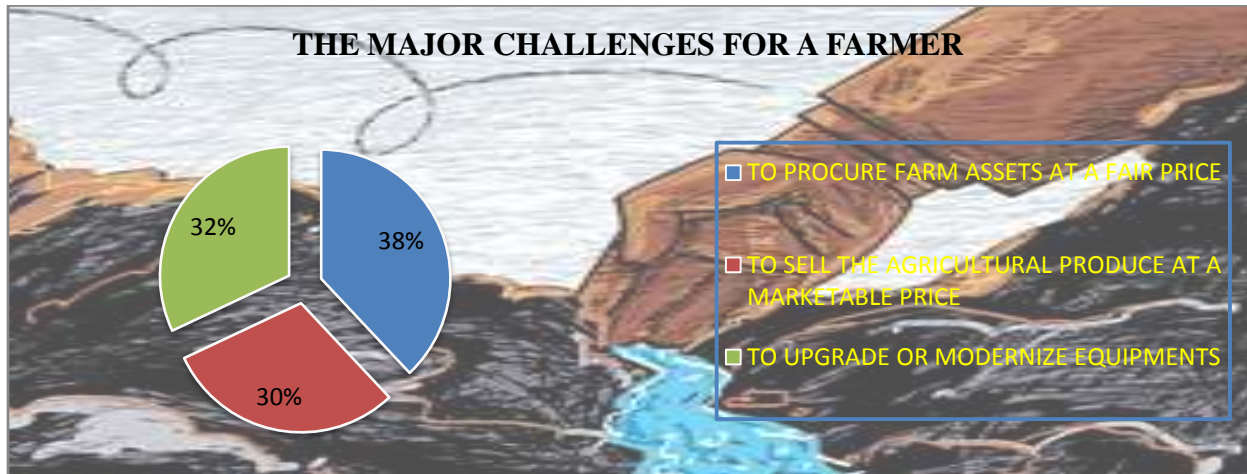
CHART 8: SHOWING THE VARIOUS GOVERNMENT PROGRAMMES AVAILABLE TO RURAL FOLK



INTERPRETATION

From the above analysis, it is observed that 73% of respondents are aware of Rashtriya Krishi Vikas Yojana program and 18% of respondents are aware of Polam Badi program and 9% of respondents are aware of Antharashtriya Krishi Vikas Yojana, Jai Kisan, etc.

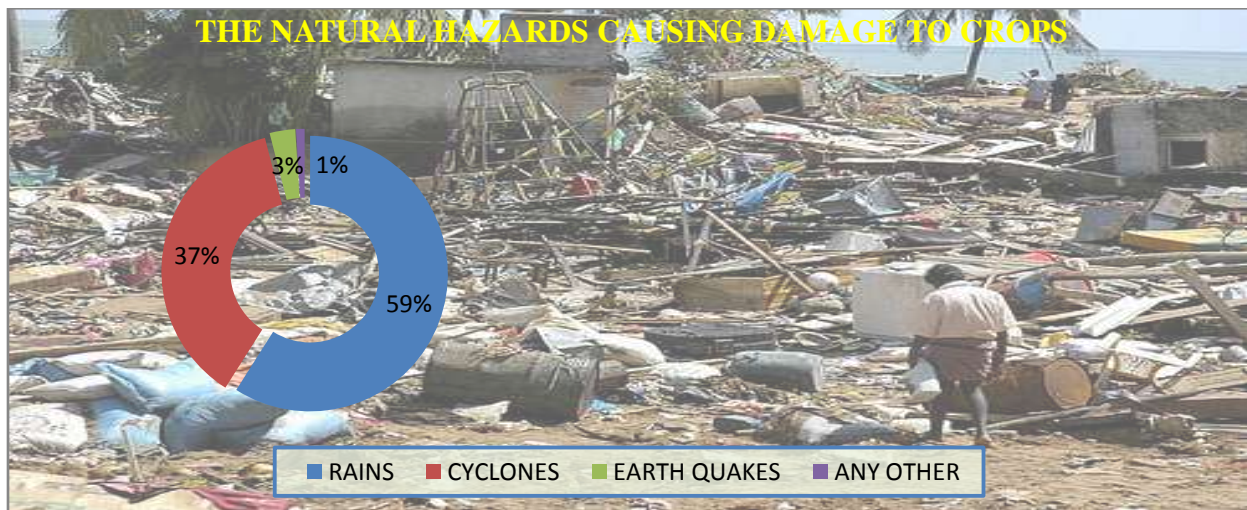
CHART 9: SHOWING THE MAJOR CHALLENGES FOR A FARMER



INTERPRETATION

From the above analysis, 38% of respondents conclude that main challenge for a farmer is to procure farm assets at a fair price, 30% respondents conclude that to sell agricultural yield at marketable price and 32% of respondents conclude that to upgrade or modernize equipments is the other challenge for farmers.

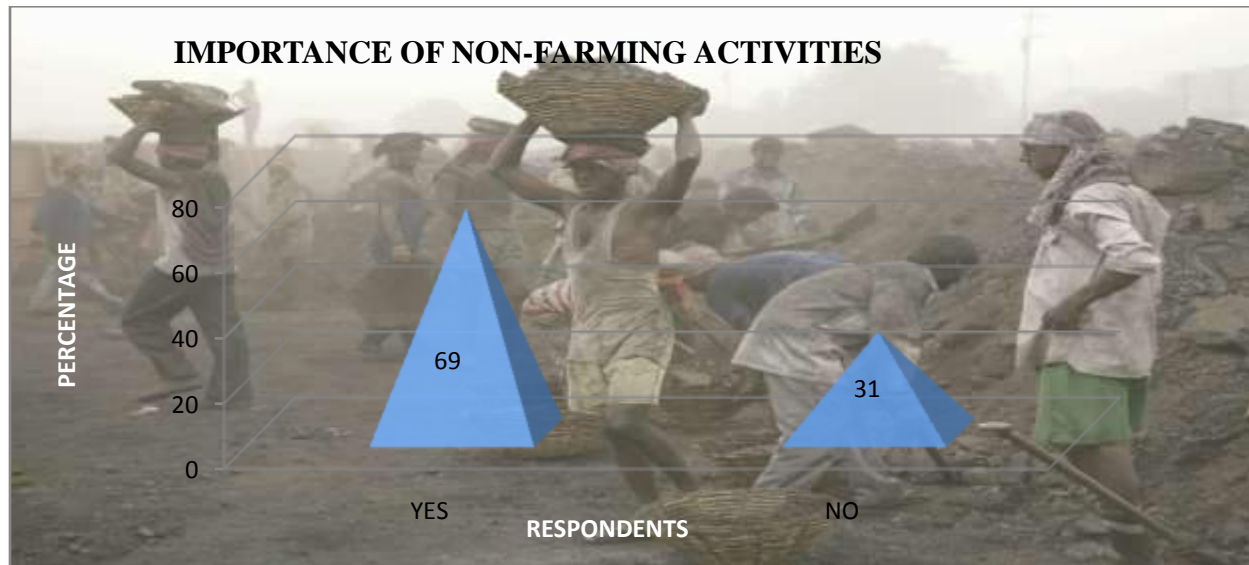
CHART 10: SHOWING THE NATURAL HAZARDS CAUSING DAMAGE TO CROPS



INTERPRETATION

From the above analysis, it is observed that 59% of respondents conclude that rains are the major hazards and 37% of respondents conclude that cyclones are hazardous and 3% of respondents conclude that earthquakes cause damage to crops and 1% of respondents conclude that other reasons cause damage to crops.

CHART 11: SHOWING IMPORTANCE OF NON-FARMING ACTIVITIES TAKING PART IN THE SHARE OF RURAL INCOME



INTERPRETATION

From the above analysis, it is observed that 69% of respondents agree that non-farming activities play an important role in the share of rural income and 31% of respondents do not agree that non-farming activities are important.

FINDINGS & CONCLUSIONS

1. It is found that majority of the respondents regard agriculture as a predominant occupation as it is also regarded as a primary source of employment since it exists since ages and is assumed to be profit-oriented occupation as no other source of employment is available.
2. It is also found that farmers solely depend on agricultural income for their living, but the income generated from the agricultural production is not fully sufficient to have a good standard of living and to meet their daily requirements
3. It is observed that men are more involved in crop-related activities where as women are involved much in live-stock related activities and majority of the respondents agree that agricultural income is more like a seasonal employment for many farmers.
4. It is found that there is a wage differential system based on gender and majority of the respondents that wages must be paid on daily basis rather than based on produce or weekly mode of payment.
5. It is observed that farmers take up other subsidiary employments to meet their financial needs which include majority of farmers migrating to urban areas and others take up cattle rearing and some opt for laboring jobs and few other farmers even go for dairy farming activities.

6. From the interpretations done it is found that government supports farmers with its various programmes like Rashtriya Krishi Vikas Yojana, polam Badi, Jai Kisan, Antharashtriya Krishi Vikas Yojana etc.
7. The various tools needed in agriculture include both traditional & modern tools likely plough, bullock-cart and tractor, reaper, harvester etc. to carry on the agricultural activities. And therefore modern tools are playing major role in agricultural activities.
8. It is found that procuring farm assets at a fair price is the main challenge for a farmer apart from selling the yield at a marketable price & upgrading or modernizing farm equipments.

SUGGESTIONS

1. It is suggested that farmers should not depend on agricultural income alone.
2. Wage Differential System should be reduced. There should be equal pay for equal work for both men and women.
3. Payment of wages on daily basis should be made mandatory.
4. Government support should be implemented at a greater scale.
5. Awareness of government programmes should be made either through door to door or through media's like TV. and radio.
6. Important employment & development programmes like Swarna Jayanti Gram Swarozgar Yojana (1999), Pradhan Mantri Gram Sadak Yojana (2000), Sampurna Gramin Rojgar Yojana (2001), Jai Prakash Narain Rozgar Guarantee Yojana (2002-03) and Rural Employment Guarantee Yojana (2005-06) should be implemented on a larger scale.
7. Elementary agricultural education should be given free of cost.
8. The agricultural tools should be made available on easy installment payment systems.
9. Proper remedial measures to fight against natural calamities should be made by hand.
10. Farmers should be encouraged to opt for other employment areas in the off – seasons so that there should not be any under-employment and irregular flow of income.

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SHOPPING STYLES AND MODERN RETAIL FORMAT PREFERENCES AMONG YOUNG SHOPPERS

MS. MILNA SUSAN JOSEPH*; DR. SAM THOMAS**

*Associate Professor,
Department of Management Studies,
S N G College of Engineering,
Kolenchery, Kochi, Kerala, India.

**Associate Professor,
School of Management Studies,
CUSAT, Kerala, India.

ABSTRACT

Organized retailing is changing the whole concept of shopping, creating a radical shift in consumer buying behaviour. In such a scenario, understanding consumer's shopping styles and preferences is considered to be very crucial in order to succeed in selling a product or service. Consumer shopping styles is a major area of concern for marketers as it provides the advantage of aligning the sales techniques with the buying style, which improves the chances of converting more prospects to paying customers. Today, the market is driven by the changing consumption patterns and aspirations of the youth. Young consumers show more consumer confidence, are active and spend more than they save. They represent a powerful new consumer force and shape the trends that affect the modern retail sector. Moreover, there exists considerable difference in the shopping styles exhibited by urban, semi-urban and rural consumers. The purpose of this study was to investigate the difference in shopping styles and modern retail format preferences of young urban and semi-urban consumers in Kerala, India and to analyze the consumer shopping styles across different demographic variables.

Data for this study were collected from 220 students in Kerala, who frequently shop from modern retail outlets. The study revealed that there exist statistically significant differences in the shopping styles of urban and semi-urban consumers. The consumer shopping styles also vary across demographic variables and both urban and semi-urban consumers prefer to visit the modern retail formats more often. This study will help marketers to understand the young shoppers in terms of their shopping styles and retail format preferences and to adapt and improve their marketing campaigns as well as strategies to penetrate more into the market.

KEYWORDS: Consumer shopping styles, Consumer Style Inventory (CSI), Modern retail format, Young consumers.

INTRODUCTION

Indian retail market, one of the most promising in the world, is fast evolving. India is ranked as the fourth most attractive nation for retail investment among 30 emerging markets (GRDI, 2011). It is forecasted that the total retail sales will grow from US\$ 411.28 billion in 2011 to US\$

804.06 billion by 2015 (BMI, 2011). According to a report by Ernst and Young, currently, the Indian organized retail sector is in its third phase of evolution wherein the retailers are focusing on end-to-end supply chain management, backend operation, and technology and process improvements. The future is promising, the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations.

The Indian market has undergone dramatic changes since early 1990. The major drivers of change that has created a new trend in retail consumer behaviour are the emergence of organized retailing and the changing demographics. Organized retailing is characterized by professionally managed large format stores, providing goods and services that appeal to consumers, in an ambience that is conducive for shopping (Banerjee .M and Dasgupta .R, 2010). Organized retail formats, including departmental stores, hypermarkets, shopping malls, supermarkets and specialty stores are fast replacing traditional retail formats such as kirana stores due to rising consumer expectations. The modern consumer's shift in focus towards improved quality, consistent availability, pleasant shopping environment, financing options, return and exchange policies and competing pricing has been phenomenal for the emergence and growth of organized modern retail formats in the recent years (Kiran and Jhamb, 2011).

The major demographic factors that lead to the growth of organized trade in India include rapid income growth, increasing urbanization and growing young population (Swar, 2007). India possesses the advantage of having a largely young population. According to GRDI, 2011, two-thirds of Indian population is under 35, with the median age of 23 years as against the world median age of 33. India is home to 20% of the global population under 25 years of age. It is projected that by the end of 2020, more than 50% of the Indian population will be below 30 years. This emerging demographic profile will bring in revolution in terms of market opportunities in the coming years.

Organized retailing is changing the whole concept of shopping, creating a radical shift in consumer buying behaviour. In such a scenario, understanding customer's shopping/decision making styles is considered to be very crucial in order to succeed in selling a product or service (Rosen. J and Turano. A. M, 2003). Consumers exhibit different styles while shopping. Some may prefer to have a shopping list in hand and others may browse the aisles and buy whatever catches their eye. People respond to a sales call in many different ways. Some people are more instinctive decision makers. They respond well to a presentation and are willing to take action straight away. Other people may leave decision making to the very last minute because it may not be a priority for them right at that moment. Being able to understand the varying dimensions of consumer shopping styles provide marketers the advantage of aligning the sales techniques with the buying style, which improves the chances of converting more prospects to paying customers.

Consumers' exhibit different characteristics and market behaviors, and they often have different shopping orientations, which are affected by culture, gender role, economic situations, and environment (Buss, 1990). Today, the market is driven by the changing consumption patterns and aspirations of the youth. Young consumers show more consumer confidence, are active and spend more than they save. They represent a powerful new consumer force and shape the trends that affect the modern retail sector. Moreover, there exists considerable difference in the

shopping styles exhibited by urban, semi-urban and rural consumers. Profiling young urban and semi-urban consumers by combining their shopping styles, demographic information and retail format preferences can provide more meaningful ways to identify and understand various consumer segments and to target each segment with more focused marketing strategies (Nargundkar, 2003)

A recent study by Kiran and Jhamb (2011) pointed out that most of the studies on Indian retail formats have focused on store attributes and consumer's choice towards emerging retail formats. They stressed the need to further explore and focus on the holistic view of shopping styles of Indian consumers and their choice of format. The present study aims to investigate the difference in shopping styles and modern retail format preferences of young urban and semi-urban consumers and to analyze the consumer shopping styles across different demographic variables.

The specific objectives of the study are:

- To investigate the shopping styles exhibited by young shoppers in the context of organized retailing.
- To analyze the consumer shopping styles across different demographic variables.
- To analyze the difference in shopping styles and modern retail format preferences of young urban and semi-urban consumers.

2. LITERATURE REVIEW

2.1 CONSUMER SHOPPING STYLE/DECISION-MAKING STYLE

Sproles and Kendall (1986) defined consumer shopping/decision making style as a mental orientation that reveals both cognitive and affective characteristics of a consumer, while making choices (Kavas. A and Yesilada .F, 2008). Shopping styles are relevant to marketing because they determine consumer behavior and are commonly used as a basis for market segmentation and positioning. Most of the studies in the past have focused on consumer shopping styles because of the assumption that all consumers approach the market with certain fundamental decision-making styles (Stone, 1954; Darden and Reynolds, 1971; Lumpkin, 1985).

Research on consumer decision making styles fall into three main categories: the psychographic/life style approach (Lastovicka, 1982), the consumer typology approach (Darden and Ashton, 1974; Moschis, 1976), and the consumer characteristics approach (Sproles 1985; Sproles and Kendall, 1986; Sproles and Sproles, 1990). The cognitive and affective aspect of consumer behavior is explained in the consumer characteristics approach and hence it is considered to be the most powerful construct (Yesilada .F and Kavas. A, 2008). In order to measure consumer decision making styles, Sproles and Kendall (1986) developed an instrument named Consumer Style Inventory (CSI) which measures eight mental characteristics of consumers while shopping – Perfectionist/High-quality conscious (degree to which a consumer searches carefully and systematically for the best quality in products); Brand conscious/Price equals quality (a consumer's orientation towards buying the more expensive, well known

national brands); Novelty and fashion conscious (consumers who like new and innovative products and gain excitement from seeking out new things); Recreational and shopping conscious (the extent to which a consumer finds shopping as a pleasant activity and shops just for the fun of it); Price conscious/Value-for-money (a consumer with high consciousness of sale prices and lower prices in general); Impulsiveness/Careless (one who tends to buy on the spur of the moment and appear unconcerned about how much he or she spends); Confused by over choice (a consumer who likely experiences information overload in the market); and Habitual/Brand-loyal (a consumer who repetitively chooses the same favorite brands and stores).

Consumer Style Inventory (CSI) was widely used in subsequent studies in various cultural contexts. Hafstrom et al. (1992) used Consumer Style Inventory to measure the decision making styles of Korean students and confirmed seven out of eight factors. Novelty fashion consciousness was the factor, which was not confirmed in the study. Hiu et al. (2001) administered CSI in Chinese context and identified five styles as relevant in Chinese culture. These styles were perfectionist, novelty, fashion conscious, recreational, price conscious and confused by over choice. Sudharani et al. (2009) used Consumer Style Inventory to profile the shopping styles of active mall shoppers in Indian context. The study identified six shopping styles as relevant in Indian environment, which are price consciousness, quality consciousness, recreational, confused by over choice, novelty consciousness and variety seeking. The study does not confirm four proposed dimensions i.e., fashion consciousness, brand consciousness, impulsiveness and brand loyalty.

2.2 MODERN RETAIL FORMAT PREFERENCES

According to Cottet et al. (2006) both utilitarian value (objective, rational aspect for purchase motives) and hedonic value (subjective, emotional, recreational) influences satisfaction and selection of store. The utilitarian value is offered by product availability and the hedonic value is offered by factors such as atmosphere, customer's relations with store employees, peripheral services and crowding. Mishra (2007) conducted a study in the metropolitan cities with an aim to figure out the consumer's preferences towards various retail formats. The results highlighted that organized retail formats such as hypermarkets, malls and supermarkets were among the top preferences due to convenience and variety. Consumers buy convenience goods from organized outlets and essential items that require more involvement from traditional retailers.

Singh (2007) stated that Indian consumers have shifted their preference towards organized retail outlets due to its extremely hygienic environment and attractive ambience. While analyzing the consumer's preferred format for grocery shopping, Goswami and Mishra (2008) highlighted that organized retailers score better over kirana stores indicating the modern consumer's shift in preference towards a better ambience for shopping. The major reasons for their preference include cleanliness, offers, exclusive store brands etc. Goyal and Aggarwal (2009) investigated the consumer's choice of organized retail formats for different product categories. The study revealed that Indian consumers visit supermarkets to purchase food and grocery items as well as health and beauty care products. People usually visit malls for entertainment and to purchase clothing and apparels, music and gift items and to avail catering services. Hypermarkets are preferred for the purchase of pharmaceuticals, watches, mobile accessories and services. Departmental stores are preferred to purchase foot wares. Belwal R and Belwal S (2009)

analyzed the consumer behaviour towards store and shopping preferences in the hypermarkets in Oman and observed that hypermarkets have emerged as the preferred outlet for shopping in many parts of the world. Cleanliness, quality, efficiency at payment counters, variety, novelty, convenience and parking facilities were the important factors that pulled consumers towards hypermarkets. Consumers visit modern retail outlets not only for purchase but also for recreation and they expect a complete shopping experience from the trip.

2.3 YOUNG CONSUMER'S SHOPPING STYLES

Kaur and Singh (2007) investigated the important dimensions of motivation for young consumers when they shop. The results of the study revealed that young consumers tend to shop with a hedonistic perspective seeking fun and enjoyment from the shopping trip. The main motivation for shopping for them is to get product ideas, meet friends or even alleviate depression and to have a break from the daily routine. Jain and Bagdare (2009) analyzed customer experience in the context of new format retail stores and stated that the modern outlook and practices of new format stores such as well designed layout, ambience, display, self service, value added services, technology-based operations etc. attracts and influence young consumers and help to satisfy both hedonic and utilitarian needs.

2.4 INFLUENCE OF DEMOGRAPHIC FACTORS

According to Singh (2007) the urban consumers are found to have high degree of brand awareness than rural consumers especially with respect to food products. Post graduate urban and rural consumers exhibit a high level of brand awareness for food products than other education levels. The increase in disposable income has been phenomenal for the increased preference and growth of organized retailing. The study by Ali et al. (2010) indicated that income level is an important factor that affects consumer's purchase decisions. Results revealed that higher income as well as education level of consumers influence their purchase decision where as age and gender have no significant impact.

3. RESEARCH METHODOLOGY

3.1 SAMPLE

The sample for the study comprised of graduate and post-graduate students in Kerala, who frequently shop from different formats of modern retail. A sample of 220 with equal representation of urban and semi-urban consumers was selected for the survey.

3.2 DATA COLLECTION

The information was collected personally from the respondents by administering a pre-tested, structured questionnaire. The study employed Consumer Style Inventory (CSI) developed by Sproles & Kendall (1986); Sproles & Sproles (1990) to measure consumer shopping styles. The CSI is composed of 39 items that cover eight consumer shopping styles namely- Perfectionist/High-quality conscious; Brand conscious/Price equals quality; Novelty and fashion conscious; Recreational and shopping conscious; Price conscious/Value-for-money; Impulsiveness/Careless; Confused by over choice and Habitual/Brand-loyal.

For each style, a three-item short form of the scale with 24 items is available, which was included in the questionnaire. All items are scored on 5-point Likert type scale in which respondents were asked to indicate their level of agreement from strongly disagree (1) to strongly agree (5). The questionnaire also consisted of questions to solicit demographic information of the respondents such as age, gender, marital status, education and monthly income and a question to identify the most preferred modern retail outlet.

4. RESULTS AND DISCUSSION

4.1 DEMOGRAPHIC PROFILE OF THE SAMPLE

A total of 220 (equal proportion of urban and semi-urban) graduate and post graduate students participated in the survey. Demographic characteristics of the sample are presented in Table - I. The urban sample consisted of 45% female and 55% male respondents whereas the semi-urban sample consisted of 71% female and 29% male respondents. Majority of the respondents (urban – 76%, semi-urban – 95%) fall in the age group of 21 and 26 years. 86% of the urban and 99% of the semi-urban respondents were single. Most of the respondents had income above 10, 000 (urban – 94%, semi-urban – 87%).

TABLE - I
DEMOGRAPHIC PROFILE OF URBAN AND SEMI-URBAN SAMPLE

Variables		% of Sample	
		Urban	Semi-urban
Age	15-20	18	5
	21-26	76	95
	27-35	6	0
	55 & above	0	0
Gender	Female	45	71
	Male	55	29
Marital Status	Single	86	99
	Married	14	1
Education Level	Secondary school or Equivalent	0	0

	Bachelor Degree	13	0
	Master Degree	87	100
Income	Below 10,000	6	13
	10,000 - 20,000	36	45
	20,000 - 30,000	39	30
	Above 30,000	19	12

Source: Survey data

4.2 MOST PREFERRED MODERN RETAIL OUTLET

Young consumers have overwhelmingly embraced modern retail. Both urban and semi-urban consumers prefer to visit the modern retail formats more often. Among the different modern retail formats, the choice seems to be varied as shown in Table II. The analysis of urban sample revealed that most of the respondents (54%) preferred malls for shopping followed by discount stores (18%) and supermarkets (15%). The urban consumers rarely visited specialty stores and convenience stores and only one respondent used the service of e-tailers. The most preferred modern retail outlets of semi-urban sample were convenience stores (37%) and supermarkets (33%). Very few respondents preferred malls (16%), discount stores (12%) and specialty stores (2%). There is significant variation evident with respect to preference towards malls. The semi-urban consumers are yet to discover the ease and convenience of malls. The reasons may be lack of acquaintance to modern amenities, no provision for bargaining, complications in case of refunds etc.

TABLE - II

MOST PREFERRED OUTLET

Modern Retail Formats	% of sample	
	Urban	Semi-urban
Malls	54	16
Supermarkets	15	33
Specialty stores	6	2
Discount stores	18	12
Convenience stores	6	37

E-tailers	1	0
Total	100	100

Source: Survey data

The results are in line with the report published by AC Nielson Survey, 2011, which indicated that the Indian Shopper has discovered modern retail and is increasingly shopping there. This trend is fueled by the growth in number of modern stores. The survey shows that the frequency of consumers going to large stores has increased. More than 37% consumers visited modern retail stores every month. Organized retailers offer more options to the consumers. In mom-and-pop stores, customer has to be very specific with what they want, but they can get more options in a modern store.

4.3 ANALYSIS OF CONSUMER SHOPPING STYLES ACROSS DEMOGRAPHIC VARIABLES

Analysis of variance (ANOVA) was used to study the variations in consumer shopping styles across different demographic variables. The output of ANOVA is summarized in Table - III. The analysis of eight consumer shopping style dimensions is described below:

TABLE – III

ANALYSIS OF CONSUMER SHOPPING STYLES ACROSS DEMOGRAPHIC VARIABLES

Dimensions	Age		Gender		Marital status		Edu. Level		Income	
	F	Sig	F	Sig	F	Sig	F	Sig	F	Sig
Perfectionist	7.233	0.001	1.787	0.183	0.739	0.391	4.326	0.039	2.877	0.037
Brand conscious	0.004	0.996	10.48	0.001	0.162	0.688	2.114	0.147	6.927	0
Novelty	0.162	0.851	2.326	0.129	0.239	0.625	4.885	0.028	5.47	0.001
Recreational	1.973	0.141	9.869	0.002	0.108	0.743	1.86	0.174	0.149	0.93
Price & Value	0.308	0.735	4.948	0.027	5.352	0.022	0.077	0.781	1.548	0.203
Impulsive	0.897	0.409	0.581	0.447	2.166	0.143	1.676	0.197	2.443	0.065
Confused	0.174	0.84	4.782	0.03	0.776	0.379	0.49	0.485	3.946	0.009
Habitual	0.624	0.537	0.123	0.727	0	0.986	0.726	0.395	5.846	0.001

Source: Survey data

- 1. PERFECTIONIST / HIGH QUALITY CONSCIOUS:** Consumers who score high on this dimension give utmost importance to quality. They search carefully and systematically for the best quality in products. The analysis revealed that the perfectionist dimension varies across age, education level and income. There is no variation seen with respect to gender and marital status. It was found that young consumers in the age group of 15-20 years were more quality conscious (mean value=4.69) followed by the age group of 21-26 years (mean value=4.28). Respondents in their graduation level and those who have income above 30,000 score high on this dimension.
- 2. BRAND CONSCIOUSNESS / PRICE EQUALS QUALITY:** Consumers who score high on this dimension considers price as an indicator of quality. They are oriented towards buying the more expensive, well known National brands. The brand conscious dimension varies across gender and income. No variation is evident in terms of age, marital status and education level. Male consumers were more brand conscious (mean value=3.43) than female consumers (mean value=3.08). Respondents with monthly family income more than 30,000 were more brand conscious (mean value=3.72) followed by the income group of 20,000-30,000(mean value=3.25).
- 3. NOVELTY AND FASHION CONSCIOUS:** Consumers having high score on this dimension are always driven by novelty products. They like new and innovative products and gain excitement from seeking out new things. The analysis show significant variation across education level and income with respect to novelty dimension. No variation is seen in terms of age, gender and marital status. Young graduate consumers having monthly family income above 30,000 exhibit novelty and fashion conscious behaviour.
- 4. RECREATIONAL AND SHOPPING CONSCIOUS:** Consumers who score high on this factor considers shopping as a pleasant activity and shops just for the fun of it. The results indicate that recreational dimension varies across gender. No variation is seen with respect to age, marital status, education level and income. Young female consumers were found to be more recreational (mean value=3.34) than male consumers (mean value=3.05).
- 5. PRICE CONSCIOUS / VALUE FOR MONEY:** Consumers who score high on this dimension are very price conscious. They look for sale prices and lower prices in general. The analysis show significant variation across gender and marital status with respect to price and value consciousness. There exists no variation in terms of age, education level and income. Young female consumers score high on this dimension (mean value=3.46) than male consumers. However, married consumers (mean value=3.67) were significantly higher than single consumers (mean value=3.37) on price and value consciousness.
- 6. IMPULSIVENESS / CARELESS:** Consumers having high score on this dimension never plan their shopping. They buy spontaneously and appear to be unconcerned about how much he or she spends. Impulsive behaviour does not vary across age, gender, marital status, education level and income.

- 7. CONFUSED BY OVER CHOICE:** Consumers who score high on this dimension find the market place as confusing. They perceive too many brands and stores from which to choose and experience information overload in the market. Analysis revealed that confused by over choice dimension varies across gender and income. Female consumers were found to be mostly confused by over choice (mean value=3.84) than male consumers (mean value=3.65). Respondents having monthly family income 30,000 and above score high on this dimension (mean value=3.98).
- 8. HABITUAL / BRAND LOYAL:** Consumers who score high on this dimension are very brand loyal. They repetitively choose the same favourite brands and stores. Habitual or brand loyal dimension varies across income. No variation is seen in terms of age, gender, marital status and education level. Young consumers who fall in the income group of 30,000 and above were found to be brand loyal consumers (mean value=3.78) followed by consumers in the income group of 20,000-30,000 (mean value=3.49).

4.4 ANALYSIS OF SHOPPING STYLES OF YOUNG URBAN AND SEMI-URBAN CONSUMERS

Table IV shows variation in the shopping styles of urban and semi-urban consumers in terms of perfectionist, brand conscious, novelty conscious, recreational and habitual dimensions. The young urban consumers demonstrated a higher preponderance than semi-urban consumers in terms of quality consciousness, brand consciousness, novelty consciousness and brand loyalty whereas young semi-urban consumers were more recreational or shopping conscious than urban consumers. There is no difference seen between urban and semi-urban respondents with respect to price and value conscious, impulsive and confused by over choice dimensions.

TABLE - IV

ANALYSIS OF SHOPPING STYLES OF YOUNG URBAN AND SEMI-URBAN CONSUMERS

Dimensions	Urban mean	Semi-urban mean	t test result	
			F	Sig
Perfectionist	4.43	4.22	8.73	0.003
Brand conscious	3.47	2.98	23.26	0
Novelty	3.63	3.25	12.43	0.001
Recreational	2.90	3.53	57.90	0
Price & Value	3.45	3.33	2.81	0.095
Impulsive	3.48	3.43	0.33	0.565

Confused	3.78	3.73	0.27	0.6
Habitual	3.50	3.28	4.53	0.034

Source: Survey data

The results are in line with the report that there exists considerable difference among urban, semi-urban and rural consumers in terms of shopping behavior. A product being treated as a gift item in an urban area may be perceived as a necessity item in the semi-urban or rural area. It may happen that the urban consumer buys any item out of impulse and for rural consumer it may be a planned activity to buy the same (Singh J, 2011). The present study also attempted to understand the prominent differences in the shopping styles of urban and semi-urban consumers.

5. CONCLUSION

Examining shopping style differences is an important area of inquiry that lead to a better understanding of consumer behavior. The main objectives of the study were to examine the difference in shopping styles and modern retail format preferences of young urban and semi-urban consumers and to analyze the consumer shopping styles across different demographic variables. This study used the consumer style inventory model, developed by Sproles and Kendall (1986), to determine the young consumer's shopping style differences in the context of organized retailing.

The changes in the consumer environment have affected traditional shopping patterns; thus consumer purchasing behaviour has also been changing over the past years. The study revealed that there exist statistically significant differences in the shopping styles of urban and semi-urban consumers. Young urban consumers were found to be more quality conscious, brand conscious, novelty conscious and brand loyal when compared to semi-urban consumers whereas young semi-urban consumers manifested a greater tendency towards recreational or shopping consciousness than urban consumers. The development of retail chains has given more opportunities for consumers to make the best possible choices, in turn influencing their favorable disposition towards modern formats. The study shows that, both urban and semi-urban consumers prefer to visit the modern retail formats more often. Among the different modern retail formats, the choice seems to be varied. The most preferred modern retail formats of urban consumers were malls, discount stores and supermarkets whereas the semi-urban consumers prefer to shop from convenience stores and supermarkets.

The consumer shopping styles also vary across various demographic variables. It was found that young consumers between the age group of 15-20 years were more quality conscious. Young female consumers were more price conscious, recreational shoppers and often confused by over choice. Moreover, male consumers were higher than female consumers on brand consciousness and preferred to buy the well known brands. Married consumers were more price and value conscious than single consumers. Young graduate consumers prefer best quality products and are variety seekers. Respondents who fall in the income group of 30,000 and above were found to be more quality conscious, variety seekers and brand loyal consumers.

Marketers are eager to know how consumers make their decisions and therefore try to figure out the consumer psyche and various factors that influence the process. The study on consumer's shopping style and their retail format preferences enables marketers to adapt and improve their marketing campaigns as well as strategies to penetrate more into the market.

IMPLICATIONS FOR MARKETERS

According to Sam Walton and Jack Welch, 'Consumer is the source of competitive advantage and understanding consumer can be a source of redefining business and gaining sustainable advantage'. It is evident that understanding the psyche of the consumer as well as the shopping styles exhibited by them is critical to success in retailing. Youth is emerging as the major consuming class due to high disposable incomes and they are entering the world as new, independent consumers. Aspirations and desires of the young generation are evolving and will undergo frequent shifts in the coming years. Hence for marketers, who always try to stay one step ahead of the competition, future growth relies on understanding and attracting young consumers. With changes that are happening at a rapid pace, a deliberate attempt from the part of marketers to understand the shopper's dynamics in terms of shopping styles and retail format preferences and evolve tailor-made strategies, holds the key to success in modern retailing.

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WOMEN ENTREPRENEURSHIP IN BEAUTY PARLOUR SERVICES IN TIRUCHIRAPALLI CORPORATION

MS.S.H.AFROZE*; DR.P.ARUL JOTHI**

*Associate Professor in Economics,
Vice Principal,
Dhanalakshmi Srinivasan College of Arts & Science for Women,
Perambalur, Tamil Nadu, India.

**Associate Professor in Economics,
Dhanalakshmi Srinivasan College of Arts & Science for Women,
Perambalur, Tamil Nadu, India.

INTRODUCTION

India faces massive problems of poverty and unemployment. These problems are particularly acute for women. Social mores in India tend to grant women limited access to material resources, land, capital, and education. Women's wages are less than half those of men, and an overwhelming number of rural women work for no wage at all. Women remain rooted into eternity across time. It takes centuries for women folk to move the mountain of debris of beliefs and free themselves from the chains and shackles of centuries and to unfold their roles in different forms, shapes and sizes to move in new directions. Thus, there is a growing awareness among women to sustain themselves and their family. This transition has brought out a dramatic and drastic change in the minds of women and has now made her to involve in the national economic development process. Thus women struggle to find freedom and space to define their role in a new context with new occupations and forge a new path for their life. They suffer with two distinct disadvantages. First, there is lack of confidence in their abilities. Years of accepting a subordinate status and strict role segregation has left women lacking in confidence to venture into new initiatives. Second, there is society's lack of confidence in women's ability. This is manifested in the family's reluctance to finance a woman's venture, in a banker's reluctance to take risk on projects set up by women, and in a general unwillingness to accept women as decision-makers or to stand as guarantors for loans to them. Nevertheless, the government of India has taken special efforts to promote and support entrepreneurship among women in small and cottage industries in India. Now, women are as qualified as men to succeed as entrepreneurs. Women entrepreneurs are recognized as a powerful instrument for the economic development of any country as well as in bringing the changes in the society as catalyst. So the evaluation of the growth of the entrepreneurship becomes necessary in general. With this idea the researcher has taken up the present study on "Women entrepreneurs with special reference to beauty parlours in Tiruchirapalli corporation".

OBJECTIVES

1. To study the socio economic profile of women entrepreneurs.
2. To study the motivational factors of women entrepreneurs.
3. To study the extent of different types of services provided by the selected industry.

4. To analyse the relationship between fixed capital, working capital, revenue and net profit.
5. To study the problems faced by the women entrepreneurs in the selected industry.

METHODOLOGY OF RESEARCH

SELECTION OF SAMPLE

Women entrepreneurs who are running beauty parlours in Tiruchirapalli Corporation constitute the universe of the study. The researcher collected the list of beauty parlours in the Corporation from the Department of Statistics, District Industries Centre and Tiruchy Association of Beauty Parlours (TAB).

All the women entrepreneurs who had registered at the District Industries Centre (DIC), Tiruchirappalli upto 2011 were considered as target sample. As per the records of the DIC, there were 567 units. Of the total units, 17 were beauty parlours owned by the women entrepreneurs and the rest of the parlours had been identified by the researcher upon the door to door visit. In toto, there are 50 parlours in Tiruchirapalli Corporation run by the women entrepreneurs. All the 50 beauty parlours run by the women entrepreneurs have been taken into account for the present study.

ANALYSIS AND DISCUSSION

SOCIO ECONOMIC PROFILE OF WOMEN ENTREPRENEURSHIP IN BEAUTY PARLOUR INDUSTRY

	Particulars	No.	%
Age group	Below 30	20	40%
	31- 60	30	60%
Educational Qualifications	Below Higher Secondary	29	58%
	Graduate	15	30%
	Post Graduate	4	8%
	M. Phil	1	2%
	Ph. D	1	2%
	Hindu	41	82%

Religions	Muslim	2	4%
	Christian	7	14%
Community	SC/ST	3	6%
	BC	32	64%
	MBC	3	6%
	OC	12	24%
Marital Status	Married	44	88%
	Unmarried	2	4%
	Divorce	4	8%
Family Structure	Joint Family	14	28%
	Nuclear Family	36	72%
Occupational Mobility	Private employee	5	10%
	Business	3	6%
	House -wife	39	78%
	Student	3	6%

Source: Compiled from primary data

The above table shows that most of the women entrepreneurs belong to middle age group (31-60) women of middle age group are more concerned with their life, children and other family members. In addition they are more experienced and balanced in their mind. This group of women attains some maturity and are those who have got settled in life. They find it easier to take up the assignment on their own and also are in a position to sort out problems if any that come in their way.

EDUCATIONAL QUALIFICATION

Education is of great social significance in a number of formal situations such as dealing with officials, functionaries etc. A basic level of education is always looked upon to be a means to improve ones socio economic status in the society. The levels of education of the women beautician are widely distributed among first three levels of education (Table 5.1). More than half of the respondents (58%) are educated below higher secondary level; less than one-third are graduates. One of them has done Master of Philosophy in Commerce. One respondent has completed Ph.D in Alago Opanai Kalai. (Tamil).

RELIGION

In the sample 82 percent are Hindus. It is true from tradition that Muslim community never entertains the women to go out to assume income earning opportunities. In the study 4 percent were Muslim and remaining 7 percent were Christians.

COMMUNITY

In recent times women from various communities have emerged as entrepreneurs. This is due to the policy of the government. When education began to reach each and every stratum of the society it allowed its women to emerge as entrepreneurs. The community - wise data give the fact that two-third (64%) of the respondents are from Backward (BC) Community followed by one-fourth (24%) from upper castes (OC). Very few are found from Most Backward (MBC) caste and SC/ST Scheduled Caste community (6% each). This shows the fact that the women from MBC and SC/ST communities are yet to take off, depending upon the support from their community.

The community - wise distribution of the respondents reveals that economically and socially weaker sections have also taken up entrepreneurial activities.

MARITAL STATUS

The relationship between marital status and women entrepreneurship brings out the fact that 88 % are married. Only 4% are unmarried. Another section of 8 % are from the divorced category. In other words, the conditions of women in Tamilnadu aspiring for entrepreneurship start only after marriage.

OCCUPATIONAL MOBILITY

The present study reveals a picture of the mobility from house wife to entrepreneurship by more than three-fourth of respondents. This may be considered as veridical mobility. This is followed by the mobility from private employees to entrepreneurship (10%). The last two forms of mobility have equal numbers. Six percent moved from business to entrepreneurship and another six percent is from student community. The government has to consider this issue of mobility and provide more opportunity to ensure fast mobility for the women entrepreneurship

FAMILY STRUCTURE

In the study 28 percent women entrepreneurs had joint family and 72 percent women entrepreneurs belonged to nuclear family. It indicates that to manage business successfully independent family environment is more favorable for the women entrepreneurs.

MOTIVATIONAL FACTOR

Motivation plays an important role in starting the enterprise. This is the impelling force which draws women out of her house and inspires her to start the parlour.

MOTIVATION FACTOR

	Particulars	No.	%
Motivation Factor	Self Interest	32	64%
	Parents	3	6%
	Spouse	7	14%
	Friends	1	2%
	Son	7	14%
	Total	50	100%

Source: Compiled from primary data

It is surprising to note the fact that 64 % are motivated through self interest. Spouses have motivated 14% of women, followed by another 14% by sons. Thus the role of either spouse or son is important in motivating the women entrepreneurship, few cases are found to have been motivated by parents (6%) and friends (2%). If better motivation and support is provided there is a possibility of larger participation of women in entrepreneurship.

PROBLEMS FACED BY THE WOMEN ENTREPRENEURS IN BEAUTY PARLOUR INDUSTRY

Problems by ranks		
S.No	Particulars	Rank
1	Difficulties at home	1
2	Financial problems	2
3	problems in training	3
4	Resources scarcity	4
5	Seasonal services	5
6	Technical problems	6
7	Access to markets (Competition)	7
8	Gender based problems	8
9	Problems from the government administration	9
10	Lack of role model	10
11	Problems from customers	11
12	Threatening by customers side	12

Source: Compiled from primary data

Difficulties at home is given first rank. The second rank is given to financial problems. Problems in getting training obtains third rank. The fourth rank goes to resources scarcity

SERVICE – WISE CLASSIFICATION OF CUSTOMERS AND REVENUE

The customers frequently prefer three types of services, namely, correcting eye brows, facials and hair cutting. These services are highly preferred by the customers. Massage activities like, body, breast, stretch massage and body steaming are the four types of services that are not frequently wanted by the customers. But there is a different massage called ‘hot oil massage’

which is made up of 'Aromo oils' which is prepared from flowers, leaves, roots and branches of many plants. This massage is said to control the hair fall and give relief from the 'migrain' and 'head ache'. This is also said to give the soft hair and cool head.

Bride make up includes hair dressing, face caring, sari wearing and arrangement of jewels. The women entrepreneurs charge Rs. 500 to 7,000. It depends upon the make up.

Pedicure is a full care of lower bottom leg. It is said to give relief from leg pain, crack, back foot pain. Pedicure is very useful for house - wives, because 60 percent of them have reported to relief from leg pain while using pedicure.

A manicure is a care of the hands. Treatments for hands usually include soaking in a softening substance and application of hand lotion and also include filing and shaping of the nails and the application of polish. The skin is being manipulated and sometimes trimmed. Because there is a risk of infection when tools are used on multiple people, proper sanitation is critical. So, manicurists are regulated and must get license.

This activity is mostly preferred by teen age girls and youth. Of the total users of this activity 28 percent are college students, 31 percent are house wives and 41 percent are working women.

Waxing is a temporary method of hair removal which is stated to remove the root of the hair. New hairs do not grow back in the waxed area for up to three to eight weeks. Almost any area of the body can be waxed. Waxing is accomplished by spreading a wax combination thinly over the skin. A cloth of paper strip is pressed on the top and then ripped off with a quick movement against the direction of hair growth. This removes the wax along with the hair and dead skin cells leaving the skin smooth.

New hair growth in waxed areas is soft and fine, not sharp and coarse like shaved hair. After repeated waxing, hair regrowth is less common and eventually some hair never regrows.

In the study area, out of the total respondents using waxing, 54 percent are college students 26 percent are working women and 20 percent are house wives.

Henna is a reddish brown dye used especially on hair. This group is constituted of 33 percent college students, 38 percent house wives and 29 percent working women.

Hair coloring means coloring of the hair. This group consists of 28 percent college students, 47 percent house- wives and 29 percent of working women.

Body Massage is used by 20 customers. Among them 60 percent are house -wives and 40 percent are working women and there was no college student.

Stretch Massage is used by 15 customers regularly. Among them 40 percent are working women and 33 percent are college students and 27 percent are house -wives.

Neck treatment is massage for neck. Of the total respondents underwent neck treatments, 37 percent are house- wives, 36 percent are working women and 27 percent are college students.

Of the total respondents used Die powder 71 percent are house -wives and 29 percent are working women.

Hair cutting has attracted the second largest customers after correcting eye brows. Of the respondents who had haircutting 36 percent are college students and 31 percent are house wives and 33 percent of working women.

Of the respondents who got relief from dandruff, the data show that 41 percent are college students, 31 percent are house wives and 28 percent are working women. Dandruff came mostly for the people who do not wash the hair regularly. It can be avoided by washing the hair at least weekly twice or thrice and by cleaning the personal comb regularly. Aroma said that people should not use shampoo; they must use the products which is the mixture of some seeds, plants, and flowers. It must be applied to the hair weekly twice or thrice. This is the only method to control the dandruff.

Straightening is done by using straightening machine. Newly married young women going to some other countries or to north India usually prefer the hair straightening treatment. This cost is also very high. Some of the big parlors charge Rs. 2000 to Rs. 7000 and small parlors charge Rs. 500 to Rs.2000 per person.

Curling the data shows that working women from 66 percent of those who treated for having curling hair style. This is done by applying the chemical creams to the hair. So it causes continuous hair falling.

Of the respondents using perming 61 percent are house- wives and 33 percent working women.

Mehanthi is used to decorate the hands and legs with designs. Mehanthi powder is used for this purpose. Now a days people wish to put 'Arabic Mehanthi' which is new fashion. The beauticians charge Rs. 50 to 600 for mehanthi per person.

SERVICE – WISE CLASSIFICATION OF CUSTOMERS AND REVENUE THREE CLASSES OF SERVICES

S.No	Type of services	No. of customers Visited								Amount of Revenue (Rs.)
		College student		House wife		Working women		Total		
		No	%	No	%	No	%	No	%	
1	Eye Browse	1057	32	115	33	1173	35	3345	100	44,678
2	Facials	618	30	789	39	626	31	2033	100	3,04,800
3	Bride make up	148	93	5	3	7	4	160	100	1,49,950
4	Pedicure	2	1	87	60	57	39	146	100	16,350
5	Manicure	28	28	30	31	40	41	98	100	7,795
6	Waxing	121	55	43	20	55	25	219	100	15,175
7	Henna	39	33	46	38	35	29	120	100	14,040
8	Hair coloring	42	28	69	47	37	25	148	100	28,550
9	Body Massage	-	-	12	60	8	40	20	100	10,700
10	Breast Massage	-	-	-	--	-	-	-	-	-
11	Stretch Massage	5	33	4	27	6	40	15	100	3,000
12	Hot oil massage	31	19	71	45	57	36	159	100	13,645
13	Neck treatment	35	27	48	37	47	36	130	100	13,850
14	Die powder	-	-	55	71	23	29	78	100	8,925
15	Hair cutting	795	36	695	31	723	33	2213	100	93,485
16	Dandruff	150	41	112	31	101	28	363	100	75,985
17	Straitening	19	8	112	50	94	42	225	100	1,34,190
18	Curling	1	1	51	33	101	66	153	100	27,000
19	Perming	-	-	100	67	50	33	150	100	22,500

20	Hair dressing	16	39	15	37	10	24	41	100	3,900
21	Mehanthi	40	65	15	24	7	11	62	100	14,700
22	Body streaming	-	-	-	-	-	-	-	-	2,250
23	Ear piecing	27	35	22	29	28	36	77	100	10,350
Total		3174	32	3496	35	3285	33	9955	100	10,15,818

Source: Compiled from primary data

The over all performance shows that eye brows correction has attracted maximum number of customers. Out of 9955 customers 3345 (33.60%) are the customers for eye brows. The revenue from the eye brows correction is Rs. 44,678. Respondents have felt that by correcting their brows their appearance improves. The cost of eye brows correction is Rs.10 to 20 per person. Next, comes hair cutting. Out of 9955 customers 2213 customers (22.23) preferred the hair cutting for which a sum of Rs. 93,485 was paid . The cost for cutting per person ranges from Rs.25 to Rs.150.

Thirdly, facials get larger preference by the people. Out of 9955 customers 2033 (20.42%) customers preferred facials, for it is felt to increase the shining of the face. The revenue from the facial service is Rs. 3,04,800. The cost per facial ranges from Rs. 50 to Rs.2000. This service helps women entrepreneur to earn larger income. There are many types of facials like gold, pearl, platinum, fruit, cosmetic and Aromo . In gold facial beauticians use the cosmetics which include the wastage of gold pieces. Like gold facials, platinum and pearl facials are also done by beauticians. The cost of these kind of facials is not less than Rs. 7000. In fruit facials, beauticians apply the fresh fruits directly to the face. This is a very cheap and also healthy for a skin. In cosmetic facial, beauticians apply some chemical creams. This cost ranges from Rs.50 to Rs. 500. In Armo facial, beauticians directly apply Bengal powder for face. It is also done using the creams which is made up of leaves, flowers, roots and branches of the plants. It is said to have no side effects because it is purely natural.

Fourthly, “bride make up” plays an important role. Out of 9955 customers 160 customers(1.61 %) prefer this in the wedding season. The cost ranges from Rs. 5900 to Rs. 7000. It depends upon the make up. The revenue from the bride make up is Rs. 1, 49,950. This is the second largest amount earned by the beauticians.

Fifthly, out of 9955 customers 225 have used straightening. The amount being charged ranges from Rs. 2000 to Rs.7000 per customers. The revenue from the straightening is Rs. 1, 34,190. The third largest amount is earned through this process.

Eventually, as many as 9955 customers have visited parlor regularly. The revenue of the parlor from these customers is Rs. 10, 15,818. The lowest amount of revenue earned by the women entrepreneur is from stretch massage which is Rs. 3000.

TO ANALYSE THE RELATIONSHIP BETWEEN FIXED CAPITAL, WORKING CAPITAL, REVENUE AND NET PROFIT.

ECONOMIC ASPECTS OF BEAUTY PAROULRS STUDY UNIT

To understand the performance of beauty parlour in terms of economic indicators the following variables, fixed capital, working capital, total cost, total revenue, net profit analyzed for the sample firms.

The fixed capital has been measured as the current value of the fixed capital items as mentioned by the entrepreneurs.

CORRELATION CO-EFFICIENT BETWEEN NET PROFIT AND OTHER VARIABLES

Here the variation appears to be vary large with Rs. 36,000 for one unit to Rs. 5,94,00,000 for one unit. Average and standard deviation are Rs.7252 and Rs. 1,01,90000 respectively.

Statistics on working capital has been collected for a period of one month, as mentioned by the entrepreneurs.

CORRELATION CO-EFFICIENT BETWEEN NET PROFIT AND OTHER VARIABLES

variables	Correlation
Fixed Capital	0.172702
Working Capital	0.16622283
Total Cost	0.18390048
Total Revenue	0.74346061

Here the variation appears to be very large with Rs. 100 for one unit to Rs.4, 18,000 for another unit. Average and standard deviation are Rs. 23 and Rs.60, 63,124 respectively.

The total cost has been measured as the addition of fixed capital and working capital.

Here the variation appears to be very large with Rs. 36,500 for one unit to Rs. 5, 98, 18,000 for another unit. Average and standard deviation are Rs. 72, 64,000 and Rs.10217.680 respectively.

The total revenue has been measured as the current value of the total revenue items as mentioned by the entrepreneurs.

Here the variation appears to be very large with Rs.2850 for one unit to Rs. 6, 00,000 for another unit. Average and standard deviation are Rs.144.816 and Rs/180.2015.

The net profit of the study unit of the women entrepreneurs of beauty parlour service has been found by subtraction.

Working capital for revenue also the variation appears to be very large with Rs.150 for one unit to Rs. 7, 11,000 for another two unit. Average and standard deviation are Rs.139.6 and 188.9387.

Correlation analysis shows some distributing trends net profit and total revenue very highly correlated with the correlation co-efficient of 0.74346061 this also statistically significant ($t=11.5$). However the total cost working capital or fixed capital are not associated with the net profit with the correlation coefficient are very small and statistically very significant.

CONCLUSION

In recent years, women are increasingly taking up money spending activities for various reasons. This study has attempted to study the aspects relating to women entrepreneurs.

1. The economic status of the women entrepreneurs has improved through this activity taken up by them.
2. Self initiative (64%) is found to be the major motivational factor in the study area.
3. Though 23 services have been listed out by the entrepreneurs, top three services are correcting the eye brows, hair cutting and facials in that order.
4. Top 15 entrepreneurs (in terms of fixed capital) concentrate totally on the enterprises, whereas the other 35 entrepreneurs have to allocate their time for both enterprises and family development, which is found to be the most stress giving problem.
5. There is no association between fixed capital, working capital and net profit whereas, the total revenue has got close association with net profit.

ECONOMICS OF MILK: AN ANALYSIS

DR. AMARDEEP D. JADHAV*

*Faculty in Finance,
Chh. Shahu Institute of Business Education and Research,
Kolhapur.

ABSTRACT

Over the last four decades, while India has made tremendous progress in food production, the growth in agriculture sector has hovered around three percent. The contribution of agriculture to the Gross Domestic Product (GDP) has also declined steadily. On the other hand, the contribution of the livestock sector to the overall GDP has been consistent at a rate of five percent during the last three decades. Today, the livestock sector contributes over 25 percent of the output of the agriculture sector.

As per available statistics, the holding size of 58 percent of rural households in India is less than two hectare while another 32 percent are landless. However, they own 75 percent of the country's livestock resources and almost half of the income of this class comes from livestock. Thus, the livestock sector is regarded by many as one of the most pro-poor sectors with any positive development translating into increased income and employment to millions across the country. The landless and marginal farmers are also able to produce at a very low cost, thereby making their product highly competitive in the market.

Right from the earliest times working and living together that is through co-operation mark the progress and development of human beings in all spheres -social, economic, religious and political. Co-operatives are "autonomous associations of persons united voluntarily to meet their common economic and social needs through jointly owned and democratically controlled enterprises." Any association of persons, or of societies, shall be recognized as a co-operative society, provided that it has for its object the economic and social betterment of its members by means of an enterprise based on mutual aid, and that it conforms to the ICA Statement on the Co-operative Identity, as approved by the General Assembly of the ICA or a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Co-operatives are based on the values of transparency, self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

KEYWORDS: Dairy Co-operative, income, cost, profit per liter.

INTRODUCTION

➤ OBJECTIVES OF THE STUDY

- ❑ To examine the impact of DCS on rural Development.
- ❑ To study the role of DCS's in rural income generation.
- ❑ To find out the economics of milk production.
- ❑ To indicate milk production trend in the study area.
- ❑ To find out relationship between veterinary service and dairy productivity's.

➤ METHODOLOGY

The data required for this paper has been collected from the primary and secondary sources.

- **PRIMARY DATA:** For this paper researcher has made 100 respondents survey from 10 different villages of Hatkanangle taluka of Kolhapur district. Data is collected by questionnaire method and interview method, for this farmers are divided into five group i.e. Big farmers, Medium farmers, Small farmers, Marginal farmers and Land less labours, and from each village two respondents are studied from every group, i.e. total villages are 10 and every groups 2 respondents for one village that means from every village 10 respondents.
- **SECONDARY DATA:** This includes secondary information in which theoretical data is required that is collected by reviewing literature from diverse sources on the topic. This has made it possible to impart a comprehensive view to this paper.

● PRINCIPLES OF CO-OPERATIVE

This system of accepting a fair share of the risks and benefits of their co-operative undertakings is based on some well-known principles which are given by ICA. The co-operative principles are guidelines by which co-operatives put their values into practice as follows.

- I. **Voluntary and Open Membership:** Co-operatives are voluntary organizations; open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- II. **DEMOCRATIC MEMBER CONTROL:** Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elated representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

III. MEMBER ECONOMIC PARTICIPATION: Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

IV. AUTONOMY AND INDEPENDENCE: Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

V. Education, training and information: Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

VI. CO-OPERATION AMONG CO-OPERATIVES: Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

VII. CONCERN FOR COMMUNITY: Co-operatives work for the sustainable development of their communities through policies approved by their members. The concept of co-operation has been effectively employed in various walks of life. These include credit, marketing, production, processing, dairying and others. In the Indian context especially, Dairy Co-operative Societies (DCSs) are offering meaningful solutions to rural problems like unemployment, poverty etc.

- **BENEFITS OF DAIRY CO-OPERATIVES:**

A dairy co-operative is a form of organization wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of economic interests of the members. By working together these members aimed at getting the following benefits:

- **ECONOMIC BENEFITS**

The Dairy Co-operatives in India have been rendering invaluable services for the economic betterment and well being of the rural population. In certain parts of the country like Maharashtra, Gujarat, Tamil Nadu and Karnataka the growth of co-operatives has brought about overall prosperity to the villagers. Members of such villages are no longer in debt; in fact they have some surplus, which they intend to reinvest. Some of the economic benefits provided by the dairy co-operatives can be stated as under:

❑ **CHEAP CREDIT**

Dairy Co-operative Societies (DCSs) provide cheap credit to the members. Before the advent of the movement the rural people had to pay exorbitant rates of interest on loans from the moneylenders. The All India Rural Credit Review Committee (1969) has stated “There is reason to believe that there has been a decline in the rates charged by private agencies in parts of the country and that an important reason for this is the competition offered by co-operative credit at relatively low rates of interests”.

❑ **RESCUING THE PEASANTRY FROM THE CLUTCHES OF MONEYLENDERS**

Co-operatives in India have liberated millions of farmers from the clutches of moneylenders. The old saying that, “Indian farmers are born in debt, die in debt, leave the debt for future generation” does not hold well in those villages where co-operatives have been successful. According to the latest estimates, about 40 per cent of credit needs are being met by co-operatives.

❑ **BETTER USE OF CREDIT**

Dairy Co-operatives largely provide credit for productive purposes like purchase of milch animals, feeds etc. This has substantially increased the investment capability of the people in rural areas.

❑ **POPULARIZING MODERN INPUTS**

Dairy Co-operatives are playing a useful role in popularizing the use of various modern inputs such as improved breeding, artificial insemination (AI), veterinary services, feed supply at low prices etc., and are thus realizing the ideal of "better farming, better business and better living".

❑ **PROVIDE A FILLIP FOR THRIFT**

By developing economically strong milk producers' families, the rural economy gets transformed and immensely strengthened. This should encourage rural savings, investment and banking habits among the rural people.

➤ **SOCIAL AND MORAL BENEFITS**

The Dairy Co-operative movement has brought about a number of social and moral benefits to the members and also to the community. They are as follows:

- ❑ It teaches to live harmoniously on a community base.
- ❑ It teaches the lesson of unity, brotherhood and corporate feeling.
- ❑ Self help and mutual help, 'you for me, I for you and we for all'.
- ❑ As co-operation relies on the character of the members, it fosters a sense

of responsibility, integrity and diligence.

- The Dairy Co-operative movement is bringing about socio-economic changes in the society without resorting to undesirable method and violence.

H. Wolf stated “As an effect of co-operation the idle man becomes industrious, the spendthrift thrifty, the drunkard reforms his ways and becomes sober, the illiterate learns to read and write.”

➤ **EDUCATIONAL BENEFITS**

Dairy Co-operatives provide the following educational benefits:

- Dairy Co-operatives create in the members a desire for education.
- They provide valuable training, which is necessary to run dairy activities.
- Some Dairy Co-operatives run Schools for providing general and technical education.

DATA ANALYSIS

For this paper required primary all data of milk producers is collected from Kolhapur districts, Hatkanangle taluka’s 10 (ten) different villages and sample size is 100 (hundred) which has been selected by lottery sampling method.

TABLE NO. 1. OCCUPATION PATTERN AMONG THE RESPONDENTS IN THE STUDY AREA

Farmers Category	Farming		Dairy		Other	
	Main	Subsidiary	Main	Subsidiary	Main	Subsidiary
Big Farmers	20 (37.04)	-----	-----	20(23.53)	-----	-----
Medium Farmers	20 (37.04)	-----	-----	20(23.53)	-----	-----
Small Farmers	06(11.11)	05(100)	05(33.33)	15(17.65)	09(29.03)	-----
Marginal Farmers	08(14.81)	-----	03(20)	17(20)	09(29.03)	03(30)
Land Less	-----	-----	07(46.67)	13(15.29)	13(41.94)	07(70)
Total	54(100)	05(100)	15(100)	85(100)	31(100)	10(100)

From the above table it realize that in the study area for Big Farmers and Medium Farmers farming is the their main business and they accept the dairy business as subsidiary, but for the

Small, Marginal and Land less labours some respondents main business is dairy and some respondents subsidiary business is farming or other or vice versa.

TABLE NO. 2. THE NO. OF LIVESTOCK'S IN THEIR HOME

Farmers Category	Up to 3	4 to 6	7 to 9	10 & Above	Total
Big Farmers	11(35.48)	04(12.9)	04(15.38)	01(8.33)	115(18.91)
Medium Farmers	05(16.13)	07(22.58)	07(26.92)	01(8.33)	130(21.38)
Small Farmers	04(12.9)	07(22.58)	05(19.23)	04(33.33)	145(23.85)
Marginal Farmers	04(12.9)	10(32.26)	04(15.38)	02(16.67)	127(20.89)
Land Less	07(22.587)	03(9.68)	06(23.08)	04(33.33)	91(14.97)
Total	31(100)	31(100)	26(100)	12(100)	608(100)

In the study area big and medium farmers main business is farming so in their home they have less number of animal most of the big farmers have 2-6 animals. But for other farmers they have 5-10 animals in their home. In the study area all respondents have total 608 animals and highest animals are having by small farmers i.e. 23.85% and land less are having just 14.97% live stock in total which is lowest group.

TABLE NO. 3. LIVESTOCK PROFILE OF THE RESPONDENTS

Farmers Category	Milch		Dry		Total
	Buffaloes	Cows	Buffaloes	Cows	
Big Farmers	84(18.54)	15(22.73)	13(19.4)	03(13.64)	115(18.91)
Medium Farmers	97(21.41)	18(27.27)	11(16.42)	04(18.18)	130(21.38)
Small Farmers	110(24.28)	17(25.76)	12(17.91)	06(27.27)	145(23.85)
Marginal Farmers	88(19.43)	16(24.24)	14(20.9)	09(40.91)	127(20.89)
Land Less	74(16.34)	-----	17(25.37)	-----	91(14.97)
Total	453(100)	66(100)	67(100)	22(100)	608(100)

Most of respondent don't have cows in their home due to low rate of milk and also in outside market also there is very less demand for the cows milk than the buffaloes milk. So most of the farmers use buffaloes for the dairy business in the study area total 453 buffaloes and 66 cows are milch. The 110 i.e. 24.28% milch buffaloes are from small farmers category.

TABLE NO. 4. THE INVOLVEMENT OF LABOUR IN DAIRYING IN THE STUDY AREA

Farmers Category	Family Labours				Hired Labours				Total
	Male	Female	M. C.	F. C.	Male	Female	M.C.	F. C.	
Big Farmers	17	39	---	----	05	07	----	---	68
Medium Farmers	15	44	---	----	05	02	----	---	66
Small Farmers	23	50	---	----	----	----	----	---	73
Marginal Farmers	19	30	02	01	03	01	----	---	56
Land Less	07	22	4	9	----	----	----	---	42
Total	81	185	06	10	13	10			305

M.C.:- Male Children F. C.:- Female Children

For the dairying business in study area very less respondent were hired the labours for work otherwise they use the family members for the dairy. Above table shows only 23 people were hired out of 305 total labour. So for the dairy business use of hire labour trend is very less.

TABLE. NO. 5. MILK PRODUCTION IN THE STUDY AREA

Farmers Category	Milk Yield (in liters)		Total (in liters)
	Cows	Buffaloes	
Big Farmers	30885(23.64)	113148(18.45)	144033
Medium Farmers	35208(26.95)	124572(20.31)	159780
Small Farmers	34374(26.31)	149710(24.41)	184084
Marginal Farmers	30181(23.10)	121352(19.79)	151533
Land Less	----	104488(17.04)	104488
Total	130648(100)	613270(100)	743918

In the study area veterinary service is very good and this service is provided by DCS due to this milk production is increased per day of the respondents animal. In study area every buffaloes is milking 7-10 liter milk per day, and its possible only due to the good and timely veterinary service. Out of total milk yield by buffaloes the 24.41% milk is yield by the small farmers category which is the highest contribution in total.

TABLE NO. 6. UTILIZATION OF MILK AMONG THE RESPONDENTS

Farmers Category	Milk Retained for Home Consumption		Milk Sold				Total
	Cow	Buff.	DCS		Other		
			Cow	Buff.	Cow	Buff.	
Big Farmers	2790	4610	28095	76059	-----	32479	144033
Medium Farmers	1614	8176	30294	79350	3240	37046	159780
Small Farmers	-----	9600	32514	78730	1860	61380	184084
Marginal Farmers	-----	6800	25531	74348	4650	40204	151533
Land Less	-----	7680	-----	70580	-----	26228	104488

On an average every respondent should kept 0.5 to 1 liter milk in their home for home consumption. And from the rest of milk they sold the milk to DCS or other (outside consumer, vendor, tea shop or canteen) and some of the respondent never sale milk to other people and they sale milk DCS only. One more thing is that these respondent retain buffaloes milk for home consumption and very few respondent are their who retain cows milk, and this cows milk is very good for health than the buffaloes milk said by one respondent.

TABLE NO. 7. DAIRY INCOME AMONG THE RESPONDENTS

Farmers Category	Average Fat		Sale of Milk				Other Income			Total (Rs)
	Cow	Buff	DCS		Others		Cost of Retained Milk		Animal Dung (Rs)	
			Cow (Rs)	Buff. (Rs)	Cow (Rs)	Buff. (Rs)	Cow (Rs)	Buff. (Rs)		
Big Farmers	4.3	8.6	449520	2129652	-----	1201723	39060	129080	126500	3949035

Medium Farmers	4.2	8.9	484704	2221800	612360	1370702	22596	228928	143000	4941090
Small Farmers	4.4	8.8	520224	2204440	371070	2271060	-----	268800	152250	5635594
Marginal Farmers	4.4	8.9	408496	2081744	927675	1487548	-----	190400	123825	5095863
Land Less	-----	8.7		1976240	-----	970436	-----	215040	81900	3161716

For the calculation of the dairy income among the respondent average fat of milk is used to calculate the sold milk income from the DCS and some respondent sale the milk to outside also for that average price is Rs.28 for buffalo milk and Rs.16 for cow milk of all the farmers category. Here at the time of calculation, home consumed milk also considered for the total income along with this which dung is collect from the animal that also considered. Nearly per animal is giving 900 to 1200's dung as per prevailing market price and that dung is used by the farmers for their own farm. For the calculation of cost of retained milk at home the researcher has considered Rs.28/liter and Rs.14/liter for buffalo and cow milk.

TABLE NO. 8 DAIRYING EXPENDITURE AMONG THE RESPONDENTS.

Farmers Category	Fodder Cost			Non- Fodder Exp.			Total (Rs)
	Green Fodder (Rs)	Dry Fodder (Rs)	Grain (Rs)	Labour cost (Rs)	Vet. Cost (Rs)	Others (Rs)	
Big Farmers	760400	705800	572600	1118000	97300	318500	3572600
Medium Farmers	1027500	1065800	537900	1152000	91850	332300	4207350
Small Farmers	1118600	1094360	613360	1522400	101225	439000	4888945
Marginal Farmers	1091250	963400	662240	1149480	92200	318100	4276670
Land Less	623520	737350	142830	772800	99200	205250	2580950

From the above we come to know that the expenses incurred for the dairy. This total expenditure is divided under two main heading i.e. Fodder and Non-Fodder cost, and for fodder cost green, dry and grain fodder which is given to the animal that we considered hear for the calculation of the fodder cost, and for non-fodder cost labour cost, Veterinary cost and other cost is considered. Family labour which is used for this dairy their cost also considered as per the prevailing market rate, and into other cost repair and maintenance cost of animal shed or any other cost related to dairy business is considered. From this above table we come to know that total amount spent by the various respondents on the dairy, as well as category wise also total expenditure shown in the table.

TABLE NO. 9 PER LITER COST AND REVENUE OF MILK

Farmers Category	Total Milk	Total Income	Revenue per liter	Total Cost	Cost per liter
Big Farmers	1,44,033 (19.36)	3949035 (17.33)	27.42	3572600 (18.3)	24.80
Medium Farmers	1,59,780 (21.48)	4941090 (21.69)	30.92	4207350 (21.55)	26.33
Small Farmers	1,84,084 (24.75)	5635594 (24.74)	30.61	4888945 (25.04)	26.56
Marginal Farmers	1,51,533 (20.37)	5095863 (22.37)	33.63	4276670 (21.9)	28.22
Land Less	1,04,488 (14.05)	3161716 (13.88)	30.26	2580950 (13.22)	24.70
Total	7,43,918 (100)	2,27,83,298 (100)		1,95,26,515 (100)	

This above table no. 9 is the combination of the previous two tables i.e. table no.7 & 8 and this table is showing the how much aggregate income is received for per liter of milk and for that how much cost incurred. For the farmers category there is nearly same cost is incurred per liter by the respondents and lowest cost per liter is Rs.24.70 by the Land less farmers and highest cost per liter is Rs.28.22 by the marginal farmers, but there is high difference in the income per liter among the farmers category, and it shows that highest per liter income is Rs. 33.63 by the Marginal Farmers and low one is the Rs. 27.42 per liter by big farmers.

TABLE NO. 10 NET PROFIT OF DAIRYING AMONG RESPONDENT (PER LITER)

Farmers Category	Revenue	Cost	Net Profit
Big Farmers	27.42	24.80	2.61
Medium Farmers	30.92	26.33	4.59
Small Farmers	30.61	26.56	4.06
Marginal Farmers	33.63	28.22	5.41
Land Less	30.26	24.70	5.56

Above table showed that the net profit earned by the each farmer's category and into that highest net profit per liter is Rs. 5.56 which earned by the land less labour and lowest net profit per liter is Rs. 2.61 earned by the big farmers and there is exactly Rs. 2.94 difference in lowest and highest profit.

FINDINGS AND SUGGESTIONS

• FINDINGS

- i. Big and Medium farmers are looking to dairy as a substitute income source for their family, where as other category's some of the respondents are doing dairy as a main business.
- ii. Still most of the respondents are using family members for the dairying and very less respondents are using hired labours for the dairying.
- iii. Most of the respondents are using buffaloes for the milk production and cows are very less.
- iv. Due to the very good and timely veterinary facility milk production is increase.
- v. Yearly twice or trice most of the DCS of the study area is arranging the medical check up camp for the animals of the DCS member and in this camp the check up charges are lower than the other time so all the respondents take the benefit of this facility.
- vi. Trend of retaining the milk for home consumption is very less that means respondents daily 0.5 or 1 litre milk for home consumption and they try to sell the milk to DCS or other to increase the income.

- vii. As well as respondents are trying to sell maximum milk to the outside customers due to high price than the DCS. But in the rural area there is less demand to the milk due to high production of milk.
- viii. Per liter cost is Rs. 24.8 to Rs. 28.22 among the respondent in the study area, and per liter revenue is Rs. 27.42 to Rs.33.63.
- ix. In this study area land less labours are dominant to get highest net profit per liter and its possible just because of in this category seven respondents are like this who is doing dairy as a main business.

- **SUGGESTIONS**

- i. Small farmers are spending more amounts on the green fodder, so if they made proper utilisation of green fodder they can definitely success in reducing the cost.
- ii. It is found that DCS milk rate to per litre is low than the outside customers. So DCS should try to increase the price.
- iii. Made aware to the DCS members for the government and DCS schemes.

THE IMAGE OF BRAND: A CASE STUDY ON MOTHER DAIRY

SOMNATH DAS*; SK SAMIM FERDOWS**

*Faculty Member,
AMEX, Burdwan, West Bengal.

**Assistant Professor,
Management Institute of Durgapur.

ABSTRACT

With the rapid change in business environment organization should adjust the changes of growth and development through the willingness of human beings. The main challenge before dairy cooperatives is to be able to quickly adapt to a rapidly changing domestic and world economic order. Brand is an asset of the organization; it makes real markets as a tool which real people use to navigate their way to real value exchange Mother Dairy is geared up to meet this challenge with its entire infrastructure, technology and human resources focused on the objectives. This paper seeks to explain the how the company has created this type of image of brand.

KEYWORDS: Organization, Brand, and Mother Dairy.

INTRODUCTION

It is very clear that the future and success of every organization depends on how well the organization is able to manage the environmental changes.

Organizational environment consists on different stakeholder of the organization. Sustainable growth and development depends on satisfaction of stakeholders, basically customers who are treated as primary stakeholder. Customer satisfaction mainly depends on supply of quality products at reasonable price and within right time. Customers and other stakeholders' satisfaction create goodwill of the organization that is reflected by the brand.

The 19th century saw the rise of Brands. This proved a potent tool in the hands of the producer who could communicate directly to the consumer through the brands. A brand reflects the value propositions, quality, standard and the desirable attributes of the product. The concept of brand in terms of its attributes and effect on the Organization has been studied in light of the intangibles. Brand is an abstract concept; it makes real markets as a tool which real people use to navigate their way to real value exchange. Brand acquires a central position in marketing strategy. With the onset of industrialization production of many items moved from local communicate to centralized factories. In this situation brand is very essential for expand the market of the product.

Brand is an intangible asset for any company and because it is intangible, its value is more, as it is always difficult to build something intangible. A brand is a perceived image that resides in the

mind of consumers (Davis, 1995). A brand can represent both tangible and intangible benefits, which is represented by the following equation:

Brand=Product + Added value invested by the marketer.

Image of a brand totally depends of the product quality, quality of the marketing & distribution channel A producer can easily serve quality product or services to the ultimate user of the product i.e. customer. Advertisement is also an important mechanism for distributing the information about product, which helps the organization to build a strong brand image. It also helps to determine the value of brand. Total turnover of advertising will be treated as the value of the brand. That is. we can say that advertising turnover equals to value of brand.

There are four important steps of a good brand:

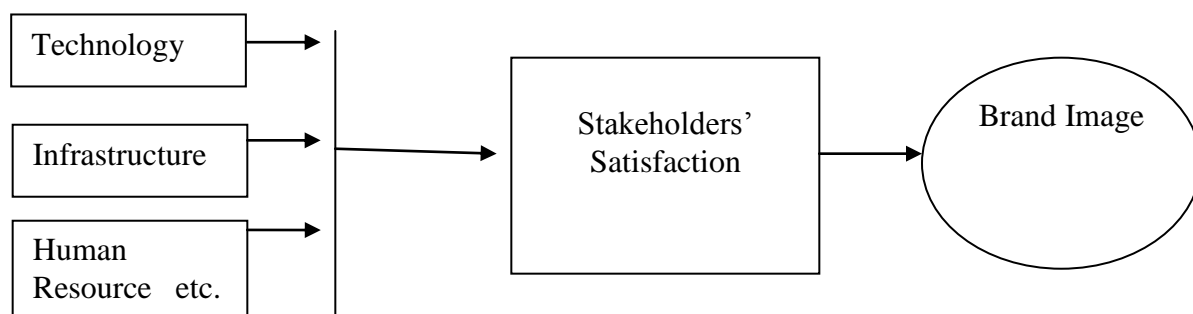
Firstly, identify brand with customer and brand image of the specific product or need.

Secondly, establish the brand meaning in the mind of customer.

Thirdly, elicit the customer response to this brand meaning.

Fourthly, convert brand response to create a relation between customer and brand.

Brand is a mirror where stakeholders' satisfactions are reflected. Brand of Mother Dairy is ordinary brand but it focused highly satisfaction of the customers other stakeholders'. The key points for creation of stakeholders' satisfaction are technological, infrastructure, human resources etc. Relationship between key factors of Mother Dairy Stakeholders' satisfaction and brand image is represented by the following diagram:



Source: Compiled by author

Mother Dairy is one of the leading companies of dairy products in India. It has excellent quality and superior ingredients that enable it to become a world-class product. In addition to its Mother Dairy is also exported in different countries outside India also. It has an international market.

Mother Dairy is geared up to meet this challenge with its entire support on infrastructure, technologies and human resources. All of these help the company to produce and serve excellent

quality product, which will maintain customers' satisfaction. This will help company to build up the Image since Image of the brand of this company is created by the customer's satisfaction. If customers are dissatisfied then company will lose his goodwill. Customer's satisfaction is a process through which an organization moves from existing goodwill to the desired goodwill.

The different products of Mother Dairy are given below:

1. Milk Bulk vended token milk
2. Full Cream
3. Standardized Toned & Double Toned Skimmed Milk
4. Cow Milk
5. Different types of Ice Creams
6. Chillz Bars
7. Bars
8. Treats
9. Chillz Cones
10. Mother Dairy Ice Creams
11. Lic Lolleez
12. Cool Buddies
13. Smily
14. Cassatta
15. Kulfi
16. Cups
17. Sundae Magic
18. Fruit Classics
19. Dietz

20. Bricks

In other way brand is a name given to product or service. Brand image reflects quality of product or service. It indicates the benefit from a product. Overall brand normally has a presence, relevance, advantage and bonding for its consumers. Another way we can say that brand is the combination of some elements. These are

- Product name.
 - Logo.
 - Slogan.
 - Quality, internal marketing and service culture.
 - The differentiation factor.
 - The leadership edge
- etc.

NEED FOR BRANDING

Branding is today sine qua non for a potent and promising marketing strategy. Branding is about the promise a product or service makes to the customer. It is also about creating names, campaigns and behaviors that are consistent with the business strategy. The main purpose of brand is to create an emotional attachment to products and companies. It is important to construct a brand of the product. A brand value is a vital tool to attract to the customers. According to Philip Kotler (in Marketing management, 11th edition.(2002))opines that a product is anything that can be offered to a market for attention , acquisition , use or consumption that might satisfy the need. Nobel Laureate Amartya sen (2002) opines that “Market forces alone are not sufficient for equitable distribution, and some sort of intervention is required, be it political or from business houses, towards society”.

The entire marketing program can provide the consumer’s understanding to the brand and how they value it. Brands provide important benefits to both consumers and firms. Brands can play important role when consumers are deciding the alternatives. Business to business branding creates a positive image and reputation for the company as a whole.

Image of a brand generally reflects how much a company satisfies his stakeholders. Brand image of Mother Dairy generally reflects the different stake holder’s satisfaction.

STAKE HOLDER’S OF MOTHER DAIRY

Different stakeholders of Mother Dairy are as follows:

- Retailers

- Customers employees
- Government
- Society
- Milkman
- Share holders

A company is a coalition of different stake holder's interest. Company's images, sustainable growth, all are dependant on how they are satisfied from the company's activities. Brand is a special identify of the company which helps to create a differentiation from another company. Brand image is the result of stake holder's satisfaction. How Mother Dairy satisfied its stakeholders and what are the caused of brand image? We are discussing one by one.

Before going to discussion we are trying to depict how we discuss it? We try tom discuss about the present position of product market of Mother Dairy by using different diagram and satisfaction analysis which reflect the brand image of Mother Dairy. We also try to improve some suggestions, which will help to improve the brand image.

OBJECTIVE OF STUDY

Mother Dairy is proceeding forward to meet the challenge with its entire infrastructure, technology and human resources. The objective of the paper is to find out and to explain the how the company has created the image of brand and how the ordinary brand becomes more focused.

RESEARCH METHODOLOGY

I) HYPOTHESIS TESTING

STATEMENT: The retailers are said to be satisfied with the services provided by distributors if more than 80 percent of retailers are satisfied with the service of distributors.

NULL HYPOTHESIS

Ho: $P_{HO} \leq 0.80$ retailers are not satisfied with the distributors.

Alternative Hypothesis

H1: > 0.80 , retailers are satisfied with the distributors.

Significant level is 95% that is $\alpha = 0.05$

RESEARCH PLAN

SOURCE OF DATA

- Primary data from the retailers

RESEARCH APPROACH

1. Survey research with questionnaire mainly focusing on the personal interviews of the retailers of Hooghly and Burdwan.

Sampling plan

2. SAMPLING UNIT AND SIZE

Retailers: Those who are regularly storing and selling Amul Kool Brand; a total of 50 retailers were interviewed and their feedback was taken for final analysis.

3. SAMPLING PROCEDURE

Stratified random sampling procedure has been adopted for studying the retailers.

4. SAMPLE SURVEY ON CUSTOMER'S OPINION.

5. Sample survey on Employees opinion.

I) RETAILER

Retailers view on Wholesale Distribution

Retailers were of the opinion that position of wholesale distribution, which was directly controlled by Mother Dairy, was good in Hooghly and Burdwan districts. They are well informed of the trade schemes pamphlets. Some of the distributors have good rapport with retailers and are always active and interested in increases of the sale of Mother Dairy

Graphical and Tabular presentation of responses of "Questionnaire-survey" [Shown in Annexure]

- 1) Number of outlets keeping Mother Dairy:-

Out of the 50 outlets visited in the cities of Hooghly and Burdwan:-Burdwan and near about 70% of the outlets sell Mother Dairy.

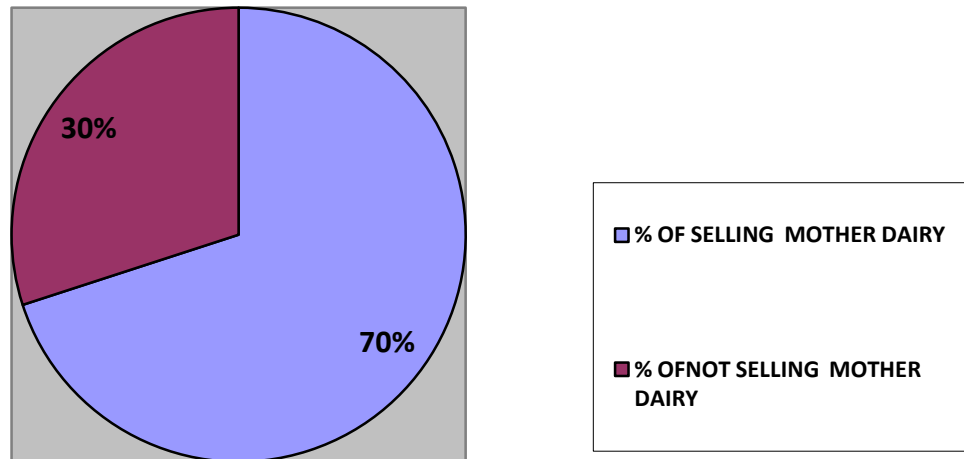
TABLE1

Outlets visited	Outlets keeping Mother's dairy	Percentage (%) keeping Mother Dairy	Percentage (%) of Not Keeping Mother Dairy
50	35	70	30

Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008

We had visited 50 outlets, out of which 35 outlets prefer to keep Mother dairy's product and remaining not keeping Mother Dairy Products. We represent this table in a graph.

GRAPH-1



Source: Table-1

Here, we see that 70% outlets sales the Mother Dairy product and 30 % are not.

2) NUMBER OF OUTLETS TO PREFER TO SELL MOTHER DAIRY

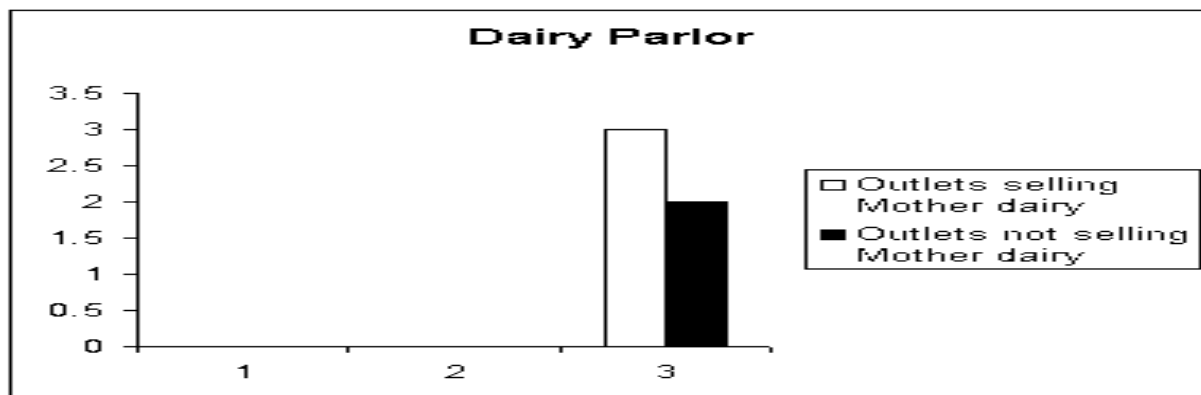
TABLE-2

Type of outlet	Outlets visited	Outlets selling Mother dairy	% of selling Mother Dairy product	Outlets not selling Mother dairy	% of not selling Mother Dairy Product
Dairy parlor	5	3	60	2	40
Grocer shop	12	8	67	4	33
Departmental shop	3	2	67	1	33
Super store	6	4	67	2	33
Bakery	10	10	100	0	0
Pan shop	14	3	21	11	79
Total	50	35	70	15	30

Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008

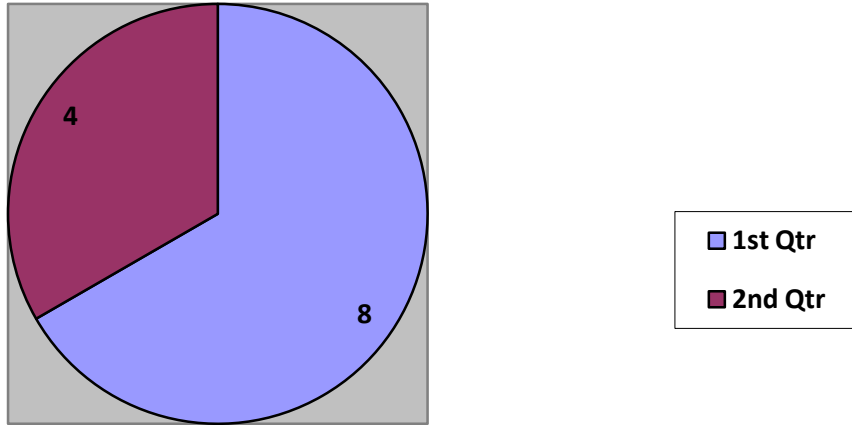
The above tabular statement we can easily represent these figures in the following graph.

GRAPH-2



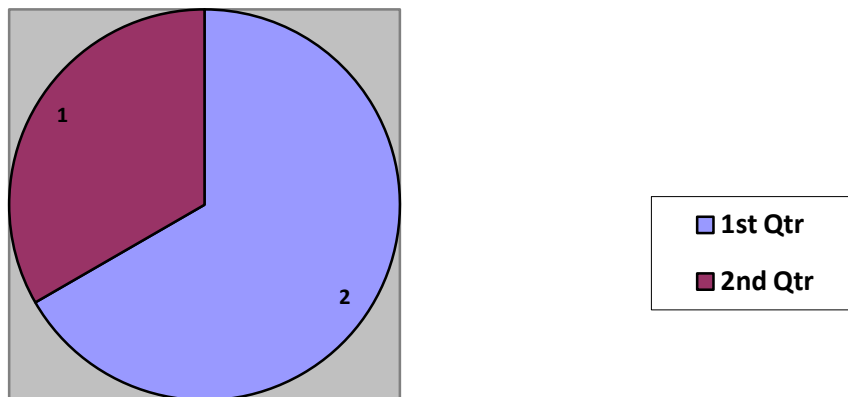
Source: Table-2 (Compiled by Author)

grocer store



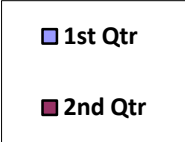
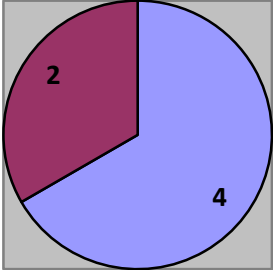
Source: Table-2 (Compiled by Author)

dept store

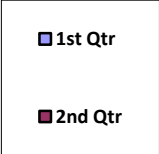
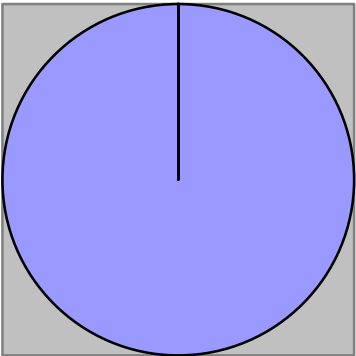


Source: Table-2 (Compiled by Author)

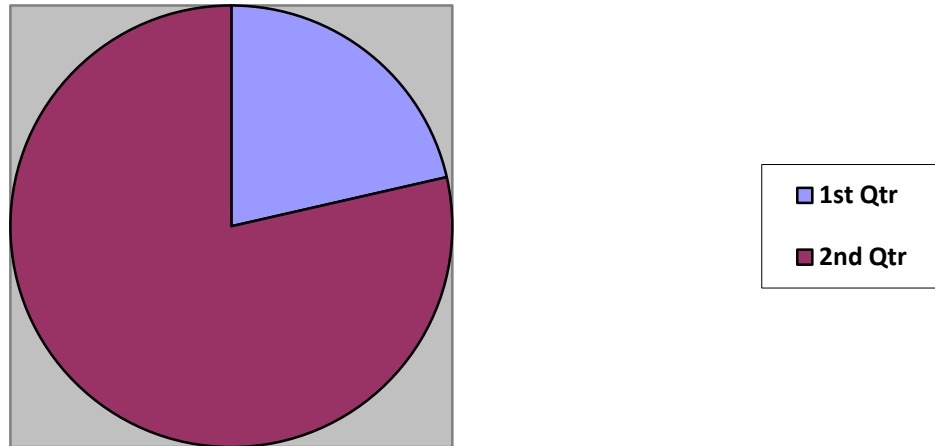
super store





bakery



pan shop



Source: Table-2 (Compiled by Author)

- INDEX:-1)  Outlets selling Mother dairy PRODUCTS
2)  Outlets NOT selling Mother dairy PRODUCT

On the basis of above table and graphical representation we can conclude that Mother Dairy products are more successful in bakery and failure in pan shop. But overall result of success and failure is 70% and 30%. It's indicating a strong position of product in Dairy Market.

PER-DAY SALE OF MOTHER DAIRY PRODUCT

We had also conducted a survey on per day selling of Mother dairy product and following data available from this survey.

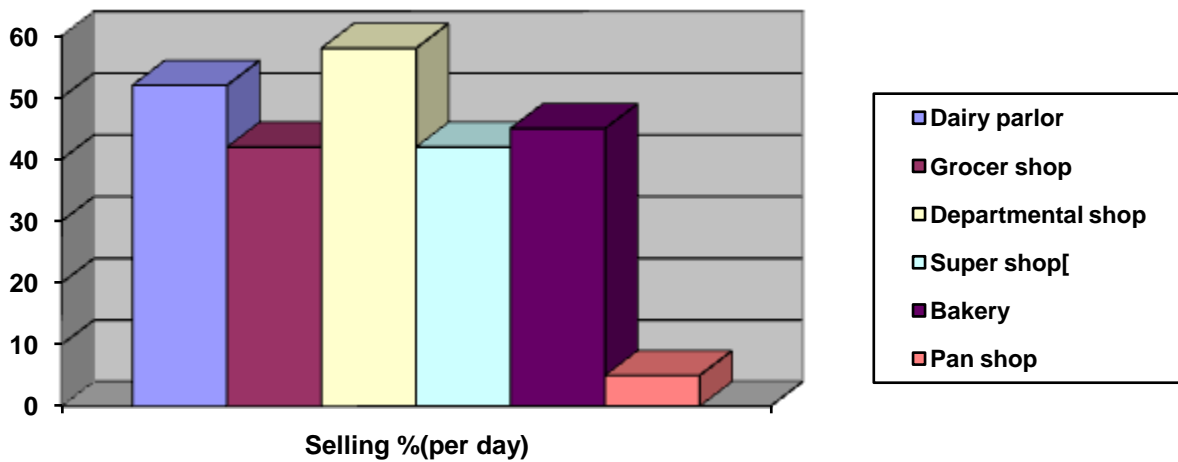
TABLE 3
PER DAY SALE OF MOTHER'S DAIRY

Outlets	Selling %(per day)
Dairy parlor	52
Grocer shop	42
Departmental shop	58
Super shop	42
Bakery	45
Pan shop	5

Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008

This tabular data can be plotted in graph by the following way.

GRAPH 3



Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008. (Table-3)

From this graph we can easily conclude the per day sales of Mother Dairy product in Departmental shop is more than other outlets and it is very lower in pan shop.

RANKING OF DIFFERENT SALES ATTRIBUTES

Why sales in different shops are different? We also try to find out the answer of this question. On the basis of opinion of different retailers we create a ranking of different attributes of retailers in the following way

TABLE 4

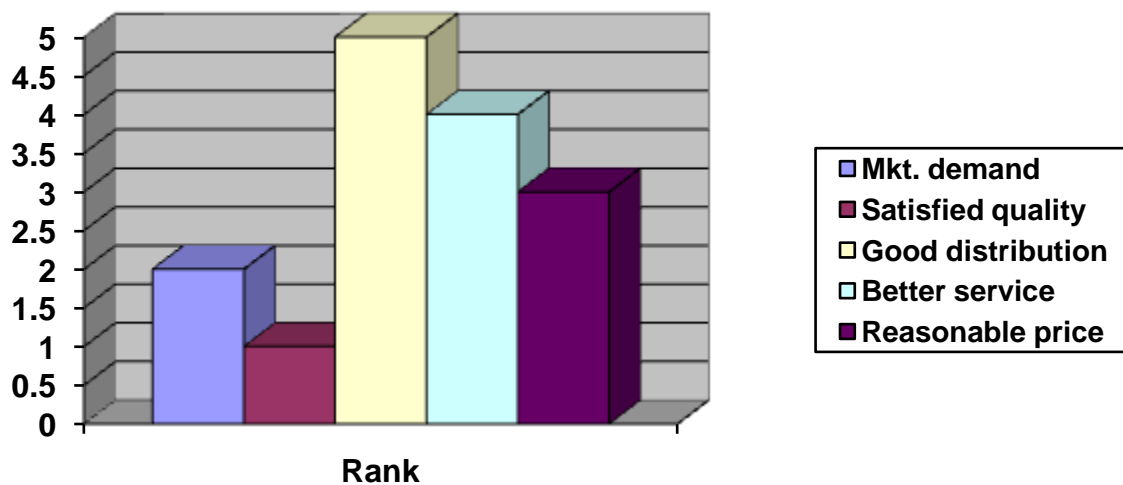
4) RANKING THE REASONS FOR KEEPING MOTHER'S DAIRY IN THE STORE

Factors	Rank
Mkt. demand	2
Satisfied quality	1
Good distribution	5
Better service	4
Reasonable price	3

Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008

Ranking of following attributes can be represented by the following graph

GRAPH-4



Source: Table-4 (Compiled by Author)

On the basis of above table and graph we can conclude that quality of the product is very good but distribution channel and other facilities with the product are not good.

OVERALL ANALYSIS ON RETAILER'S OPINION

From the above study

- We can conclude that most of the departmental stores and dairy parlors keep Mother Dairy's product.
- The reasons for keeping products of Mother Dairy are better quality, good services and reasonable price, which make this brand very popular in the market and so they prefer to keep this product.

IMPORTANT PARAMETERS EFFECTING BUYING DECISION

I) HYPOTHESIS TESTING

STATEMENT: The retailers are said to be satisfied with the services provided by distributors if more than 80 percent of retailers are satisfied with the service of distributors.

NULL HYPOTHESIS

Ho: $P_{HO} \leq 0.80$ retailers are not satisfied with the distributors.

Alternative Hypothesis

H1: > 0.80 , retailers are satisfied with the distributors.

Significant level is 95% that is $\alpha = 0.05$

So, $z = 1.64$

$P = 35/50 = 0.7$

$P_{HO} = 0.80$

So, $\delta p = 0.1$

So, critical value = $P_{HO} + z (\delta p) = .80 + 1.64(0.1)$

$$= .80 + 0.164 = 0.964$$

Probability = $0.5 - 0.2904 = 0.2096$

$$= 20.96\%$$

So, the distributors are satisfied.

II) CUSTOMERS

Customers are the main stakeholders of the Mother Dairy. We are discussing product position among customers in the following way:

IMPORTANT PARAMETERS FOR EFFECTIVE DECISION MAKING

TABLE-5 SHOWING CONSUMERS RESPONSES ON THE BASIS OF QUALITY, PRICE AND TEST

Quality			
Response	Quality as important not at all important	Quality as important some how important	Quality as important most important
Yes	0	30	42
No	50	20	8

Taste			
Response	Taste as important not at all important	Taste as important some how important	Taste as important most important
Yes	0	45	40
No	50	5	10

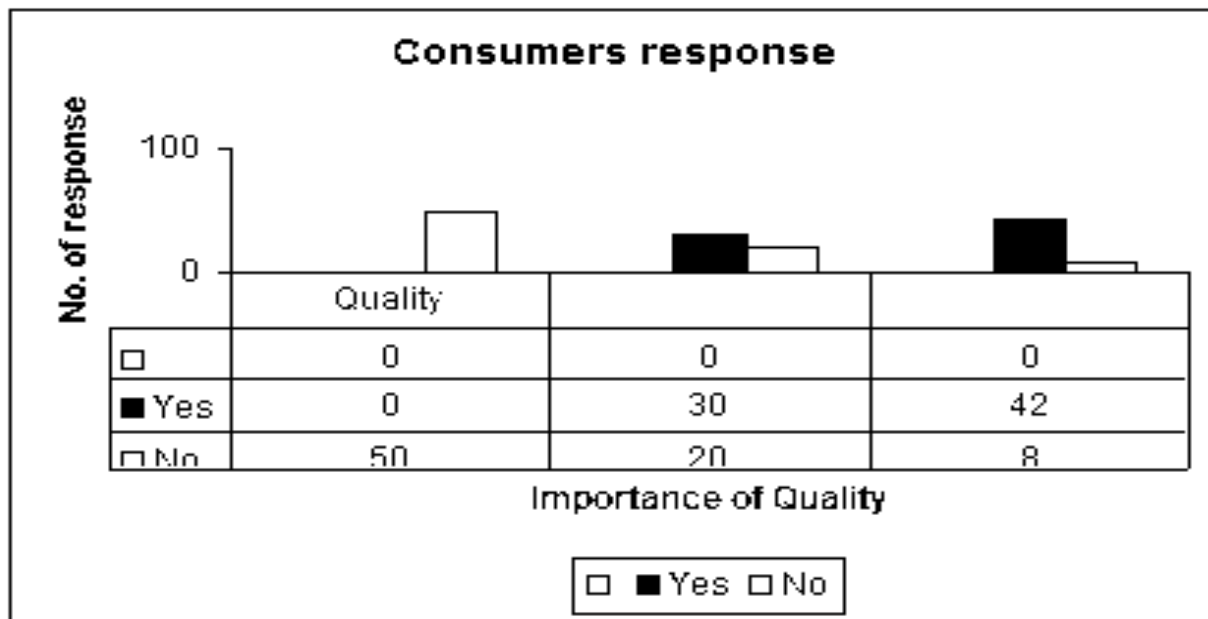
Price			
Response	Price as important not at all important	Price as important some how important	Price as important most important
Yes	25	35	10
No	25	15	40

Source: Primary Data (compiled by author) collected at Hooghly & Burdwan by personal Interview method on Sept. 2008

From these tables we see that major consumer’s response that quality of the product is more important, taste of the product is also important but price is not more important. If quality and taste is good then price may be increased.

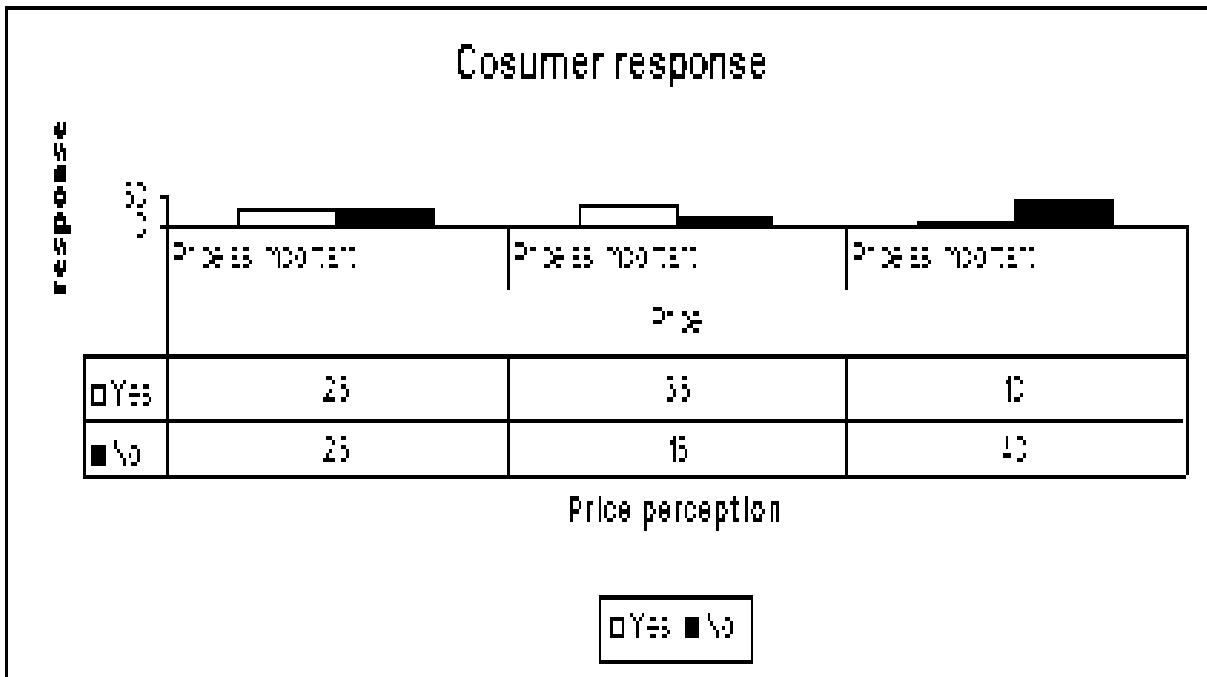
These three statements we represent by the following graph.

GRAPH-5.1 SHOWING CONSUMER RESPONSE ON THE BASIS OF QUALITY



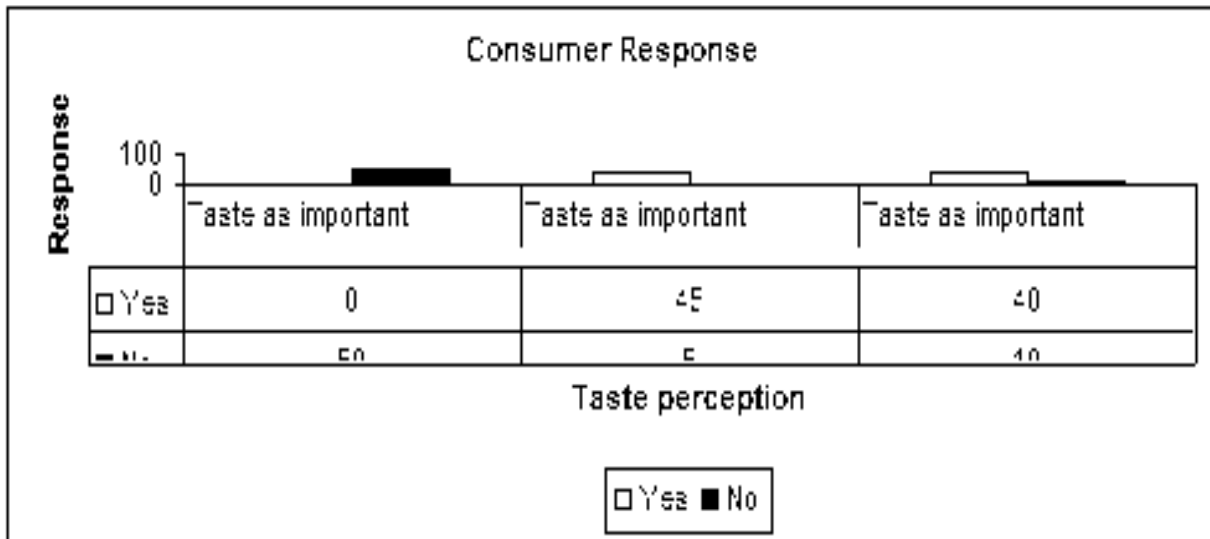
Source- Table-5 (Compiled by author)

GRAPH-5.2 SHOWING CONSUMER RESPONSE ON THE BASIS OF PRICE



Source: Table-5(Compiled by author)

GRAPH-5.3 SHOWING CONSUMER RESPONSE ON THE BASIS OF TASTE



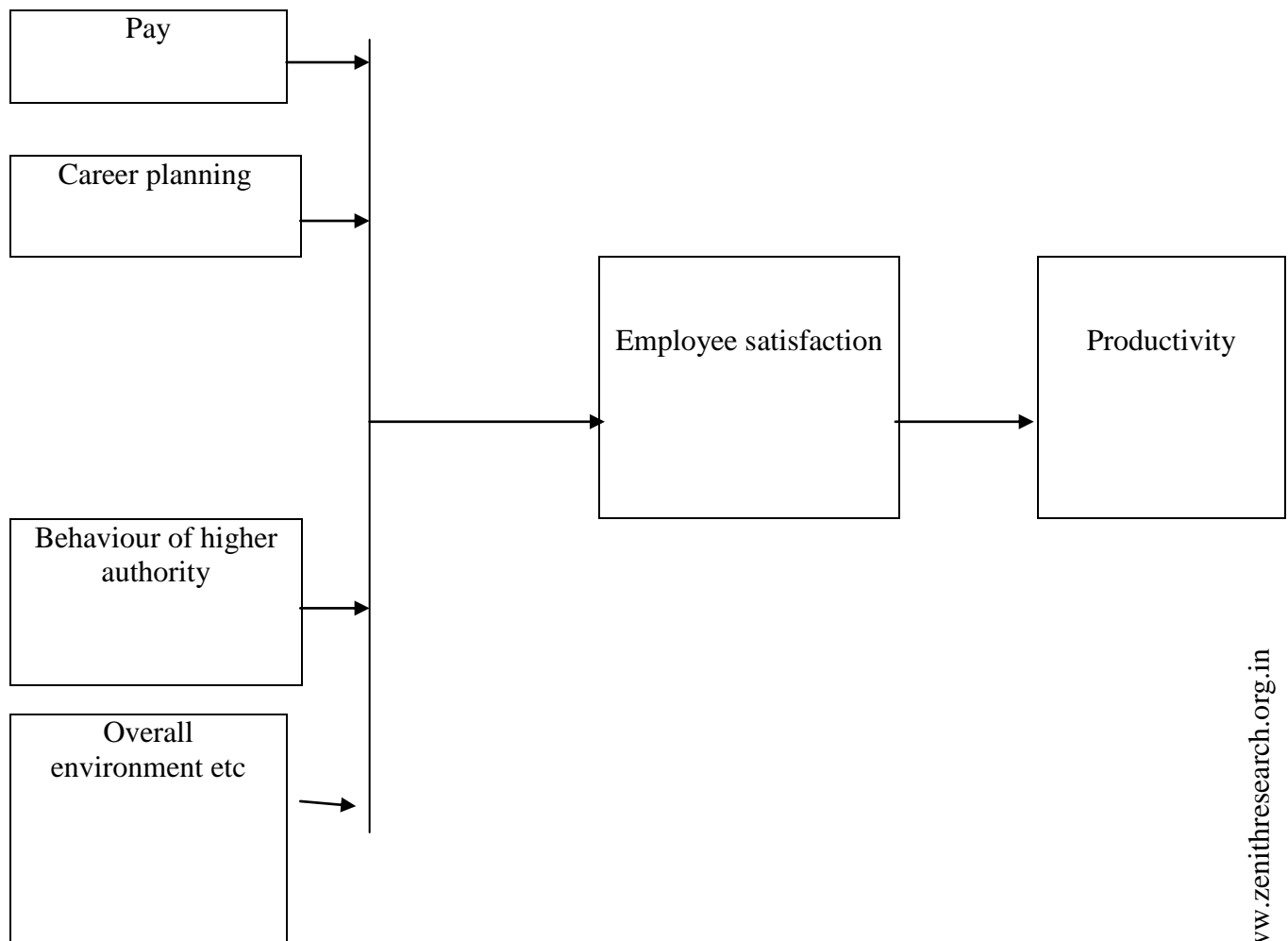
Source: Table-5 (Compiled by author)

On the basis of above discussion we can easily see that if quality and taste of the product will be good then customer will able to pay more amount of money for the product. Here, price attributes of Mother Dairy product occupy third rank as per retailer's opinion. So we conclude that customers are satisfied about the product of the Mother Dairy and their satisfaction about the brand will help to create an image in the competitive market.

III) EMPLOYEES: Employees are in the core area of an organization. Company should have responsibility to maintain employee satisfaction. Because, normally satisfied employees are productive employees. Productivity is function of employee satisfaction i.e. $\text{productivity} = f(\text{employee satisfaction})$.

Satisfaction also depends on some factors like pay, career planning, behaviour of higher authority, overall environment.

We can represent this relation by the following graph.



Source: compiled by author

Employees of Mother Dairy are very proud about the promotion etc. They gave their opinion that company also served different types of welfare facilities like medical facility, water, toilet etc. Company also arranges different facilities for the children of the employees and for their family. Company gives highly emphasis on protection of employees basically when they work in the plant. Salary structure of the company is very strong than other dairy company and behaviour of superiors also good. On the basis of overall facilities employees are very proud and they feel satisfaction about the company that helps to produce quality product. This quality reflects in the brand image of the company.

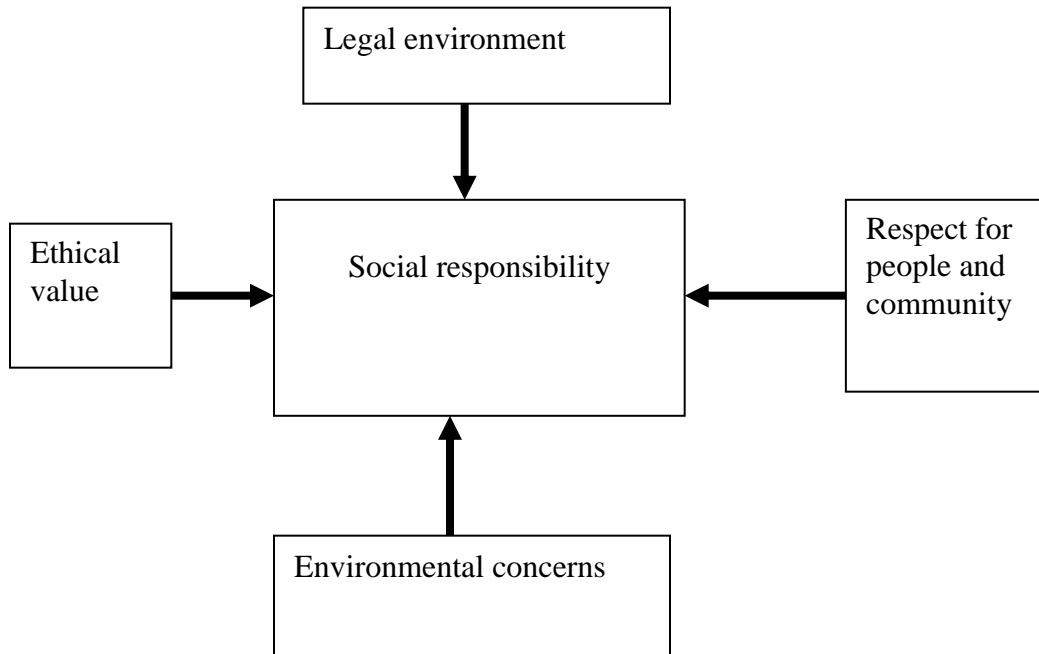
IV) GOVERNMENT: Government is also an important stakeholder of the Mother Dairy. Government provides different facilities to the company and in exchange company provides one portion of the revenue to the Government in the form of tax. Generally Government is satisfied about the performance of the company.

V) SOCIETY: Society is a vital factor. Every organization collects different resources from the society and sales different product among the people of the society. Due to that reason one of the main objectives of any business activity is to serve the society apart from making profits. A business serves the society through generation of employment, by providing quality goods and of course, conserving the natural resources without degrading the environment. But in the present day competitive world all businesses seem to be heading towards improving the bottom line only while paying lip service to other objectives.

Every Organization should have responsibility towards society; social responsibility assumes critical significance in such a scenario. The responsibility starts at the individual level and later reaches a 'movement' stage at the corporate level. One is reminded of the famous words of late John.F.Kennedy former US president, who had said, "Ask not what your country can do for you, but ask what you can do for the country".

An Organization plays a vital role in shaping the quality of life of the society as a whole in today's globalizing economy. According to Nobel Laureate Amartya Sen, "Market forces alone are not sufficient for equitable distribution, and some sort of intervention is required, be it political or from business houses, towards society".

Social responsibility of an Organization compliance with legal requirements, ethical value, respects for people and communities and environmental concerns. This can be represented through the following flow chart:



Source: Compiled by author only

Mother Dairy maintained some social responsibility. Company invests a large amount of money in different sectors for development of society. Some areas of society are very much pleasure about the social activities of Mother Dairy and their pleasure attitudes reflects in the brand name of Mother Dairy.

VI) MILKMAN: Milkman collects milk from cow of different houses and they supply this milk to the company through agents of Mother Dairy. We collect their opinion about the payment and behaviour of the agent. They are response in favor of the company. Major parts of milkman are very much satisfied by supplying milk to the company through agent. Their satisfaction, are reflected in the brand name of the company.

VII) SHARE HOLDERS: Major portion of shareholders are satisfied about the dividend of the company and they try to invest in the company. Shareholders are very much satisfied about the return on their investment, their satisfaction also reflected in the brand name of the Mother Dairy.

On the basis of overall discussion we can easily conclude that all stakeholders of the company are very much satisfied and their satisfaction is reflected on the brand name of the company. Due to stake holder's satisfaction image of company's brand will be increased day to day.

Findings and Suggestions:

On the basis of above study and survey following points are found and it should be advisable in the following manner:

- The company has enough market share but this market may be reduced any time due to tough competitions. To resolve this problem adverse situation company may introduce strong market survey programme, where surveyor directly contract with customers and collect different data about the quality, price, packaging of the product .If the company changes product quality, packaging, price etc time to time on the basis of customers opinion then the company is able the retain the overall market and sustainable growth would be possible.
- Company has been introduced different types of social programme in different area, which is the indicator of social responsibility. But social responsibility of the company is not expanded as per requirement of the society.

Company should give the emphasis on social responsibility because society is also a Stakeholder whose satisfaction is reflects in the brand image of the company.

- On the basis of Retail outlets, we say that sales result of Mother Dairy product in all outlets is not good. In pan shop this result is very bad.

Here, company should have target to capture 100% market share of all outlets. For capturing all market company should introduce new packaging system, company may provide some benefits to the retailers and should improve the quality of the product which really creates different from the competitors in the market.

- We also found that company is unable to capture some market because test of product. Others companies easily enter this market.

Here, company should introduce strong research system on quality of the product and taste of the product, which will helps to capture overall market.

- Company provides welfare facilities for the employees. Welfare facilities motivate employees to devote more energy. These facilities should be continuous, it should have increasing trend not decreasing trend
- The company should introduce two ways communication programme in distribution channel which helps to get a proper feedback from Retailers time to time,
- All time milkman of the company are not satisfied about their payment, company should also give emphasis on this matter.

CONCLUSION

From the above graphs and analysis we are getting that due to satisfactory quality easy availability and approachable price “Mother Dairy’s” product have made a brand image in the market and have become a strong competitor of Amul and Nestle.

Also it is concluded that most of the owner of outlets are satisfied with the products of Mother Dairy because of its high demand and high commission. Although challenges in branding can be very difficult, branding is not necessarily prime thing. The success or failure of a brand strategy depends on how exactly the guidelines were moved into strategy and the strategy was then implemented exactly.

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“GLASS CEILING SYNDROME”- A STUDY OF INDIAN WOMEN IN TOP MANAGEMENT

SHUBHRA BHARADWAJ*; UMA NAGARKOTI**

*Assistant Professor in Institute of Business Management
GLA University, Mathura, Uttar Pradesh.

**Assistant Professor in Institute of Business Management
GLA University, Mathura, Uttar Pradesh.

ABSTRACT

We've removed the ceiling above our dreams. There are no more impossible dreams.

- Jesse Jackson

Our study on 'Glass ceiling syndrome' extends to the Indian women in top management, a topic that has received little attention in our "Man dominating" Culture. The emphasis was laid upon to understand the concept 'Glass ceiling syndrome' in women from the various dimensions such as causes of Glass ceiling, Barriers to growth, Fear of success within women, Women are good leaders etc. Real cases on Indian women from the diverse fields like Kiran Majumdar Shaw (Biotechnology), Indra Nooyi (Food and Beverages), Chanda Kochhar (Banking), Deena Mehta (Finance) and Ekta Kapoor (Entertainment), have been studied as how they were successful in breaking the glass ceiling and rising to the top. We study the direct impact of representation of women on Top Management teams on organizational performance. In the end, the paper provides an insight of women breaking glass ceiling and reaching at the top management.

KEYWORDS: Glass ceiling syndrome, Occupational segregation, wage gap.

INTRODUCTION

"Glass ceiling" is a term coined by the Wall Street Journal in the 1970s in the United States to describe the invisible artificial barriers, created by attitudinal and organizational prejudices, which block women from senior executive positions. The literal meaning of Glass Ceiling is referred to as a "ceiling" as there is a limitation blocking upward advancement, and "glass" (transparent) because the limitation is not immediately apparent and is normally an unwritten and unofficial policy. Whether this glass ceiling occurs in the workplace or in politics it is essentially a reflection of social and economic gender inequality.

With the achievement of educational parity and changes in social attitudes towards men's and women's roles, it had been somehow assumed that women would quickly move up the career ladder. This has proved hard to achieve and no more so than at the top, where the prevalence of male executives tends to perpetuate the glass ceiling and where women often find themselves without the right mix of corporate experience required for senior executive positions.

Several studies, both academic and governmental, have shown that despite the efforts to increase diversity, women still face the glass-ceiling when it comes to top management jobs in the private sector, may it be Chief Executive Officers (CEOs) or board members. The hurdles facing women aspiring to management jobs can be so formidable that they sometimes abandon efforts to make it to the top of large firms. They often take their energy and know-how to smaller and more flexible companies or set up their own businesses. By 1996 in Sweden, approximately 20 per cent of start-up companies were being run by women and by 1999 in the United States, 38 per cent of all firms were run by women. In Australia, women make up 35 per cent of the country's 1.3 million small business operators, and the growth rate of female small business operators from 1995 to 1997 was three times that for men. We are up to 15 percent now, but the numbers should be more like 40 percent-50 percent.

THE GLASS CEILING, DOES IT STILL EXIST?

Men and women are entering the labour force in equal numbers but the majority of top management positions still belong to men. Female managers tend to be concentrated in lower management positions and hold less authority than men. This suggests that something beyond just sex differences in career patterns must be at work to account for the huge difference in the number of men versus women in top management positions. Although women as a whole may place less emphasis on career success than men, there are a considerable amount of women who strive for top management positions and are unable to attain them. In a recent study almost three fourth of women and two-thirds of men believe that an invisible barrier (a glass ceiling) prevents women from attaining top management positions.

The glass ceiling metaphor as we will use it is thus not simply a description of an outcome—that there are not disproportionately few women at the top of organizations—nor is it simply a claim that discrimination against women is pervasive at all levels of managerial hierarchies. It is a specific claim that the obstacles women face to promotion relative to men systematically increase as they move up the hierarchy.

CAUSES OF GLASS CEILING

The causes of the glass ceiling are varied. Some suggest that the glass ceiling is self-imposed by some women. For example, women may choose to work fewer hours than men in order to spend more time with their families. Others suggest that ingrained stereotypes and socialization cause the glass ceiling. In some organizations, the good old boy network is still pervasive. When deciding who to promote in these organizations, women are often not even considered.

Women also measure success in the workplace differently than men. Men tend to measure success by high salaries and important job titles whereas women place a higher value on their relationships with colleagues and community service. Men tend to focus on earnings, promotional opportunities and success while women focus on positive interpersonal relationships and feelings.

Men and women also differ in their career gaps. Women are more likely to take a leave of absence and work a part-time job than a man. Organizations need to adopt a culture that will

allow them to stay competitive but also allows their employees to maintain a balance with their lives outside of the office.

Why do women still have to fight for the right to advance to the top? There are some primary issues that perpetuate the glass ceiling.

EXCLUSIONISM

One of the biggest issues that women still face is the continuing issue of the “old boy’s club” and women’s exclusion from this network. So what are they doing about it? According to recent information from the Small Business Administration the number of self employed women has increased by 33 percent over the last twenty years while one third of all American small businesses are owned by women.

FEAR OF SUCCESS WITHIN WOMEN

There are some common questions within a woman which constantly worry her and that are where this fear comes from: what will 'more' be like? What will happen when I am as successful as I have always deep-down wanted to be? (What will drive me forward, afterward? What else will there be left for me to do?) And these types of questions are all really subtle variations of a different fear, altogether: fear of change.

COMMITMENT

Too many employers believe that women will quit beginning a family or caring for elderly parents. Therefore, organizations are less likely to invest in a woman’s career, when in fact the lack of opportunity is quite often what pushes them away. Show a commitment and willingness to take on new challenges and risks.

WAGE GAP

Employers sometimes view women as less committed because they are paid less, so they pay them less because they are less committed. According to Business Week, April 2007, while women earn just 80 percent of what men earn one year out of college, that figure drops to 69 percent at the ten year mark. Overcoming wage gap differences can be difficult because most women are starting out at a disadvantage, and to try to close the gender gap is often impossible.

ROLE MODELS

Though there are more role models today than ever before, it is still difficult to have someone to emulate when they are facing the same upward climb. One of the best ways to address this issue is to find a mentor – male or female. Women should select someone who will show them the ropes, help them navigate the political minefields and point them in the right direction to further their career. When they make it, they need to reach back and help the woman behind them. When possible, promote and hire other well-qualified women

APART FROM THESE PRIMARY CAUSES THERE ARE STILL SOME MORE CAUSES WHICH LEAD TO GLASS CEILING

SOCIAL DIFFERENCES

Social differences which lead to stereotypes, prejudice and bias also contribute to the glass ceiling. Noticing this as a barrier and encouraging your employer to implement diversity training can help employees to recognize social differences and learn to accept and tolerate them.

OCCUPATIONAL SEGREGATION

More than half of all women workers hold sales, clerical and service jobs. Studies show that occupations in which there are large numbers of women (and people of color) have lower wages.

LACK OF EDUCATION

Women are not able to reach to the top level due to tier lack of education

SELF CREATED CEILING

Many corporate believe that these glass ceilings are self created. They argue women would have to push themselves out of this self-imposed ceiling. The first argument is that women can get to senior-level positions on their own merit, through hard work and ambition only if they want to.

IN THE NUTSHELL

1. Firstly, work-life balance challenges impact women's advancement and, if not dealt with at the right time, may contribute to the glass-ceiling phenomenon. Assumptions are often made regarding women's availability to do a job without interference from family responsibilities.
2. Secondly, higher roles ask for higher commitments, which may include working more than 40 hours of work per week. Those who put in longer hours generally rise faster, leaving those behind who are unable to dedicate more hours to work due to family responsibilities.
3. Another issue is the double bind that women face when it comes to leadership behaviour. Research shows that when a woman is assertive and takes charge, people often react negatively, but if she fulfils the prescribed stereotype of being a kind and gentle woman, she may be regarded as a poor leader. These factors often act as obstacles thereby barring women from climbing up the corporate ladder.

EFFECTS OF GLASS CEILING

- In our everyday lives we come across incidents of sexual discrimination at workplace, at home and social circles. Women since ages have been known as the weaker sex. One may ask now how does “glass ceiling effect” fit in all these? Well, situations of gender discrimination are popularly referred to as the glass ceiling effect . Such discrimination leads women to have feelings of low self esteem, decreased motivation and a slowing down of interest in their jobs.

- One of the many fangs of the glass ceiling effect is the evident difference in wages for the same job. Also, women are given inferior statuses within the same job and in most places are treated as subordinates to their male counter partners. Workplace discrimination is witnessed in all levels from blue collar jobs to professional careers.
- As defined by tradition, men were the earners and the women homemakers and that is still ingrained in the modern minds. Women tend to choose such careers that give them enough time to take care of domestic choices and they end up with jobs that are financially inferiors to those chosen by men. Hence, though literacy and education have had far reaching effects with products like Indra Nooyi and Kiran Shah Mazumdar. We still have a long way to go if the glass ceiling effect has to be minimized to the least if not eradicated.

CASES AT GLANCE

This study has been conducted on those Indian women who have been successful in breaking the Glass Ceiling and rising to the top management. Few of them are-

KIRAN MAJUMDAR SHAW

The woman behind Biocon - Kiran Mazumdar Shaw (Kiran) who dreamt of starting her own business with just Rs. 10,000 in hand and a degree in brewery. She now owns USD1 billion dollar company,

GENDER BIASNESS FACED BY KIRAN MAJUMDAR SHAW

In an exclusive conversation with Smita Mishra of Zeenews.com, Shaw, the ‘Queen on Biotech’ revealed:-

I wanted to be a coffee brew master, but I was rejected as I was a woman and women had not entered the field yet. That led me to think of my own business. But I couldn’t even recruit people as I was a risky proposition because of my gender and age. There were just so many challenges, but it is the spirit of winning over them that kept me going. I rejected the idea that women couldn’t do tough business.

ALSO IN ONE OF THE ARTICLES PENNED DOWN BY SHAW ON THE OCCASION OF WOMEN’S DAY

SHE STATES:-“For instance, I faced credibility challenges: my youthful age, my gender and my unfamiliar business model posed enormous barriers. No bank wanted to lend to me, no professional wanted to work for me, and it proved to be a real challenge to set up a business because women were considered “high risk” in the business world.”

MEASURES THAT SHE HAS TAKEN FOR WOMEN EMPLOYEES IN BIOCON

In Biocon one-third of the employees are women. The Company has set up a Women's portal, to give women special attention “At Biocon, we do our best to ensure that gender sensitivity issues

are addressed. Women are encouraged not to come at odd hours in the night and if women have to travel to interior areas of the country, a male escort is provided.”

INDRA NOOYI

"It was unheard of for a good, conservative, south Indian Brahmin girl to do this, It would make her an absolutely unmarriageable commodity after that."

Indra Nooyi , is the Chairman and CEO of PepsiCo. She has joined the band of women who lead 500 fortune companies.

BREAKING THE GLASS CEILING

STRONG SUPPORTIVE FAMILY- She could persuade her parents to send her to Yales Management School, US to pursue Masters in Public and Private Management. In spite of societal pressures, her parents fully supported her.

HER ATTITUDE: TAKING SUCCESS IN HER STRIDE

Indra nooyi had all the key skills for Chief Executive which any other male CEO could have had. Indian-born Nooyi got the top job at Pepsi in large part because of the key role she layed in orchestrating several major deals i.e. Tropicana orange-juice brand and Quaker Oats while she was CFO.

MEASURES FOR WOMEN EMPLOYEES TAKEN AT PEPSI

Today 25% of Pepsi's managers are women, up from 22% four years ago. Six of its top 12 executives are now women or minorities. Half of all new hires at Pepsi have to be either women or ethnic minorities. And managers now earn their bonuses in part by how well they recruit and retain them. So, Nooyi deserves to be applauded for her feats and for drawing the attention to Indians breaking the glass ceiling which existed in corporate America.

DEENA MEHTA

"If I were a man, I would've been the president of the organisation by now"

Deena Mehta has proven to break the glass ceiling at the Bombay Stock Exchange. Hitherto the domain of men, Deena Mehta was the first woman to go into the trading ring in 1986. She holds the distinction of being the only woman broker in the country to have been elected to the BSE board in 1997 with the highest number of votes secured by any member in its history.

Other women who break glass celing includes Chanda Kocchar, ICICI, Ekta Kapoor(Producer and Director, Balaji Productions ltd.) etc.

CONCLUSION

First of all this research revealed many important facts which discard the fact that it is no more a man's world. Top business honchos like Indra nooyi, Chanda Kochhar and many more have broken the glass ceiling to command their own boardrooms but these are mere aberrations rather than the norm. It is revealed that women enter the workforce in large numbers but over time steadily "vaporise" from the higher echelons of organizational hierarchy. There are still only 3-4% of women in the workforce are at the top level in the hierarchy due to gender discrimination as women are given less preference than the male colleagues.

Few findings of the study are-

- ✓ Indian women are capable of doing well in any sector given to them ranging from Banking to Biotechnology
- ✓ Certain barriers have been realized that come into play in the career of a woman but they can be overcome if she has a supportive family, strong educational background and her attitude.
- ✓ Women at any level in the organization whether high or low can lead a smooth and well balanced personal and professional life
- ✓ Also, it was seen that most of the corporates feel that women can very well handle power and lead a team in any organization, but they are not suitable to perform risky and tough jobs. Those are still reserved for the men.
- ✓ With a topic like breaking the glass ceiling there is no set answer as yet to this question. Women are still struggling somewhere to break it completely, but yes there has been a major difference in the number of women joining the corporate world and taking on high positions as well as managing their home and office very well.
- ✓ Company policies, cultural expectations and support from family are major factors which help the women to work and break the glass ceiling.

At last to conclude, we want to say that "Achieving gender parity in the workplace is possible if business leaders take a systematic and customized approach to finding out what derails women along the way at their organizations. Even the senior management in companies had not made gender parity a stated and visible priority, while 80% of firms head not committed adequate funding or resources to the initiatives.

Hence Indian women still face glass ceiling and a lot of work needs to be done in order to have more number of women in top management.

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EMAIL- IDS

- Jayamanage10@gmail.com
- mahendrasingh.cs04@gmail.com
- mamta_pandey28@yahoo.com
- manisha.goswami@gla.ac.in
- deepdarshansuman@gmail.com
- dinesh.18gbu@gmail.com

- sandeep.kamal001@gmail.com
- Hina.sharma@gla.ac.in
- Preeti.gupta@gla.ac.in
- Panickeraneesya@gmail.com
- anuradhpal12@gmail.com
- av_sharma123@rediffmail.com
- pantaditya85@gmail.com
- dhairya.sdd@gmail.com
- honeybansal10@gmail.com
- tiwariup@iocl.co.in
- sweetsis86@gmail.com
- magicalhimmi@gmail.com
- ilameh@gmail.com
- jai.nices@gmail.com
- burhanuddin1986@gmail.com
- israni9@gmail.com
- shweta2411@gmail.com
- anshulmaheshwari50@gmail.com
- amit_2218@yahoo.in
- guptaarchana15@gmail.com
- bintee1234@gmail.com
- jyotidb18@rediffmail.com
- shweta14680@gmail.com
- tripti82@gmail.com

EFFECTIVE GOVERNANCE IS A CRITICAL FACTOR FOR SUCCESS OF ANY MICROFINANCE INSTITUTION IN INDIA-A REVIEW

HEMA SATAGOPAN*

*Consultant,
Apt Corporate Services Private Limited,
Research Scholar,
Dravidian University,
Kuppam, Andra Pradesh.

ABSTRACT

Building good corporate governance is a continuous process that requires a long term vision. Good governance is central to institutional strengthening efforts and should be integrated with ongoing technical assistance and training initiatives. The MFIs have double goals, namely to act as the medium through which the poor can work their way out of poverty and to provide reasonable profits to their investors. These twin objectives can conflict unless a fair balance is maintained between both objectives. This makes it essential that MFIs have good systems of Corporate Governance. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. Corporate Governance is also essential to institutional strengthening efforts and should be integrated with ongoing technical assistance and training initiatives. Foreign Institutional Investors (FII) find India very good market for investment but reluctant because of poor corporate governance. One needs to pierce the veil of the Corporates to reach the reality. This article is limited to secondary data only and a few case studies which show effective governance leads to success.

KEYWORDS: Corporate Governance, MFIs, Regulation, transparency.

INTRODUCTION

Manoj Kumar²³ reports in Reuters of July 2012 that “Firms see India as Third most favoured destination after China and UN” and it is expected that investment inflows could increase by 20% both this year and next. The world’s largest financial daily Economic Times of June 29, 2012 in the box “A Milestone for Indian Corporate Governance” describes on the arrangement with Global management consultancy Hay Group India to bring forth the search for INDIA’S BEST BOARDS. Vinod Mahanta further states that, “Traditionally the Company Boards have focused more on financial risks or those risks with significant financial impact but today the focus is slightly moved to include operational and sometimes strategic risks for improvement of Company’s performance.” Research by the global consultants through in depth interviews with respondents across 17 countries reveals that risk management process which was conventionally focused on financial risks, should be increased in scope to accommodate the changing environment.

As Indian capital markets have increasingly looked to attract foreign investors, capital from abroad has become an important source of financing for local Indian firms. However, poor corporate governance is one reason foreign institutional investors may be reluctant to invest in many Indian companies. According to a recent study titled “Do Foreigners Invest Less in Poorly Governed Firms?” that was published in *The Review of Financial Studies*, which is one of the three elite journals in finance, foreigners are wary of investing in a firm in which the managers are also its controlling shareholders since foreign investors fear that these “insiders” may not act in the investors’ best interest. Sameer Akrani in his “Image Credits” gives various reasons for the need of Corporate Governance

1. Change in Ownership
2. Importance of social responsibility
3. Growing number of scams
4. Indifference on the part of Shareholders
5. Globalization
6. Takeover and mergers
7. SEBI

Live Mint Corporate News of June 18th 2012 reports that, “Investors across the globe have conveyed the message to MFIs in strong words and some even want legal agreements to ensure these firms meet their social objectives and implement fair corporate governance practices in letter and spirit.”

The company is forced to make consumer friendly policies for the protection of the social group and environment. Further there is a need to control scams and frauds and protect public investment by using the yard stick of Corporate Governance. Stake holders have to be protected from Directors who misuse their power. Companies have a global market and therefore need to follow the investors rules and regulations, Take over and mergers requires Corporate Governance to protect the interest of the parties and also SEBI has made Corporate Governance mandatory for Listed companies.

Professor David Fourier¹⁴ speaks of Corporate Governance as “an international term associated with the trend towards greater corporate responsibility and the conduct of business within acceptable ethical standard.”

CGPA2012 states that lack of good corporate governance lies at the heart of some of the recent failures in microfinance. At a workshop in Calmeadows, Promifin, and Academia de Centroamerica, donors and investors identified that they were partly to blame as they continue to fund some organizations despite their lack of good corporate governance. In the same workshop several funders including IFC and the Swiss agency SDC, as well as major investors such as Blue Orchard, responAbility and Triodos, agreed to put more emphasis on good governance in

their due diligence and monitoring of the MFIs they fund, together with raters interested in coming up with practical and meaningful benchmarks to measure good governance. Global investors now stipulate that MFIs follow good governance practices. Oikocredit¹⁵, a large social investor in the world, has rejected applications for funding MFIs charging excessive rates, providing exorbitant executive remuneration, or lacking a strategy to avoid borrower over-indebtedness, according to its 2011 social performance report. In India, Oikocredit operates through its subsidiary Manaveeya¹⁵ Development and Finance Pvt. Ltd. It has invested in several MFIs by way of direct loans and equity participation.

“Poor corporate governance is seen an area of high risk, though more by investors, analysts and regulators than by MFI practitioners themselves. A Canadian development expert said that “lack of governance has been a major risk factor in many MFIs and will continue to be an area of concern for the coming years”. The perceived trend in this risk is moderately upwards. Investors were particularly concerned. “Too often, basic concepts of corporate governance are little known or neglected,” said Gert Petermans⁵, chief investment officer of Incofin in Belgium. At the end of the day, the risk is that MFIs will forego funding if they lose the confidence of their investors. Shortcomings typically take the form of low caliber personnel, lack of experience, Cronyism and poor transparency. Khirod Chandra Malick, Chairman of the Bharat Integrated Social Welfare Agency in India, said this whole area “needs more professionalism.”

The concept of Corporate Governance and Corporate Social Responsibility have been emerging as a response to corporate failure and also as response to lack of due diligence and care in supervising executives & offices.’ “Corporate governance²⁸ is a system by which companies are governed and controlled.”

REVIEW OF LITERATURE

Corporate governance³⁴ is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

“The aim is to align as nearly as possible the interests of individuals, corporations and society.” (Sir Adrian Cadbury ³³). The King Commission describes Corporate Governance simply as “the system by which companies are directed and controlled.” (King 1994). Gabrielle O'Donovan ¹⁹ defines corporate governance as “an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board [of directors] culture which safeguards policies and processes”.

“Governance¹⁷ defined is the system of people and processes that keep an organization on track and through which it makes major decisions. “Among the large literature on microfinance, only a few researchers (Hartarska, 2005; Hartarska and Nadolnyak, 2008; Labie, 2001, 2008; Mersland, 2008, 2009) have addressed this issue¹. This contrasts with the importance given to corporate governance in the microfinance practitioners’ and policy makers’ community, where weak

governance structures are considered to be the second most important risk factor in this industry.”(Alize ¹Mandelier Etal)

Since 1970 Corporate Governance has been a subject of discussion and debate .The needs were realized mostly after World War II. The East Asian Financial crisis in 1997 and the lack of corporate mechanism in these countries highlighted the weakness of the institutions in the economic progress. In 2000 massive bankruptcies occurred in various countries. All these are the reasons for the emergence of the importance of corporate governance. Earlier Global Crisis which was an eye opener. Global reports of Corporate scams are available e.g. in U.S. A. WorldCom, Enron, Tyco, Mar cone etc have faced scams. In India, scandals of Harshad Mehta, Keton Parekh, UTI, RIL, Satyam Computer Service Limited, have created a crisis of investor’s confidence. India is facing challenges to regulate norms of corporate governance these are – family controlled business in a majority of companies being prevalent in India, lacking of due diligence in executive function, non-transparency in corporate governance norms. All these pose a serious problem for share holders & for public and mostly for economic growth of the countries.

R.I Tricker³⁰ (2010) states that, “Developments in corporate governance thinking and practice have often been responses to company collapses, corporate corruption or the domination of companies by an individual.” To quote three different³⁰ instances such as i) the excesses in the Guinness and Maxwell Companies. ii) The collapse of Enron and World Com led to the US Sarbanes-Oxley Act iii) The first Corporate Governance code in Hong Kong was the result of the failure of Carrian Group .

The reports from various Committees throughout the world has developed and reformed the concept of Corporate Governance, e.g. Cadbury Report-U.K., 1995; Greenbury Reports- U.K., 1995; Voluntary code of corporate governance-1998. In India Corporate Governance gained momentum from 1990 as introduced by CII. In 1995 code of Corporate Governance was passed. The Birla Committee Report was approved by SEBI in December 2000 became mandatory for listed companies through the listing agreement, and implemented according to a rollout plan. Following CII and SEBI, the Department of Company Affairs (DCA) modified the Companies Act, 1956 to incorporate specific corporate governance provisions regarding independent directors and audit committees. ; Sarbanes –oxly Act, 2002, Narayan Murthy Committee Report, India, 2003, J.J. Irani Committee Report, 2005, The Naresh Chandra Committee in 2009 made further recommendation with respect to financial and non financial disclosures with regards to corporate governance. Further reforms were suggested by Narayanamurthy committee mid 2010 stressing on role and structure of the corporate Boards while strengthening the definition of director independence in the existing clause 49 of the listing specially to address the role of insiders on Board. Further the Institute of Company Secretaries of India put forth a series of corporate governance recommendation. And latest the company Finance Bill placed in parliament for approval.

WHAT IS CORPORATE GOVERNANCE?

The perception of "governance" is as old as human civilization. The term governance means: the process of decision-making and the process by which decisions are implemented (or not implemented). There are various types of Governance Ref fig. No.1:

FIG. 1: VARIOUS TYPES OF GOVERNANCE (SOURCE : ARTICLE : WHAT IS GOOD GOVERNANCE₃₃)



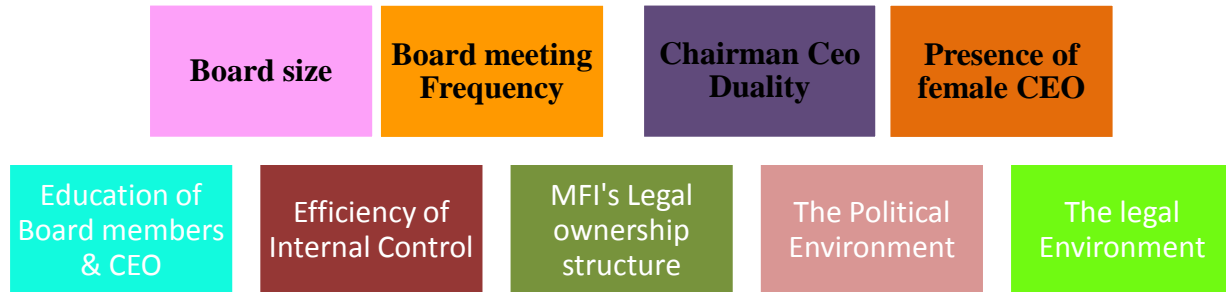
The empirical analysis (Alize₁ Mandelier Etal2009) of 5 south Asian countries within a time frame of 2001 to2008 , focusing on a unique dataset of 59 rating reports about 59 MFIs from India, Nepal, Bangladesh, Sri Lanka and Pakistan based on the reports of 3 rating agencies (M-CRIL, CRISIL and JCR-VIS),has revealed that “ not all known governance mechanisms affect performance, and that no mechanism has an impact on all five performance ratios, namely ROA, OSS, Operational Efficiency and Depth and Width of outreach.”

Further this research revealed that with regards to financial performance three effective means played a role having positive impact on Return on Assets (ROA), Operational Self sufficiency (OSS) or Operational Efficiency (OE)

1. labor productivity
2. appropriate knowledge and trainings of the board
3. the number of people sitting at the board

The research on social performance none of the nine governance mechanisms (refer Fig No.2) seemed to be an appropriate tool to enlarge the outreach of an institution :

FIG. 2 : SHOWING NINE GOVERNANCE MECHANISM₁



The research team concluded that, “The dynamic evolution of MFIs and their governance structure could also be better reflected by looking at consecutive rating reports, that is to say, reports written during different years for the same institution. Lastly, the opposite relation could also make sense. Can a healthy financial situation drive better governance practices?”

“In 2010, MIX reported that MFI clients and depositors have been growing about 20 percent a year worldwide₆ – with \$65 billion in loans outstanding and a total deposit value of about \$30 billion. That kind of growth, particularly on the depositor side, makes corporate governance a major factor in attracting or deterring new depositors, investors, or donors. Most countries have variety of legislation in place to ascertain good corporate governance. Even in India a developing country, laws permit the Government to take punitive actions against firms for violation of corporate governance norms. These could range from demanding an audit, to imposing fines, removing the management and even criminal prosecutions. These powers are sparingly exercised, but serve as restraint to firms breaching good corporate governance. Brian Slocum, regional coordinator for the Middle East and Africa at the Grameen Foundation, said that “weak corporate governance₅ has been a key factor in existing portfolio crises, and it will likely be one in future crises as well”

MICRO FINANCE

Mr. Anand Sinha₂ Deputy Governor RBI has informed that despite the policy efforts, gap remains in the availability of financial services in rural areas. Many people who are unable to save especially from socially and economically backward classes such as farmers , traders and rural artisans still dependent on money lenders . The history of Micro Finance dates far back as 1974 with SEWA Self employed Women’s Association a Sahakari bank which registered as an urban co-operative providing banking services to poor women employed in unorganized sector. NABARD launched a research in 1991-92 with NGOs for promoting SHGs .encouraging saving. In India the Self-Help Group (SHG)-Bank Linkage Program (SBLP) which was launched in

1992 on a pilot basis soon grew significantly. Modern microfinance in India was born as a response to the frustrated development resulting from subsidised and supply driven rural credit in the 1970s and 1980s (Das and Baria, 2005)

Approximately SHGs enable 97² million poor households' access to sustainable financial services from the banking system and have an outstanding institutional credit exceeding Rs. 31,200 crore as at the end March 2011. SBLP is considered to be the fastest growing microfinance initiative in the world. The other model of microfinance, i.e. MFI model comprising of various entities, such as, non-banking financial companies (NBFCs), non-governmental organisations (NGOs), trusts, cooperatives, etc. has also been growing significantly in the recent years. Microfinance- both SBLP and the MFI sector- has posted an impressive growth in the past few years with the combined client outreach increasing from about 4.8 crore¹ in 2006–07 to 8.6 crore in 2009–10. Loans outstanding to SHGs were Rs. 28,038 crore while loans disbursed to MFIs by all agencies amounted to Rs. 13, 955 crore at the end March 2010. (Anand Sinha 2012)

The SHGs soon grew to Federations which culminated into NGO-MFIs .Soon the MFIs emerged as NBFCs to serve the poor rural and semi urban with a dual mission to serve the poor and also remain financially sustainable .The latest entrants were the Sec25 companies and MACS Mutually aided Cooperative Societies concentrating on very remote areas where there was no presence of banks. As of March 31, 2011 there are 3 billion people around the world who have limited or no access to formal financial services.

MICRO FINANCE INSTITUTIONS MFIS

The definition of the term 'Microfinance Institutions'(MFIs) is, parties who provide microfinance services, such as micro loans, micro deposits and micro insurance. They may include microfinance banks, non-governmental organizations and even money lenders, so it's easy to see MFIs come in three forms: formal, semi-formal and informal microfinance providers. Today a range of other financial services including insurance and other support services are required to be provided along with savings and credit services.

The Harvard research group identified three main reasons that led to the occurrence of corporate failings

1. boardroom failures ,
2. fraud and management
3. Malfeasance.

Later research found other reasons such as growing complexity of the companies. Hence it was concluded that board was different from company and the company had to improve board performance. "Each board needs to develop structures, processes, and practices that fit the company and its business needs; "one size fits all" was viewed with skepticism³⁰

Political interference₆ takes many forms. The most widespread is usury laws capping the interest rates that MFIs can charge their borrowers. Though this was on decline for some time, these are now on the increase again in the Indian sub-continent, Latin America, Africa and Central Europe, posing a direct threat to the profitability of the MFI. But while rate caps benefit MFI borrowers in the short run, they may also damage the micro lending market further out. Pierre-Marie Boisson₆ chairman of Sogesol in Haiti, said they “could reverse 30 years of progress by driving MFIs to cut millions out of access to credit, forcing the majority to use moneylenders at a higher interest rate”.

CRISIS IN INDIA

Dinesh Unnikrishnan₁₃ states that India has around 800 MFIs, which operate in the form of non-banking financial companies (NBFCs), trusts, co-operative societies and non governmental organizations (NGOs). NBFC-MFIs account for 80% of the industry in terms of assets. In 2005, there were an estimated one million microloans outstanding in India’s Andhra Pradesh state; by 2010 that number skyrocketed to an estimated 25-27 million microloans outstanding, valued at about \$4 billion. Such growth came about primarily through private investment. The Business Line of 2006 reports of a round table conference organized by the Indian Institute of Economics (IIE) have favored the adoption of governance ,and regulations for an orderly, healthy and sustainable growth of micro finance sector. In January 2009 there was a global shock with the Sathyam Computers Services massive accounting scandal. Indian government took immediate action with arrest of several insiders and auditors and immediately took stringent steps to revamp the Company with Government Nominee Directors. It was therefore the need of the hour to re access the country’s progress in Corporate Governance .As a consequence of various corporate scams India’s place fell from the 3rd Rank to the 7th in CLSA Corporate Governance Watch 2011. National policy also drove capital into microfinance through the Priority Sector Lending Act that directed 40 percent of domestic lending (and 32 percent of incoming foreign lending) into 14 “priority sectors,” including microfinance. Furthermore, it is illegal in India for MFIs to take deposits, so debt, equity, or donations are the only sources of capital for MFIs. When stories began circulating in reputable media about clients committing suicide due to an inability to repay their loans, the question of whether MFIs in Andhra Pradesh maintain lending discipline and enforce ethical conduct came suddenly into the limelight₁₄.This prompted the government of Andhra Pradesh, the largest market for MFIs, to impose a stringent law in October 2010 to regulate micro lenders. SKS₃₂ made its IPO issue in July 2010 which attracted investors and critics .Hemant Mishra reported in Mint of the early warnings by Deputy Governor Mr. Anand Sinha of RBI which prompted A.P government to pass stringent laws in October 2010 Andhra Pradesh Microfinance Institutions (Regulation of Money Lending) Act, 2010.to regulate the MFIs .Namrata Acharya₂₅ reports of firms replacing Micro Finance industry raising large amounts from PE Investors and issuing new loans ,”In a very short space of time, a whole new breed of MFIs has risen from the ashes of the industry, In effect, they are breaking the decade-old monopoly of a handful of Andhra Pradesh-based MFIs, registering soaring loan numbers and pointing to a new way of doing business in the industry”

In late 2010, RBI issued regulations to govern NBFC-MFIs based on the recommendations of an expert panel headed by chartered accountant Y.H. Malegam. These capped the rate MFIs can charge at 26% and made minimum two-year tenure mandatory for loans above Rs. 15,000.

MFIN and Sa Dhan created the Code of Conduct to enable the MFIs to deal “fairly” with debtors and avoid oppression in collecting dues. The RBI in April 2012 required the microfinance institutions (MFIs) to improve their corporate governance and economize compensation packages to bring a sense of order to the crisis-ridden sector. MFIs, which lend small amounts to low-income borrowers at 24-36% interest rates, have been under the scanner for alleged unhealthy practices such as charging exorbitant interest rates, issuing multiple loans to people without assessing their ability to repay, and the use of pressure tactics to recover loans.

Nowadays corporate governance not only involves “a network¹⁹ of relationships between corporate managers, directors, and providers of equity, but more broadly involves the relationship of the corporation with stakeholders and society and the combination of laws, regulations, listing rules, and voluntary private sector practices.” Lesson Learnt ⁴from the SKS episode is that “the Board should intervene immediately when it senses rift in the management. It cannot take the approach of ‘wait and watch’. Such an approach delays the intervention and causes huge damage to the company.”

Janalakshmi Financial Services raised 80 crores in 3rd round of funding and Biswarup Gooptu⁷ reports that “only a handful of companies such as Ujjivan, Janalakshmi and Equitas have been pooling growth for raising additional rounds of capital primarily due to the fact that they do not have operations in A.P where government has clamped down credit.” Two Global Funds GAWA Micro Finance Fund and Indian Financial Inclusion Fund (IFIF) have invested 22 Crores and 30 crores respectively with Vallab Bansali Com founder Enam Securities.” This followed the 127 Crore investment in Ujjivan Financial Services in February 2012. Analysts say this points out to the growing confidence among investors who are making a cautious return to crisis ridden sector

TRANSFORMATION

To meet the commercial banking standards required in transformation, MFIs update their management and financial information systems, form new boards of shareholder representatives, adopt institutional banking operations, reduce costs, and increase equity. During transformation⁸, MFI governance structures also change: new boards form to protect stakeholder interests. Boards are composed to forge a balanced combination of social mission and profitability, including new members with diverse skills and expertise.

In many cases, several board committees in specific areas are established. ACLEDA¹⁰ Bank has four board committees: Assets and Liabilities, Audit and Risk, Compliance and Ethics, and Credit.⁶⁹ Initially, K-Rep Bank¹² had two committees: Audit, and Assets and Liabilities, but plans to add Finance, Human Resource, and Information Technology committees⁹. The participation of reputable foreign investors ²²further plays an important role in gaining public confidence and recognition for MFIs. It also helps to influence regulators in different countries, to protect the institutions from political interference, to shape a more supportive environment for microfinance development, and to foster the transformation process. FICCI had organized a panel discussion followed by a workshop on “Strengthening Microfinance Institutions (MFIs): Good governance and Strategic People Practices” on April 23, 2012 in Mumbai. The key discussions centered on the unique context of the microfinance sector, the resultant need for

governance and what governance means in this context: customer protection, evolving the overall strategy, Board composition and role of the Board.

Antonique Koning³ 2010 reports that there are over microfinance institutions in Latin America. While the analysis of 10 cases points out to several causes for failure, such as methodological deficiencies in credit technology, systemic fraud, uncontrolled growth, loss of focus, inappropriate concept design and state intervention, it suggests that with stronger governance these institutions may have had a better chance at surviving their crises. At a workshop on Governance hosted by Calmeadow, Promifin, and Academia de Centroamerica, donors and investors recognized that they were partly to blame as they continue to fund some organizations despite their lack of good corporate governance (CGAP 2012). Because of Credit risks the donors and funders are concerned with corporate governance. At the same workshop IFC and the Swiss agency SDC, as well as major investors such as Blue Orchard, responAbility and Triodos, agreed to put more emphasis on good governance in their due diligence and monitoring of the MFIs they fund. With the help of rating agencies bench marks have been evolved to assess Corporate Governance.

WHAT IS GOOD CORPORATE GOVERNANCE?

To quote Roy Mersland³¹ and Reidar Oystein Strom “Good corporate governance has been identified as a key bottleneck in strengthening MFIs' Financial performance and increases their outreach (Rock et al., 1998; Labie, 2001; Helms, 2006; United Nations, 2006; Otero and Chu, 2002). However, except for the Hartarska (2005) study of East European MFIs, the influence of corporate governance on the MFIs' performance has not been empirically studied before, partly due to lack of data.” Good governance has 8 major characteristics. (Refer Fig. 3) It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Study by Roy Mersland et al 2007 reports that when the roles of CEO and Chairman are split, and when the CEO is a woman and also when loans are extended to individuals the overall performance of the company is improved. “Presumably, having a female CEO or a high fraction of women on the board would help the MFI understand its customers better so as to separate the good risks from the bad.” Ramesh Arunachalam²⁹ reports of some weaknesses in corporate governance such as inadequate checks and balances over executive decision-making and whimsical behaviour by the board and/or senior management, “insufficient transparency about ownership control, related-party transactionsⁱⁱⁱ and the (MFIs/group's) operational strategies and overall financial position^{iv}, high stake acquired by promoters' friends/well-wishers/families in order to maintain control over the MFI, lack of transparent reporting to the outside world, lack of truly independent directors and board nomination sub-committees, conflicts of interest at various levels including on the board, in senior management and operations, and other aspects.”

FIG.3: FIVE GOLDEN RULES OF BEST CORPORATE GOVERNANCE PRACTICE

(Source: www.applied.corporategovernance.com)



FIG.4: IMPORTANCE OF CORPORATE GOVERNANCE

Source (Corporate Governance: Handbook for the board)



“A good corporate governance image enhances the reputation of the organization and makes it more attractive to customers, investors, suppliers and, in the case of nonprofit organizations, contributors.”

FIG. 5 :8 MAJOR CHARACTERISTICS OF GOOD GOVERNANCE

(Source: Frederick Lipman¹⁸ and L.Keith Lipman)



Good corporate Governance is an ideal which is difficult to achieve in its totality.

TABLE NO:1 THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE SOURCE

(K_Rep Fedha Services Company, Limited Governance Trainer’s Manual For Financial Services Associations Prepared by: Carolyne Cheron)

COMPANY	MEMBERS & SHAREHOLDERS	BOARD
Structures & organisation	Authority and Duties	Appointments
Strategy and values	Accountability	Assessment of performance of Directors
Institutional Performance, viability		Induction, Development and strengthening of skills

and financial sustainability		
Institutional Compliance		Responsibility to Stake holders
Institutional Communication		Internal Control procedures
-		Leadership
		Balance of powers

Research in 2004 on Corporate Governance has found that public companies with independent boards of directors have higher returns on equity, higher profit margins, larger dividend yields, and larger stock repurchases. Further Sloans School of Management study¹⁸, of 250 companies which concluded that, on average, businesses with superior information technology (IT) governance practices generate 25 percent greater profits than firms with poor governance, given the same strategic objectives. Further Frederick Lipman and L.Keith Lipman 2006 were of the view “that good corporate governance helps to prevent corporate scandals, fraud, and potential civil and criminal liability of the organization. It enhances the reputation of the organization and makes it more attractive to customers, investors, suppliers and, in the case of nonprofit organizations, contributors”

“Effective governance ²⁰ strikes the appropriate balance in the relationship between a board of directors brings unique skills to this joint effort and views the institution from a different lens and management in their combined efforts to move the institution forward. Each together they add value precisely because they are complementary.”

TRANSPARENCY

Good governance in Micro Finance Institutions (MFIs) is important in defining³⁴ the Role of CEOs / Board /Chairperson/Promoters to create/maintain a positive image in the society, which will attract and retain customers. The transparency of systems and procedures will promote sound decision making through well-documented policies, which will attract investment from commercial banks, Venture Capital funds and Private Equity Investors and donors. Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. To quote Oscar Abello¹⁷, “Better corporate governance can make the operations of MFIs – both profit and non-profit – more sustainable and more scalable, and have a multiplier effect of increasing transparency and inclusiveness beyond the financial sector.” The Harvard research found a strong consensus among directors that the key to improving boards’ performance was not government action but action by each board. Moreover, they emphasized that companies and

boards differ. Each board needs to develop structures, processes, and practices that fit the company and its business needs; “one size fits all” was viewed with scepticism³².”

The Harvard paper identified six areas for improvement:

i) Clarifying the board’s role ii) Acquiring better information and a deeper understanding of the company iii) Maintaining a sound relationship with management iv) Providing oversight of company strategy v) Assuring management development and succession vi) Improving risk management.

“Now, transparency rules³⁷ Corporations must establish new systems of accountability, and encourage long-term participation in decision-making by both shareholders and staff. Those that succeed will be better equipped to create wealth, solve complex problems, and compete in global markets.”

CASE STUDY

FONKOZE IN HAITI

“Fonkoze ¹⁷ is an example of an MFI taking corporate governance seriously and a powerful illustration of how strong corporate governance allows an MFI to withstand an earthquake, whether geophysical or financial.” Haiti’s largest MFI and is an example where MFI has taken Corporate Governance seriously and is able to endure geophysical or financial earthquakes. Using the heterodox client –member model of corporate governance that was critical in maintaining lending control while innovating in response to client needs in the repercussion of the incredible and tragic January 2010 earthquake . Fonkoze has both for profit and non profit sections registered in Haiti governed in practice as a single body under one corporate governance structure. Fonkoze is an example of involving clients many of whom are depositors for its quick recovery operations after a damaging earthquake- branch operation, loan assessment and even micro insurance claims. Regional group of Fonkoze elect delegates to national assembly the highest policy making body in the organization

SHARE

Society for Helping and Awakening Rural Poor through Education (SHARE³⁵) was set up in 1990 and started microfinance operations in April 1992. As a society registered under the Society Act 1960 it enjoyed certain benefits, including tax exemption. However societies providing financial services face a number of challenges such as unclear mandate , no RBI regulations to govern , absence of capital structure , unlimited and individual liability of the Board , difficulties in operation , mobilization of funds , charging interest rates and dependence on available grants which threatened efficiency and sustainability . These factors of constraint required SHARE to regulate itself as an MFI was one of the first MFIs in India to transform into a regulated financial institution. During 1999-2000, SHARE incorporated a ‘for profit’ public limited company, SHARE Microfin Limited (SML), under the Companies Act 1956 and was registered under section 45/IA as a Non Banking Finance Company (Non-Deposit taking) under the Reserve

Bank of India Act, 1934. SML constituted anew Board of Directors selected based on their experience in banking, social development and management. The promoter, Mr. Udaia Kumar, has led the Board in his capacity as Chairman cum Managing Director since inception. To develop SML as a community based financial company, two elected community representatives joined the Board. SIDBI nominated a Director in 2001 and ICICI Bank nominee joined the Board in 2005. Further in 2007 when Legatum purchased 65% Equity stake in SML and three Directors on Board. Aavishkaar purchased 5% and has one Director on Board. Besides there are one Director each from ICICI & SIDBI. SML ownership and the Board have been substantially revamped in 2007. Legatum purchased 17 65% equity stake and now has three Directors on the SML Board. Aavishkaar Goodwell has purchased another 5% stake and has also nominated a Director on the Board. Managing Director and nominee Directors of two financial institutions (SIDBI and ICICI) have remained as members on the Board. The Board meets at least once a quarter. The Board constituted various sub-committees to efficiently discharge its responsibilities and meet its regulatory obligations. Nomination Committee, Risk management Committee, Audit Committee, Project advisory Committee, Remuneration /Compensation Committee, Share transfer Committee, Asset liability Committee and Grievance Committee. The company is under the RBI's Systematically Important Company (SIC) as the assets exceed 1 billion. SML has to file regular returns to RBI by 7th of every month. Once a year the officials of RBI inspect the company and also make field visits. As an NBFC, SML has to follow central bank mandated KYC (Know Your Customer) norms to confirm proof of identity and address of its customers. Identity and address proof together with photographs and signatures is now being collected for all borrowers and their spouses served by SML. Further the company does the required filing with Registrar of Companies (ROC) and can be viewed by public. Any constitutional change has to be reported to the ROC. In the process of transforming from a local NGO to a national NBFC, SML has had to manage a number of key changes. The revamped governance and management arrangements have been crucial to make these strategic, substantial and simultaneous organisational shifts: from non profit to profit, decentralized Management with clear division of responsibility and authority; simultaneous expansion to 11 new states¹⁹ in about 18 months have accelerated these trends e.g The Divisional Deputy manager made responsible for all management in the new states, induction of qualified staff with clear roles and responsibilities, quickly adapting to different socio economic standards, and also change of auditors. The company expanded from 30 branches in 2001 to 300 branches in 2006. The growth of membership therefore increased. The company reports of expansion and growth on transformation following intensive extension strategies. SML provides incentives to staff, new programs and new products and extension of loan up to Rs.3, 00,000 lakhs. SML has recently commenced its focus on corporate communications. SML is looking at strategic imperatives and options to build the SML brand, and possible communication strategies and media (street theatre, website, radio, newspapers and television) to inform various segments (clients, staff, media, investors, regulators and other stakeholders at local, national and international level) about SML.

CASPHOR

Casphor¹¹ Micro Credit has been following the best corporate practices as viewed in a report dated 9th October 2009. The Company is governed by its highly qualified and skilled Board. At present CASHPOR has a 9 member Board comprising of experts in the field of micro finance, banking, development, corporate law and finance. The Company is also having adequate

representation from corporate, banking, administration and microfinance sectors. Having experience with GLP of INR1810 million with over 300,000 clients in 15 districts of East UP and Bihar is considered a successful non profit model of micro finance .The Annual reports of 2009 reveal that impressive factor - PAR>30 has halved to 0.69% (against 1.77% in the previous fiscal) in a year where, without exception PAR>30 may have grown across MFIs. The Impact Assessment Study reveals 66% of Cashpor's matured clients have moved above the poverty line. Mix Global Composite Ranking of Profitable MFIs ranked CASPHOR as 4th while SKA stood as 2nd. The annual report of 2009 further discloses that the Capital Adequacy of 10.5 % as on Mar-09 (Calculated by MCRIL) and plans to increase it to 12% by Mar-10 and continually meet the RBI CAR norms stipulated for NBFC's. This would be achieved solely through a mix of retained earnings + subordinated debt. CASHPOR has no plans to attract commercial equity. MCRIL has rated CASPHOR with ALPHA(-)with a Positive Outlook. Further it has received Subordinated debt from Opportunity International and CORDAID. The company has cordial Banking /FI relationship with 21 entities. The Company has thought of second line leadership, by appointing a Microfinance Business Manager of a leading Bank as Vice Chairman.

UJJIVAN FINANCIAL SERVICES

Ujjivan Financial Services³⁸, a leading microfinance institution serving the urban poor, has received the prestigious 'Microfinance Organisation of the year' award in the large institutions category. On this occasion Mr. Samir Ghosh expressed, "It is a matter of great pride to see that our commitment to our customers and to financial inclusion is being recognized." It is based on evaluation of MFIs on a variety of parameters such as governance, portfolio quality, product innovation, credit plus services and social performance. Ujjivan is one of the first to set up committed Service Quality for customer grievance redressal and dedicated customer care representatives at branches. It has several product and process innovations such as an education loan and a unique education loan interest refund program and financial literacy program on debt management in collaboration with sister non-profit Parinaam Foundation³². The Annual Report 2010-11 of Ujjivan's reveals that in October, Ujjivan won the Srijan MFI Transparency Award . This Award serves as an important recognition of Ujjivan's efforts and practices to ensure maximum transparency in our operations and implementation of RBI's Fair Practices Code for all microfinance stakeholders especially the customers. In December 2010, for the second consecutive year. in the Established MFI category from among a host of other large awarded the Gold Award for Social Performance Reporting on MIX Market The award is sponsored by CGAP (Consultative Group to Assist the Poor), Michael & Susan Dell Foundation (MSDF), Ford Foundation and Social Performance Task Force (SPTF). Ujjivan was awarded a Certificate of Recognition for being a global industry pioneer by participating in the India Transparency Pricing Initiative program organized by Microfinance Transparency (www.mftransparency.org). Ujjivan's excellent corporate governance and sound management practices are well acclaimed across all stakeholders. Ujjivan's Board consists of experienced and independent professionals from the financial services sector and nominees of major investors, bringing the best practices of the industry and corporate governance. Ujjivan has fully implemented the Reserve Bank of India's Fair Practice Code and also adopted the Fair Practice Code and Client Protection Measures formulated by Sa-dhan and the Microfinance Institutions Network (MFIN), a self-regulatory body of NBFC MFIs. This is reflected on the company's website. Ujjivan's portfolio almost doubled from Rs 370 crore in financial year 2008-10 to Rs 625 crore last financial year.

In fact, last year the MFI recorded highest growth in profit in last year years. In February 2012 Ujjivan raised 127 crores from its existing investors. Mr. Alok Prasad Chief Executive officer of MFIN stated that, “In times of crisis, a key differentiator is the quality of leadership and the governance structures. Many MFIs, including Ujjivan and Janalakshmi, have had strong promoter CEOs, resilient management teams and an undiluted mission focus. These factors have allowed them to stay ahead in the game.”

FINDINGS

Good Governance is an ideal which is difficult to achieve in totality. Accountability is a key requirement for Good corporate Governance. Good Governance requires a legal framework to be enforced impartially. Participation of both men and women is a key foundation of good governance. Transparency of the organisation is a must. Enough information is provided to all in easily understandable forms and media. Introduction of the Companies Bill will enable the Corporates to have better Corporate Governance. Succession Planning is a must for improved corporate Governance. Family businesses can introduce professionalism following Tata model for management of Corporate Governance. Board should not wait and watch to take action but must intervene immediately when it sees a rift in the management. Nominee Directors must use their position and leverage to ensure good governance, transparent and efficient operations and client responsiveness at the MFIs concerned. The governance, the goals and the strategy of a business must be compatible, and there must be congruence between the expectations of the various interested parties. Ethics plays a vital role in good corporate governance. Goals are decided considering the views of all the interested parties The organisation formulates strategies to accomplish the goals .Programmes are implemented to fulfill the strategy and protect the stakeholders .The implementation programme requires a transparent feedback report on matters which affect the stakeholders .Compensation to Board members is given to attract skilled people to the Board as in case of BancoSol. As per the consensus statement of the Council of Micro Finance Equity Funds, “BancoSol pays per meeting fee for both board and committee meetings. It also gives board members a 50 percent additional fee if annual targets are met. The chair is compensated for his additional effort.” This is revealed in The Practice of Corporate Governance in Shareholder-Owned Microfinance Institutions2005. As revealed in Prisims “Effective governance is one of the critical factors for success of any microfinance institution. It is therefore , imperative for all stakeholders give this important issue the highest attention” . Good Governance has to be developed over time through gradual improvements. This is possible through-Board training, Board retreats annual or biannual which enables in building harmony amongst board members regarding the balance of social and financial objectives and in considering major advances in strategy. The Board members must be participative and talk with clients . The Board members must self evaluates in order to identify areas of weakness and make plans to address the weaknesses. Improving corporate governance among MFIs requires supporting organizations and networks. Further education among MFI board members and staff about corporate governance must take place in the context of improving the overall corporate governance environment for microfinance. Staff members need support and education about how corporate governance helps them perform better. the importance of corporate governance, as it is the tool by which integrity can be encouraged, measured and projected In a well run company, good performance is rewarded and rightly so - to attract talent and people dedicated to improving performance, not simply doing a job. Good corporate governance should provide

proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring UK Institute of Directors has introduced qualifications such as the Chartered Director to address the issue of corporate Governance there is an increasing number of organisations offering non-executive director training and selection services. The five golden rules of Corporate Governance is key to the approach that organizations truly respect the minority interests. MFIs need to improve top management characteristics just as much as ordinary firms. Building good corporate governance is a continuous process that requires a long term vision. Corporate Governance is no longer luxury it is a necessity .m It is true that though Corporate Governance has accepted several responses from the various countries of the world, there is no unique structure of corporate governance . There must be adequate enforcement by law. Listing agreements must be more explicit in laying down guidelines about- (i) The determination of remuneration packages of non-executive director. (ii) The role of international investor in corporate governance. Corporate governance has to take care of social responsibility. Sound governance practices and responsible corporate behaviour contribute to superior long-term performance of companies. A best practice on governance issues is an evolutionary and continuing process. Good corporate governance helps to prevent corporate scandals, fraud, and potential civil and criminal liability of the organization. It is also good business.

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A STUDY ON MICRO FINANCIAL SERVICES PROVIDED BY A MFI-NGO - A CASE STUDY OF SHRI KSHETRA DHARMASTHALA RURAL DEVELOPMENT PROJECT, DHARMASTHALA, MANGALORE

DR. P.N UDAYACHANDRA* ; MR. VISHAL PINTO**

*Head,
Department of Studies & Research in Commerce,
Registrar,
SDM College,
Ujire, Karnataka, India.
**Research Assistant,
SDM College,
Ujire, Karnataka, India.

ABSTRACT

Micro finance is an innovative tool of finance. It is now one of the great success stories in the developing world. The concept of micro finance originally popularized by great economist and Nobel Peace laureate Dr. Mohammad Yunus of Bangladesh. Today it has spread into many countries of the world and working tremendously in India. We have many micro finance institutions in India and majority of them concentrated in rural areas.

Micro finance is not just lending small amount of money to the poor. It entails many other financial and non financial services which are not yet touched y many MFI/NGO's. So this particular research article evaluates the micro financial and non financial services provided by one of the prestigious MFI/NGO of the south named Shri Kshetra Dharmasthala Rural Development Project. The study is particularly related to SKDRDP therefore the data is mainly collected from the primary source.

The entire study evaluates various services rendered by SKDRDP. It was found that almost all SHG members have become beneficiary of these services and all feel that the various programmes have helped them to overcome the extreme poverty and could improve their life styles. Thus all MFI's should become aware of the various financial and non financial services and must try at their foot to provide these services to the poor.

KEYWORDS: financial and non financial, MFI/NGO, Micro finance, Self Help Group, SKDRDP.

INTRODUCTION

Micro finance is an innovative concept in the area of finance. It means provision of small, micro credit and other financial services to the poor. In a world where almost half the population lives on less than \$2.50 a day, microfinance is one of the better tool for poverty alleviation, economic growth and development in emerging economies. Currently, microfinance services (loans,

savings, etc.) are available to over 100 million of the world's poorest families (Microcredit Summit Report, 2009). That may partially explain the decline in poverty rates over the last three decades. In fact, 5% of the clients of Grameen Banks pull themselves out of poverty each year. In India too we are witnessing tremendous changes in the rural areas through microfinance. The economic empowerment, social empowerment, income generation activities etc has transformed our nation to an advanced world. This was possible only through an innovative strategy called micro finance.

Today in Indian we have many micro financial institutions providing micro finance to the large segment of the people. But providing only micro finance will not help in upliftment of the poor. It is just one part of the micro finance service. There are many other micro financial and non financial service where MFI/NGO's have to enter into. In this back ground let me explicate the various micro financial and non financial services provided by an esteemed organization in the south named SHRI KSHETRA DHARMAMSTALA RURAL DEVELOPMENT PROJECT (SKDRDP).

MICROFINANCE AN OVERVIEW

Microfinance is the provision of financial services such as loans, savings, insurance, and training to people living in poverty. It is one of the great success stories in the developing world in the last 30 years and is widely recognized as a just and sustainable solution in alleviating global poverty. According to the Journal of Microfinance the term defines what "is arguably the most innovative strategy to address the problems of global poverty". This view is shared by the United Nations (UN) which declared that the year 2005 would be the international year of microcredit, while their General Secretary Kofi Annan stated in 2002, that "micro credit is a critical anti-poverty tool and a wise investment in human capital."

Hossain describes microfinance as "the practice of offering small, collateral free loans to members of cooperatives who otherwise would not have access to the capital necessary to begin a small business or other income generating activities." Roth and Steinwand give a more general definition. They describe microfinance as "the provision of a wide range of financial services like saving accounts, loans, payment services and insurances for people with no regular access to financial services through traditional financial institutions."

THE ORIGIN OF MICROFINANCE

Although neither of the terms microcredit or microfinance were used in the academic literature nor by development aid practitioners before the 1980s or 1990s, respectively. The concept of providing financial services to low income people is much older. While the emergence of informal financial institutions in Nigeria dates back to the 15th century, they were first established in Europe during the 18th century as a response to the enormous increase in poverty since the end of the extended European wars (1618 – 1648). In 1720 the first loan fund targeting poor people was founded in Ireland by the author Jonathan Swift.

After a special law was passed in 1823, which allowed charity institutions to become formal financial intermediaries a loan fund board was established in 1836 and a big boom was

initiated. Their outreach peaked just before the government introduced a cap on interest rates in 1843. At this time, they provided financial services to almost 20% of Irish households.

The credit cooperatives created in Germany in 1847 by Friedrich Wilhelm Raiffeisen served 1.4 million people by 1910. He stated that the main objectives of these cooperatives “should be to control the use made of money for economic improvements, and to improve the moral and physical values of people and also, their will to act by themselves.” In the 1880s the British controlled government of Madras in South India, tried to use the German experience to address poverty which resulted in more than nine million poor Indians belonging to credit cooperatives by 1946. During the same time the Dutch colonial administrators constructed a cooperative rural banking system in Indonesia based on the Raiffeisen model which eventually became Bank Rakyat Indonesia (BRI), now known as the largest MFI in the world.

SOURCES OF MICROFINANCE

Microfinance providers come in various forms which can be broadly grouped as follows:

- **Formal Microfinance Institutions:** rural/microfinance/village banks, commercial banks, telecom firms, and cooperatives offering loans to lower-income group individuals
- **Semi-formal Microfinance Institutions:** nongovernmental organizations providing micro-sized loans.
- **Informal Microfinance Sources:** money lenders and shop keepers who often loan money on a daily basis and charge exorbitant interest rates.

ACTIVITIES IN MICROFINANCE

The various activities of micro finance include;

❖ MICRO CREDIT

It is a small amount of money loaned to a client by a bank or other institution. Micro credit can be offered, often without collateral, to an individual or through group lending.

❖ MICRO SAVINGS

These are deposit services that allow one to save small amounts of money for future use. Often without minimum balance requirements, these savings accounts allow households to save in order to meet unexpected expenses and plan for future expenses

❖ MICRO INSURANCE

It is a system by which people, businesses and other organizations make a payment to share risk. Access to insurance enables entrepreneurs to concentrate more on developing their businesses while mitigating other risks affecting property, health or the ability to work.

❖ **REMITTANCES**

These are transfer of funds from people in one place to people in another, usually across borders to family and friends. Compared with other sources of capital that can fluctuate depending on the political or economic climate, remittances are a relatively steady source of funds.

❖ **PRODUCT DESIGN**

The actual loan products need to be designed according to the demand of the target market. Besides the important question of what risks to cover, organizations also have to decide whether they want to bundle many different benefits into one basket policy, or whether it is more appropriate to keep the product simple. After picking products, one must also understand how they are priced decisions regarding operating costs, risk premiums, and reinsurance, efficiency etc.

To design a loan product to meet borrower needs it is important to understand the cash pattern of the borrowers. Lenders must ensure that borrowers have sufficient cash inflow to cover loan payments. Simple products work best because they are easier to administer and easier for clients to understand. Another efficiency strategy is to use technology to reduce paperwork, manual processing and errors. MFIs need to conduct a costing analysis to determine how much they need to earn in commission to cover their administrative expenses.

PRODUCT & SERVICES OF MICROFINANCE

The table mentioned below illustrates various products and services of micro finance.

TABLE NO. 1.1: PRODUCTS AND SERVICES OF MICROFINANCE

Financial Services	Other financial Services	Non Financial Services
1. Credit Services- Small Credit Small Business Credit. 2. 2. Deposit Services – Voluntary Savings Services, Mandatory Savings.	Micro-insurance, Life Insurance, Health Insurance , Loan for Housing, Education, Health.	Family Health and Sanitation Education, Financial Education, Micro-entrepreneur Training

MICRO FINANCE THROUGH SHG

Micro finance could find its sustenance only through the mechanism of group lending. The micro finance is best worked out through Self Help Groups. SHG-Bank Linkage programme of India is world largest micro finance programme even beating Grameen Model.

▪ STRUCTURE OF SHG

A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They pooled financial resources to make small interest bearing loans to their members. This process creates an ethical value that focuses on savings first. The setting of terms and conditions and accounting of the loan are done in the group by designated members.

▪ BANK LINKAGE SCHEME – THE MODEL

The SHG-bank Linkage Programme was launched in 1992. Early results achieved by SHGs promoted by NGOs such as MYRADA, prompted NABARD to offer refinance to banks for collateral-free loans to groups, progressively up to four times the level of the group's savings deposits. SHGs thus "linked" became micro-banks able to access funds from the formal banking system. The linkage permitted the reduction of transaction costs of banks through the externalization of costs of servicing individual loans and also ensuring their repayment through the peer pressure mechanism.

THE PROGRAMME ENCOMPASSES THREE BROAD MODELS OF LINKAGE

✓ MODEL I: BANK - SHG - MEMBERS

In this model the bank itself promotes and nurtures the self-help groups until they reach maturity.

✓ MODEL II: BANK - FACILITATING AGENCY - SHG - MEMBERS

Here groups are formed and supported by NGOs or government agencies.

✓ MODEL III: BANK - NGO-MFI - SHG - MEMBERS

In this model NGOs act as both facilitators and MF intermediaries, and often federate SHGs into apex organizations to facilitate inter-group lending and larger access to funds.

OUTREACH OF SHG-BANK LINKAGE

The outreach of SHG-bank linkage may seem to be impressive, but in the context of the magnitude of poverty in India and the flow of funds for poverty alleviation, it represents a very small intervention. An estimated 60 million Indian rural households may be classified as poor. It is well known that only about one-third of SHG members are able to access loans in the initial years. Thus of the 4.5 million families covered by March 2001 and eligible for bank loans, only

about 1.5 million would have received loans of an average of Rs. 3,000 each. The benefit of bank finance is thus realized by a much smaller number of families. Other members, however, may benefit through savings and petty loans from the SHGs' internal finance.

RESEARCH METHODOLOGY

The study is both quantitative and analytical and based on the material collected from primary data and secondary data. Secondary data was collected from reference books, Research journals, Reports and relevant internet sources.

OBJECTIVES OF THE STUDY

Following objectives are considered for the research study;

1. To enable all MFI/NGO's of the country to provide all micro financial and non financial services to the clients.
2. To study various micro financial and non financial services provided by SKDRDP.
3. To study the overall programmes of SKDRDP
4. To analyze the business correspondence model of SKDRDP.

COLLECTION OF PRIMARY DATA

The study is entirely related to the particular organization. So the data was collected primarily from the organizations manuals, records, annual reports, booklets etc. In spite of this face to face discussion with the SHGs members was carried out for greater accuracy Besides this interview was done with the directors, employees, field animators of SKDRDP.

SCOPE OF THE STUDY

The aim of this study is to ensure that the role Micro Finance Institutions and Non Governmental Organizations' is not just lending money but there are many other services that should form part of core business. So the study was done by referring only one MFI/NGO. But the study can be further extended by taking into account other MFI/NGO's who play spectacular role in the field of micro finance. Even the comparative study can be explored to ensure more authenticity in the study.

LIMITATIONS

Following limitations are observed in the study;

- The study was done by referring only one MFI/NGO.
- As the information collected from primary data, its accuracy is subjective to the responses received.

SHRI KSHETRA DHARMAMSTALA RURAL DEVELOPMENT PROJECT (SKDRDP)

PROFILE OF SKDRDP

SKDRDP is one of the best Micro Finance Organization in India. It is located in Dharmastala in Belthangady Taluk of South Canara District. Dharmastala is a famous Hindu religious shrine of South India which has a history of more than 700 years. Shri Kshetra Dharmastala Rural Development programme is a unique development programme of the temple Dharmastala. It is registered under the Charitable Trust act of 1920 in the office of Sub registrar, Government of Karnataka in 1991. The trust actually was established in 1982 and its head office is situated in Dharmastala in Belthangady Taluk.

The main motto of the trust is to serve to the needs of the community especially for the upliftment of the weaker section of the society. Since it is promoted by the spiritual center the trust was very sensitive towards profit making. Therefore it was unwilling to step towards Micro finance rather it was more focused on welfare of the poor. But over the last decades there was increasing need of micro finance. The new concept of micro finance grew in size and which could attract attention of SKDRDP. The organization recognized the need of small funds for the desired level of growth of the rural poor and felt that only through finance the desired level of transformation can be achieved.

OBJECTIVES

The following are the major objectives of SKDRDP,

- To organize the rural people in mobilizing the rural infrastructure for development
- To give financial assistance to the rural poor at the time of emergency like hospitalization.
- To utilize locally available natural and human resources for progress.
- To encourage farm and non-farm sector income generation activities.
- To introduce gainful sustainable means for agriculture development.
- To blend morality, integrity and discipline in the process of development.

MICRO FINANCE SERVICES OF SKDRDP

Today SKDRDP has been a major micro financial institution which has been awarded as Best Micro Financial Institution by RBI in 2011. Presently it has nearly 1,72,00 SHGs involving 19,92,000 families. The group members take the loan and repay it through weekly installments. The SKDRDP has taken loan of Rs. 2500.00 crores from various banks for various development programmers. It has disbursed Rs. 4761 crores to nearly 1, 40,000 SHG's. The interest is charged at the rate of 9 to 15% which is very low compared to other MFIs. There are nearly 3,359 full

time staff members who work for SKDRDP. Out of these 1341 are female and 2018 are male. There 16 Directors, 47 project officers, 72 experts in different fields. The SKDRDP has also formed 3910 unions to solve the local level problems.

❖ **SKDRP AS BUSINESS CORRESPONDENT MODEL**

The SKDRDP is working under B. C (business correspondent) model of RBI. Through this it has scheduled various programmes to reach the required section of the society. The SHG members get banking service at their door step through SHG- Bank linkage programme. Through Hand Held Device all the banking transactions of SHG members are carried out at their dwelling place. For the year 2010-2011 nearly 32005 SHGS have opened their bank account in SBI and nearly 21.39 crores has been saved and Rs 227.53 cores have been disbursed as loan to SHG members. The majority of loan is given for income generation activities. The purpose of this programme is to help the poor to overcome from the burden of Money lenders. The following below mentioned table reveals the amount of loan disbursed to SHG members;

TABLE 1.2: STATUS THE LOAN DISBURSED THROUGH BC MODEL:

Sl No.	Particulars	Amount(in crores)
1.	Amount of loan disbursed(since 1995)	4,761.00
2.	Loan outstanding at Present	1,730.00
3.	Overdue loan amount	NIL

Source: printed booklet of achievements of SKDRDP

Table replicates that SKDRDP has shown a spectacular progress in fulfilling the needs of the poor. It has disbursed 4,761 criers to the SHG members. Even after having huge outstanding amount, it has remarkably achieved zero percent of Non Performing Assets.

❖ **PRAGATHIBANDHU – AGRICULTURAL DEVELOPMENT PROGRAMME**

It is a unique programme of SKDRDP. Under this programme the Organization will form a small group of farmers who have minimum of one and half acres and maximum of 7 acres of land. The meaning of the programme states that working together for the development. Through this programme the members of the group will be given various training like cultivation pattern, using technology etc. The programme helps the farmers to get financial help from the organization and stresses on various income generation activities to generate income for the farmers. Till now nearly 5, 68,160 acres of land converted into agricultural apt land.

All members are of the opinion that this particular programme has changed their life style and it has yielded them multiple benefits. Even though there are mutual problems in the group, all such problems are sorted out and cohesion in the group is

preserved. The major advantage that group members got from this programme is diversified farming. The variety of agricultural activity is carried out in one single field.

❖ SMALL BUSINESS AND INCOME GENERATION ACTIVITIES

SKDRDP motivates petty and small entrepreneurs to undertake micro industries and Income Generation Activities to earn income for running the family. This year Jasmine Cultivation as commercial crop has been undertaken by many SHG members. This year nearly 1, 27,533 families have started income generation activities. The various income generation activities carried out by SKDRDP are shown below the table,

TABLE 1.3: INCOME GENERATING ACTIVITIES UNDERTAKEN BY THE SHG MEMBERS

SI No:	Income Generating Activities
1	Paddy cultivation
2.	Pickle making
3.	Leaf storage + leaf plate making
4.	Piggery
5.	Jasmine Cultivation
6.	Seed storage
7.	Buffalo rearing
8.	Pottery
9.	Vermi composting
10.	Poultry rearing
11.	Bee keeping

14.	Tailoring
15.	Beetle leaves
16.	Soap making

Source: Booklet of IGA of SKDRDP

The study found that almost 90% of the SHG members who carried out the income generation activities agree that they have witnessed excellent change in their quality of life style. Nearly 80 to 90% of the SHG members are of the opinion that the income generation activities have helped them to earn sufficient income to run the family and could overcome from the extreme poverty.

❖ JNANAVIKASA PROGRAMME

The main purpose of this programme is to achieve women empowerment. Through this programme women are given certain awareness programmes regarding day to day problems. It includes Family welfare and protection, child care, sanitation and cleanliness, quality food, children's education all these aspects of day to day life are emphasized and necessary training is given the women. This programme has already created self confidence amidst women and motivated women in participating social welfare programmes. Jnanavikasa programme has resulted in creating innumerable Self Help Groups. The following table reflects the statistics about SHG's formed through Jnanavikasa Programme.

TABLE NO.1.4: STATISTICS ABOUT SHG'S OF SKDRDP.

SL No.	Particulars	Figures
1.	No. of Active Self Help Groups	1,72,000
2.	No. of active SHG members	19,92,000
3.	Savings of Rs. 10 per week(since 1991)	Rs. 466.00 Crores

Source: Printed material about Janavikasa Programme of SKDRDP

The above clearly depicts that SKDRDP has developed huge network of Self Help Groups through Jnanavikasa programme. As per the table there are nearly 172000 SHG's with 1992000 active members. The savings from these groups amounted to Rs. 466 crores. This is really tremendous success which could not be achieved by other MFI's. All these groups are linked to bank and availed loan for various income generation activities.

❖ SAMPOORNA SURAKSHA INSURANCE PROGRAMME

Sampoorna Suraksha is a unique mediclaim insurance policy provided by SKDRDP. It is a welfare scheme to give financial assistance to the poor people in their days of severe health problems necessitating hospitalization. Under this programme the SKDRDP will join hands with insurance companies to compensate the poor for medication, hospitalization, surgery & treatment of diseases, personal or vehicle accident etc by collecting small amount of premium from the poor people. The organization will bear all the expenses of hospitalization and medication, accident charges etc. Presently there are nearly 15,82,000 people have registered under this programme and nearly 76,588 people have been benefited during the financial year 2010-2011. Till now it has provided benefit of Rs. 120 crores.

Sampoorna Suraksha has been become increasingly popular with more members joining every year and old members renewing their membership. The membership detail is given below,

TABLE NO.1.5: ANNUAL MEMBERSHIP FROM 2004-2012.

Year	No. of Families enrolled	No. of members enrolled
2004-05	54000	1,86,000
2005-06	77000	1,96,000
2006-07	146000	4,00,000
2007-08	223000	7,20,000
2008-09	253000	9,93,000
2009-10	294293	11,76,906
2010-11	419979	16,62,089
2011-12	420302	16,60,185

Source: various annual bulletins of Sampoorna Suraksha

NON FINANCIAL SERVICES

SKDRDP also provide non financial services to strengthen the SHG movement and to enable them get basic facilities like training, awareness, security and other amenities which are very essential for the development of the people and also development of the area. The various non financial services include;

❖ **MONTHLY PENSION SCHEME FOR DOWN TRODDEN**

Under this programme the organization will identify those people who are very poor, neglected, downtrodden, mentally and physically handicapped etc and provide them monthly pension. For the year 2010-2011 nearly 43.15 lakhs have been distributed to 1801 persons.

❖ **SUJNANANIDHI FOR CHILDREN**

The organization identifies the children from poor families and provides them scholarships for motivating them to undertake technical education. The scholarship is distributed from the sujnananidhi Fund. Every year nearly 5000 children get benefits from this scheme and nearly 2.4 crores is spent for this purpose.

❖ **AGRICULTURE TRAINING PROGRAMME**

Every year the trust spends for improving skills of the farmers. It has linked with government, institutions, universities, Krishi Vijnana Kendra etc and arranges different training sessions, discussions & interviews, field visits and review etc. Till now it has arranged more than 25000 training programmers for more than 5 lakh farmers. Many farmers opined that because of this programme they came to know the basics and profitable methods of growing particular crop

❖ **SHRI PATTERN OF CULTIVATION**

The SKDRDP has developed a unique cultivation system called Shri Pattern of cultivation. It has joined with NABARD in implementing this programme. The main purpose of this programme is to motivate the farmers to re- cultivate the paddy. In the year 2011, nearly 9453 farmers have implemented Shri pattern of farming in 12,783 acres of land. The programme is very successful in developing Shri type of Farming and has given awareness about paddy cultivation to numerous farmers.

❖ **ENVIRONMENT PROTECTION PROGRAMME**

SKDRDP has been giving special emphasis on environment protection. It has undertaken many environment friendly programme like aforestration, eco friendly projects etc. It is undertaking village level programmers, water shed programme, environment protection programme etc. For the year 2011-2012 it has conducted 3069 environment information programmers, planted 39397 plants, built 7,182 water shed programmes for 25672 families.

❖ **PROVIDING BASIC NECESSITIES**

The SKDRDP along with the co-operation of the Self Help Group members try to improve the basic requirements of the people. The members also get the help for building good surrounding environment like toilets facilities, Gober gas, Solar lights, shelter facilities, drinking water facilities, grameena road facilities and other basic

requirements like milk- cooperation unit, bhajana mandiras, Hindu Rudraboomi etc. The below mentioned table manifests the statistics about infrastructure development.

TABLE NO. 1.6: INVESTMENT IN INFRASTRUCTURE DEVELOPMENT IN COLLABORATION WITH SHG MEMBERS

Sl No.	Particulars	Numbers
1.	Construction of new houses, house repair and electrification	8,95,000
2.	Toilets constructed	2,32,000
3.	Installation of Solar Lighting Equipments	10,500
4.	Installation of Gobar gas system	11,500

Source: Booklet regarding Infrastructure facilities through SKDRDP.

CONCLUSION

Micro finance has been emerged has the strongest financial institution extending banking facilities to the poorest of the poor. Its role being the banker to the poorest of the poor is tremendous. India has nearly more than 65% of the people living in remote areas. There are no formal institutions that satisfy the needs of these people. Thus micro financial institutions have entered into this segment and captured a large segment of the market share in fulfilling the financial needs of the rural poor. Thus the concept of micro finance has emerged as innovative strategy in satisfying the needs of the poor people. The concept of SHG- Bank linkage has made large part of the rural women to avail the banking facilities to their door steps.

SKDRDP is one of the best institutes which has pioneered many innovative tools to make the various financial and non financial services available to many poor people of Karnataka. It also serves as a NGO and launched many programmers for the enhancement of the weaker sections of the society.

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JOB FACTORS AFFECTING WOMEN WORKING IN BPO's

MS. NAMRATHA SUVARNA*; DR RAMEELA SHEKHAR; ROSHNI NILAYA*****

* Associate Professor,
St Agnes College,
Bendore, Mangalore.
**Dean,
Mangalore.
***Dean,
Mangalore.

ABSTRACT

The most challenging role that women in the ITES industry play is not just related to work but more about balancing the natural responsibilities of home and family with that of work. This trait, it is believed makes women effective multi-taskers in society.

The present study focuses on the job related issues/problems of women employees working in the BPO/Call Centre sectors.

Some of the Objectives of the Study were:

- To study the Profile of Women Employees in BPO.
- To identify Psycho-Social Concerns of Women Employees in BPO Sector.
- To identify the Job Related Factors that causes Job Satisfaction in Women Employees.

Methodology: A descriptive cross sectional study has been conducted in order to gain insight to the issue of Job Factors and its impact on women employees at work. We have taken a sample of 250 BPO employees from few select BPO organizations in Bangalore and Mangalore cities. In this study it can be seen that women's perception of factors that provide satisfaction to them are more in relation to work atmosphere and colleagues. In order to bring out these results methodologically, pretesting was done initially. The first phase of the results pertaining to socio-demographic variables was categorized into various divisions and each of these divisions is explained under titles such as variables, values, frequency (N) and percentage. At the second phase, the study explains the other objectives one of which included Job Related Factors and Job Satisfaction.

A significant association was found between job-related factors and job satisfaction. The outcome of such a study will definitely benefit Social Workers, Mental Health Professionals, parents, women employees, employers, academicians, Counsellors, Government and society at large.

KEYWORDS: BPO, Job Related Factors, Job Satisfaction, Organisational factors.

INTRODUCTION

India's BPO industry continues to grow from strength to strength. In 2009, the industry contributed nearly 2.5 per cent to the GDP. At present, women workers constitute about one-third of the total call centre and BPO workforce in India. The BPO industry has witnessed a phenomenal growth over the last few years and is an industry of choice for many young and women professionals. The industry is responsible for providing stable career paths to its young workforce within the age group of 21 -25 years. The most challenging role that women in the ITES industry play is not just related to work but more about balancing the natural responsibilities of home and family with that of work.

India is a force in the global economy, with a high demand for talent. A key source of talent is educated Indian women. Today women play a vital role in the Indian BPO sector. It has been noticed that BPO is the best place for women empowerment. They are one of the driving forces behind the success of call center industry in India. The participation of women in BPO industry has been seen as a critical enabling factor for continued growth of the industry.

The Indian IT-BPO industry with revenues of US\$ 39.6 billion has emerged as the largest private sector employer in the country with direct employment of 1.6 million professionals, and indirect employment for over 6 million people in different sectors. The number of women working in the IT-BPO sector grew to 6.7 lakh in 2008. However, the percentage of women employed in the ITES/BPO space is around 69%. Women constitute more than half of the human resources of the nation. The women employed in IT and ITES sectors belong to the younger age group. Girls in India prefer working at call centres in order to earn the kind of money that could not have been dreamed of at their age in olden times. In order to earn high, they work odd hours and adopt an unreal identity which is far removed from their own realities.

The most challenging role that women who choose careers play is not just related to work but has more to do with balancing the natural responsibilities of home and family and work. This trait of multi-tasking makes women enjoy the bliss of career and family at the same time. What truly sets aside the sector from other industries in India is the fact that it has remained gender neutral from the onset, providing equal opportunities for both men and women. Women in fact, contribute significantly to the success of companies and the IT-BPO industry.

BPO organizations mostly work according to the international (US and UK) timings. Working in night shifts having odd timings shows on the health of the Indian youth and women employees in particular. Prolonged working in shifts of odd hour's can have major implications on the physical and mental health of the women employees. The physical strains like sleep disorders, depression, odd working shifts, learning foreign accents, constantly handling abusive calls and high stress levels are making the BPO women employees more prone to hypertension and heart attacks.

Major changes have taken place in the Indian economy since the 90s, such as globalization, new technology, market orientation, new economic policies, political ideologies and accelerating transformation, left their impact which have greatly impacted the labour market and ushered many different types of working conditions as a consequence. During this period as the sunrise industries grew, market economics began driving the demand for more women to join the

workforce. One of the major sectors attracting women during this period was the ITES or more commonly called the Call centres or the BPO industry.

The industry presented an unprecedented job opportunity for women. As statistics point out, in some companies, the figure can be as high as 70 per cent. If the trend continues, and as of now there seem no signs of abatement, with India posting a healthy growth rate despite the gloomy global scenario, women in India are likely to benefit, at least in terms of quantity of work. The transformation that is being witnessed in India, in the light of economic development and educational growth among the middle classes, is compounding women interests to be proactive in the organizations, be it corporate or non-corporate undertakings.

Most of the people talk about exploitation of women in Call Centers/ BPOs. But according to an independent research it has been found out that women are satisfied and enjoy their work at BPOs. Women especially in India understand that, the wages they earn through a BPO job help them to experience freedom and autonomy. The women mobility has always been controlled by men even in case of highly educated and independent women. According to a study carried on call center workers in India, it has been found that women are happy to learn new skills and have learnt to become more assertive.

Dissatisfaction with the job can lead to stress in the workplace. Factors such as barriers to achievement, harassment, lack of control, feedback, promotion; over work, loosing status, low pay, high performance expectations, poor work organization, role ambiguity, role conflict, uncertain job expectations and unpredictable demands on time are all stressors that lead to job dissatisfaction.

OBJECTIVES OF THE STUDY

- To study the Profile of Women Employees in BPO.
- To identify Psycho-Social Concerns of Women Employees in BPO Sector.
- To identify the Job Related Factors that causes Job Satisfaction in Women Employees.

METHODOLOGY

A descriptive cross sectional study has been conducted in order to gain insight to the issue of Job Factors and its impact on women employees at work. We have taken a sample of 250 BPO employees from few select BPO organizations in Bangalore and Mangalore cities. In this study it can be seen that women's perception of factors that provide satisfaction to them are more in relation to work atmosphere and colleagues. In order to bring out these results methodologically, pretesting was done initially. The first phase of the results pertaining to socio-demographic variables was categorized into various divisions and each of these divisions is explained under titles such as variables, values, frequency (N) and percentage. At the second phase, the study explains the other objectives one of which included Job Related Factors and Job Satisfaction.

SAMPLE

At the outset, HR heads/ Team Leads of the various BPOs were met to obtain the consent for the study. Verbal consent was given by the HR heads to interview and collect data from the women respondents and to carry on with the study.

TOOL PREPARATION

The questionnaire on Job Related Factors, Psychological Concerns, Social Concerns is prepared by the researcher, to examine these issues faced by women employees in BPOs. Psychosocial concerns and job related questionnaire are validated by few Mental Health and HR Professionals, Social Workers, Educationists and Academicians.

Job Related Factors - The questionnaire on Job Related Factors is prepared by the researcher, to examine the Job Related Factors that cause satisfaction and dissatisfaction among women employees. The questionnaire consists of 40 items, describing a wide range of personal and organisational dimensions. Most of the items are scored in ‘yes’ or ‘no’ format and some in ‘Always’ or ‘Sometimes’ or ‘Never’. The scores assigned were as follows: a) Positive factors ‘yes’ (0) or ‘no’ (1). (b) Negative factors ‘yes’ (1) or ‘no’ (0). ‘Always’ (2) or ‘Sometimes’ (1) or ‘Never’ (0).

The survey covered a range of topics including respondents’ family background, nature of interaction with parents, parental attitudes to romantic partnerships, interaction with peers, job related factors, social issues, self-efficacy, job satisfaction after joining the BPO, stress, knowledge of sexual and reproductive health issues, attitudes towards sexuality, substance use and sexual experiences. As all BPO employees are fluent in English, the questionnaires were prepared in English.

All respondents were interviewed by the researcher directly. In each BPO, the researcher with the help of Team Leaders/HR distributed the questionnaires to employees who met the selection criteri-that is, women who were both married and unmarried, and had worked in a BPO company.

TABLE NO 1.01

DISTRIBUTION OF RESPONDENTS BY LEVEL OF SATISFACTION

Level of Satisfaction					
	N	Minimum	Maximum	Mean	Standard Deviation
Income	250	.00	4.00	2.5560	.68171
Status	250	.00	4.00	2.7720	.60786
Recognition	250	.00	4.00	2.6240	.74622

Working Atmosphere	250	.00	4.00	2.8320	.63671
Promotion	250	.00	4.00	2.4680	.70067
Welfare Measures	250	.00	4.00	2.6520	.71900

Job satisfaction plays a vital role in life of man, because it affects positively on the personal and social adjustment of the individual. A highly satisfied employee need not necessarily be a profound performer. However, an employee, who is dissatisfied, can cause irreparable damage to the organisational effectiveness. Many factors influence job satisfaction of the employees. First and most important determinant is supervision and style of leadership. Other job content factors that are important include achievement, responsibility, recognition and advancement that lead to job satisfaction of employees.

Job satisfaction is an important component which affects the productivity of employees at work. There are various organisational factors influencing job satisfaction of women at work. The most common factors being communication, nature of work, pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions and coworkers. Dissatisfaction with the job can lead to stress in the workplace. Factors such as barriers to achievement, harassment, lack of control, over work, lack of feedback, lack of promotion, loosing status, low pay, high performance expectations, poor work organization, role ambiguity, role conflict, uncertain job expectations, and unpredictable demands on time are all stressors that lead to job dissatisfaction.

The mean scores showed similarities in all dimensions of level of satisfaction in respondents. On all the domains respondents expressed their satisfaction. Working Atmosphere provided the respondents were satisfied the most (2.832) and least satisfied on promotion policies (2.468). On the whole, increased level of satisfaction is observed in working atmosphere and status domains.

JOB RELATED FACTORS

Job related factors refer to emotional and cognitive demands at work and may include work-life balance issues, complexity of work, dealing with angry clients, working hours, workload, quantity and intensity of work. The other factors are relations at work which may include social support from colleagues or supervisor, management style and relationships with colleagues/managers/the organisation; violence and harassment at work. Autonomy, decision latitude and room for manoeuvre: control over work, including control over pace of work and over job content and decision-making power; predictability of work, use and possibility to develop skills are other factors which have positive or negative influence on employees.

LIMITATIONS OF THE STUDY

The limitations of the study design must be acknowledged and findings must be interpreted with caution. Firstly, the study design did not include a control group; in the absence of a control group, it was not possible to assess the extent to which women in BPOs differed from two cities

more generally and therefore to establish that it was indeed employment in the BPO sector that influenced changes in their lives.

Secondly, because the researcher was not provided additional time it was not possible to conduct in-depth interviews that probed employee behaviours and BPO experiences more fully. Thirdly, the time taken to answer each set of questionnaire was too long, about 1.45 hrs. There was difficulty in meeting the respondents in and off the premises. The authorities did not permit the researcher to meet the respondents even in groups more than once.

Furthermore, information collected from various secondary sources supplemented and corroborated the findings of this investigation. Nevertheless, further research can be conducted with a larger sample.

TABLE NO 1.02

JOB RELATED FACTORS

Job Related Factors		
Job Related Factors	Frequency	Percent
Increased Job Related factors	145	58.0
Decreased Job Related factors	105	42.0
Total	250	100

Results indicate that the respondents face negative job related factors at work. It could be inferred from the Table No.2.01 that certain work factors prove to be a barrier for the respondents to perform their job, though the difference is insignificant. Some of the respondents perceive that job related factors are not a barrier in their work, which shows that they are able to cope with the challenges at work.

JOB RELATED FACTORS

Job related negative factors and work stress are the result of the conflict between the role and the needs of an individual employee and the demands of the work place. While some study participants found their work fulfilling, others found it quite stressful. The findings identify several features of call centre work that impacted negatively, or had the potential to impact negatively, on the well-being of the worker, such as having to follow scripted dialogues, heavy workloads, excessive supervision and monitoring, job insecurity, interference with family responsibilities and unpredictable work schedules. Some women perceived certain aspects of the job as quite positive, while others viewed them as very stressful. This range of experience appears to be a result of different management styles and different types of call centres.

- Overall results show that majority of the respondents (58.0%) face negative job related factors at work.
- Most of respondents in the age group below 24 years reported that job related negative factors affect them at work place.
- Married women show that negative job related factors have an impact than unmarried women.
- Majority of the respondents living in semi urban areas have job related concerns affecting them, followed by respondents living in urban areas and from rural areas.
- Respondents belonging to nuclear family have various personal and organisational factors affecting them and of the respondents found that positive job related factors made an impact on their lives.
- Majority of the postgraduate and degree respondents have job related concerns affecting them. Results indicate that new entrants with less than one year's experience have negative job related factors influencing them followed by the more than 6 years of experience respondents. Respondents with higher income have negative job related factors affecting them compared to respondents in the 1.6-1.8 lakhs and 1.2-1.5 lakhs.
- Majority of the respondents who work for more than stipulated time have negative factors related to the job affecting them.

JOB SATISFACTION OF WOMEN WORKING IN BPOS

Job satisfaction plays a vital role in the life of human, because it affects positively on the personal and social adjustment of an individual. A highly satisfied employee need not necessarily be a profound performer. However, an employee, who is dissatisfied, can cause irreparable damage to the organisational effectiveness. It has become a reality that women can equal men; if possible surpass them in all respects.

The current status of the industrial sector stands witness to the proposition that the women contribution to the growth of organization has become an indisputable fact leading to several enactments to ensure equitable treatment to woman workers. The booming IT sector and other digital services in the field of governance have been monopolised by the young clad of women in countries like India whose contribution to the growth of service sector is proved to be tremendous.

The availability of brighter prospects for women in employment sector, in recent times, has been the outcome of growing credibility for their proven track record of achievements in various fields. Most of the corporate undertakings prefer to give their valuable assignments to women as they are found to be trustworthy for success, dedication, commitment and honesty.

Job Satisfaction of Women working in BPOs in few selected BPOs in Bangalore/ Mangalore cities.

TABLE NO 1.03
JOB SATISFACTION

	N	Minimum	Maximum	Mean	Standard Deviation
Pay	250	6.00	24.00	13.8760	2.99475
Promotion	250	7.00	24.00	14.2720	2.93265
Supervision	250	7.00	22.00	13.5800	2.72789
Fringe Benefits	250	4.00	24.00	14.5480	3.42207
Contingent Rewards	250	7.00	24.00	13.9920	2.96430
Operating Conditions	250	4.00	21.00	12.9760	3.59040
Coworkers	250	4.00	24.00	14.6800	3.37627
Nature of Work	250	4.00	24.00	14.6400	3.26205
Communication	250	4.00	21.00	13.4840	3.29075

Job satisfaction is an important component which affects the productivity of employees at work. Job satisfaction varies a lot. But many employees are satisfied in even the least prestigious jobs. They simply like what they do. Most employees like their work if they have little supervision. The least satisfied employees are those in service occupations and managers that work for others. There are various organisational factors influencing job satisfaction of women at work. The most common being Communication, Nature of work, Pay, Promotion, Supervision, Fringe benefits, Contingent rewards, Operating conditions and Coworkers. Many other factors influence job satisfaction of the employees. First and most important determinant is supervision and style of leadership. Other job content factors that are important include achievement, responsibility, recognition and advancement that lead to job satisfaction of employees.

Results in the above Table on Job satisfaction indicates that coworkers (mean score of 14.680) play an important role for the respondents followed closely by nature of work (14.640), fringe benefits (14.548) and promotion (14.272). Team work is a typical characteristic of call centre. Hence, coworkers and their relationship are largely responsible for job satisfaction in respondents in this study.

Women respondents have a tendency to give importance to communication (13.484), and relationship, but findings of this study are in contrary to the general tendency. Mean values

indicate that contingent rewards (13.876), Pay (13.876), Supervision (13.580) and Operating conditions (12.976) do contribute to the job satisfaction of the respondents but not to a great extent in this study.

SUGGESTIONS

The present study helped to gain insight into core areas of psycho-social concerns, work stress and job related problems that need attention of all stakeholders, women's perceptions of their mental health and mental health determinants. The findings of face-to-face interviews provide in-depth information concerning the influences of call centre work on women's psychosocial health. Based on the findings the researcher has reflected on certain areas that could be focused to promote the well being of women employees.

CONCLUSION

Job related negative factors are chief reasons for psychosocial concerns of women employees in call centres. Hence, it is gaining huge levels of importance in Organizational Behavior and Industrial Psychology. This implies the need for Social Work interventions in these areas. Hence, it is gaining a considerable amount of importance in the areas of social work, personnel management, organizational behavior and industrial psychology.

The NGOs are apprehensive about the sustainability of the women employees in the BPO industry because of the haphazard work shifts. Though BPO industries have been a boon in terms of employing a bulk number of unemployed graduates, it is difficult for them to sustain. The stress, working against nature and the safety and security factor plays a major role.

The findings of this research provide information related to the work stress, job related issues and well-being of women. It is hoped that the findings of the present study would contribute to the service and welfare of its target population the women working in BPOs.

Despite the societal issues like odd working hours and work life balance, women are gearing up for a career in the BPOs. It is not the young alone, even middle aged women want to join the BPOs. The IT and BPO industry would play a key role in increasing the women/female candidates employment. By 2020, the industry expects to have around 5 million women employees on its rolls. There are several pros and cons of working in a call center. The biggest advantage of working in call centres are salary and disadvantage being the odd lifestyle. There is a need for implementation of the programs that include the concepts of ergonomics, health education and training of personnel to prevent and overcome the morbidity among women workers in ITES.

This industry, in fact, has become synonymous with some truly pioneering work related to women employees, and the sector, more than other industries in India, has been launching initiatives designed to promote the interests of women in their workplace. More and more people are joining BPO with long term career goals and a future outlook in mind. The rising average age of the industry is a clear indicator that BPO is now a career path that women are embracing with all sincerity and seriousness. Despite the societal issues like odd working hours and work life

balance, women are gearing up for a career in the BPOs. It is not the young alone, even middle aged women are going the BPO way, in this survey.

HR must help women employees to cope with frustrations and sustain job satisfaction. Motivated women employees stay on for long periods on their jobs. Job responsibilities, achievements, growth, self-fulfillment and recognition enhance job satisfaction levels. A candid interaction of team leaders with women employee helps develop good relationships. Continuous coaching and genuine appreciation by them enhances job satisfaction.

To cultivate an attitude of excellence in their women employees, team leaders must provide a certain degree of autonomy. Organisations and team leaders desirous of excelling must therefore, work toward ensuring employee job satisfaction. The overall assessment reveals that though the respondents are normal in general, but a substantial proportion is at risk of developing psychosocial stress generated problems that may affect their mental health. Modification in coping strategies and planned interventions are desirable.

It is the endeavour of the Human Resource Department to look into the human aspects of any work in any organization. Human beings are not to be considered as machines at work but they should be considered as human resources and not just a source of labour for getting the work done. Giving proper attention and value to them will only guarantee an organization better economic rewards and prosperity in the future. The Social Work Professionals can do wonders in BPO sectors as well. People are the backbone of BPO industry and it is certain that Professional HR or Psychologist/Counsellors can make inroad in this emerging organization and facilitate the growth of organization in an immense way.

While already a significant amount of work is being done to by IT-BPO companies to encourage women employees on their rosters, more can be done. There are still a large number of areas where women-friendly policies and facilities simply do not exist, that can greatly deter women from entering in the IT-BPO industry.

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EMAIL ID

Ronald Gomes" <ronald.sunray@gmail.com>,

"rajeshkumarPC"<pcrajeshkumar@yahoo.com>,

"Rajesh.k Raja" <rajeshyethadka@gmail.com>,

"noelinepinto"<drnoelinejpinto@yahoo.co.in>,

"clotilda"<mirandaclotty@hotmail.com>.<marieevelynac@yahoo.com>,

"Supriyaac"<supriyaac@gmail.com>,

"PremAnandV" <v_premanand@rediffmail.com>

<venissaac@yahoo.co.in>

charlieboy(Nickname)<charlespais@yahoo.com>

christy(Nickname)<christina.colaco@gmail.com>

FlossyD'<flossy267@gmail.com>;

GeethaKariappa<geetakariappa@gmail.com>

geralypinto<geralypinto@hotmail.com

RonaldGomes" <ronald.sunray@gmail.com>, "rajesh kumar PC" <pcrajeshkumar@yahoo.com>,

"Rajesh.k Raja" <rajeshyethadka@gmail.com>, "noeline pinto" <drnoelinejpinto@yahoo.co.in>,

"clotilda" <mirandaclotty@hotmail.com>.<marieevelynac@yahoo.com>, "Supriya ac"

<supriyaac@gmail.com>,"PremAnandV"

<v_premanand@rediffmail.com><venissaac@yahoo.co.in>charlieboy(Nickname) -

<charlespais@yahoo.com>christy(Nickname)<christina.colaco@gmail.com>

"Srni"(Nickname)-<srinivasanhs@gmail.com>

archu(Nickname)-sajitharchana<saji_achu@rediffmail.com>

koti(Nickname)-ShashidharKotian<mskot_70@yahoo.co.in>

lib(Nickname)-<sudha.st@gmail.com>

saldanha(Nickname)-Claude<claudio@clicq8.com>

sr(Nickname)-<rosaliejoseph@rediffmail.com>

srini(Nickname)-<srinivas.hosur@capgemini.com>

suji(Nickname)-<sujeethsuvarna@gmail.com>

athmikas<athmika_89@yahoo.in>

CarmelRita<srcarmelrita@gmail.com>

Mohanchandra Suvarna <mcsuvarna@gmail.com>

namrathasuvana<namratha1962@gmail.com>
rameelashekhar<rameeshekh@yahoo.co.in>
samma<agneszoology@gmail.com>

Sr Venissa A.C. <venissaac@yahoo.co.in>

Chethanachethu_71943@yahoo.com

agneszoology@gmail.com agneszoology@gmail.com

Channabasappa Rotti channabasappa.rotti@altuwairqi.com

drnoelinejpinto@yahoo.co.in drnoelinejpinto@yahoo.co.in

emimadavid@yahoo.co.in emimadavid@yahoo.co.in

mangalore.finance@ijjtpartners.net mangalore.finance@ijjtpartners.net

prabhu_71943@yahoo.com prabhu_71943@yahoo.com

suma_ashu@yahoo.com suma_ashu@yahoo.com

sumakm_123@yahoo.com sumakm_123@yahoo.com

Shazkamath@gmail.com Shazkamath@gmail.com

RAISING ENVIRONMENT AWARENESS AMONG THE CITIZENS IN A MUNICIPAL AREA: A STUDY WORK CONDUCTED ON BEHALF OF SWASTHYA BHABNA WELFARE SOCIETY

DR.PRADIP KUMAR DAS*

*Health Officer,
Serampore Municipality,
Medical Officer,
Serampore Branch of State Bank of India.,
Ex Senior Medical Officer,
ART Centre,
Burdwan Medical College & Hospital, Burdwan,
Fellowship,
International College of Nutrition,
The Zoological Association of Burdwan,
UIniversity of Burdwan, School of Tropical Medicine.

ABSTRACT

PURPOSE

Today one of the biggest threats to the existence of mankind on earth is environmental pollution caused by various unscientific and unethical activities on the part of the people of locality. Therefore, the significance lies in making the people aware about proper disposal, collection, transportation of domestic wastes, the duties and responsibilities of the municipality regarding the proper disposal of domestic wastes.

METHODS

Following a survey format,.personal interaction with the house holders during survey,analysing the collected data through diagrams, charts etc., Documentation, photography,.Group Discussion (GD), Focused Group Discussion (FGD), Personal interaction with local reputed citizens, social workers etc.,discussion with the councillors of ULB,voluntary organizations, NGO's etc.,Training of Honorary Health workers, general municipal staff and conservancy staff of ULB regarding proper storage, handling, disposal of wastes.

RESULTS

The drainge system, chocked with domestic rubbish, with filthy drain water innudating public-walk; domestic wastes from several households heaped alongside public throughfare for non-availability of dustbins; many existed dustbins not regularly cleaned resulting in overflowing of waste materials in surrounding area have been found to be contributing to environmental pollution.

CONCLUSIONS

It revealed a deplorable state of domestic wastes posing serious threats to public health and hygiene. Intensive campaign for awakening public awareness for scientific domestic waste management was launched for achieving success in this matter.

APPLICATIVE VALUE

Depending on the nature of the domestic waste, plastic containers of different colours were introduced by the municipal authorities so that wastes cannot touch the ground. Municipality have started for manufacturing compost fertilizer from domestic wastes.

KEYWORDS: NGO-Non Government Organisation, ULB- Urban Local Bodies, GD-Group Discussion, FGD-Focussed Group Discussion.

INTRODUCTION

Environment may be defined as the some total of everything that directly influences the animals' chances to survive and reproduce. Environmental pollution is now one of the biggest threats to the existence of mankind on earth. It is caused by various unscientific and unethical activities done by the people of locality. In India this problem is not at all congenial. A study of a locality in this context gives a fair indication as how the pollution is increasing. Waste is a raw material or unused part of the material or any system which is thrown away. Waste can be any gaseous, or solid, or liquid material that is discarded because apparently it has no further use for the manufacturers, owners and consumers. There are two types of wastes- Hazardous waste and Non-hazardous waste. Domestic waste includes solid wastes comprising sweeping, garbage, kitchen waste, liquid wastes including sewerage and salvage. This study report on domestic waste management, on field study of ward no.1-3 of Serampore Municipality (urban) in the district of Hooghly, West Bengal, has sought to present precise view on the kind and quality of domestic waste management practiced by the citizens of the said locality. In this project of storage of domestic waste, undertaken in the area of Chatra, ward no.1-3 of Serampore Municipality under Hooghly district was marked for that survey. Under Hooghly district Serampore is a well established old city. It has maximum number of urban communities and Chatra is a well known place of Serampore. It is almost look like a semi rural area. Hooghly River is flowing in the eastern side of Chatra and G.T road on the western side. There are two communities- the Hindu and the Muslim, both of them are unaware to maintain proper cleanliness. Disposals of domestic wastes, if not done scientifically and ethically may develop into a serious threat to public health and hygiene. This is true for all kinds of domestic wastes such as bio-degradable (example - food wastes, vegetable wastes, animals wastes), non-biodegradable wastes (example - plastices, some medical wastes). As there is a general tendency, on the part of householders to dispose of domestic wastes in improper manner in total disregard to public health, the unscientific disposal of domestic wastes has been found to be a glaring problem.

PURPOSE

- i. To increase the public awareness about proper disposal, collection, transportation of domestic wastes.
- ii. To increase the duties and responsibilities of the municipality regarding the proper disposal of domestic wastes.
- iii. To implement sustainable waste management that helps to make a pollution free environment.
- iv. To highlight all the circumstances of municipal area in this case.
- v. To focus on the need to construct dustbins in the areas of the word where there is none.
- vi. As Municipal Solid Waste (MSW) is not only treated as nuisance only but also a resource for producing energy, that may be gas, electric power, heat, etc. So, it is also essential to focus on proper municipal solid waste management

MATERIALS & METHODS

At present, the total population of Serampore is 2,24,883 (according to the year 2008). The population in the ward no. 1 at Chatra in Serampore is 7534. ward no.2 is.....,ward no.3 is..... In the ward no. 1 at Chatra, the number of house holdings is 1111.

This field survey work is done by simple stratified random method using by the following steps:-

- i. Using a format for the survey.
- ii. Personal interaction with the house holders.
- iii. Analysis of collected data through bar diagram, pie diagram etc.
- iv. Documentation (photography).
- v. Discussion.
- vi. Review literature.
- vii. Group discussion, Focused group discussion.
- viii. Personal interaction with local reputed persons like doctors, teachers, social workers etc.
- ix. Networking :-
 - a) Municipal councilors of no.1-3 wards
 - b) Municipal chairman (Amiya Mukherjee).

- c) NGO's like Lions club of Serampore Greater.
- d) Swastha Bhabna Welfare Society.
- e) Chatra Sporting Club

STATEMENT OF THE PROBLEM

The basic problems were found in this area as follows:-

- i. Bio-degradable and non biodegradable items were thrown in the Hooghly River, which made the water polluted.
- ii. Ponds and other wet lands were basically situated at residential areas where the water was become polluted due to the ignorance and negligence of the people. Dirtiness occurred due to the filthy substances thrown in the water, such as plastics, vegetable wastes, ashes and soaps used for cleaning utensils and animal excrement specially dogs and cows.
- iii. The biggest problem was the open drainage system. Due to this open drainage system mostly non bio-degradable items (i.e. plastics, glasses etc.), got stacked in the mouth of the drain. And for that, polluted water overflowed on the road, where the roads became dirty and reek, smell has been coming out.
- iv. Some where it was found that the constructions of the open drainage system were not properly built up. For that reason the polluted waters has been coming out on the roads and it was suspected that the polluted water started mixing with the ground water where germs and bacteria have been grown causing ground water contamination.
- v. The scavengers used to clean up the drain and keep stored the silt on the road side. For their ignorance, the streets became dirty, bacteria formed and reek smell has been coming out. It made people unhealthy and intolerable to control the situation.
- vi. It was found that the peoples reside in this locality mostly habituated to throw out their waste on the street, road instead of dustbin which has already been situated on the corner of their residential street.
- vii. Approximate 15 garbage bin have been found in the Chatra locality. The most problem occurred was that's dirt's and filthy substances dumped in the garbage openly, no cover lid was used for this purpose and that substances were coming out and scattered all over on the road. It also made the streets dirty and automatically destroyed badly the environmental eco-system.
- viii. There was no conveyance system for the proper convenience in the slum areas. For that reason the people and children regularly used the drainage system and the

residential street for their daily excrement. and this was one of the biggest problems in Chatra that was seen during the survey works.

- ix. Moreover, the slum areas were quite congested, that's why, the environmental system and the inhabitants were extremely unhealthy and absence of proper conveyance and cleanliness made atmosphere dirty and bacteria borne and continuously regenerated.
- x. Slum people were mostly used wooden stripes, dung cakes for their fuelling. Through this poisonous gas like carbon dioxide, Sulphur dioxide, Carbon Monoxide, Nitrogen oxide, Hydrocarbons etc. was generated and produced.
- xi. The women of the slum areas mostly making dung cakes and stab on the wall of the resident of people. Due to their negligence and ignorance they made the other residential wall dirty, which was quite disgusting and harassing.
- xii. Due to this survey it has been ever found that the very few peoples are alert and aware about the cleanliness of the domestic waste only where most of the people were totally ignored.

From the study works it has been shows that, due to the unawareness, total environmental system became unhealthy. Where various kinds of insects like cockroaches, mosquitoes, flies, rats etc were generated. Even poisonous gas was continuously produced through the raw fuelling.

The streets were became dirty because of the road dogs, cows and crows which brought out the abstracted items from the garbage bins, which was thrown by the unconscious people. For this reason the locality became heavily unclean. People who did not use dustbin properly and in place of that, they have thrown their unused particles in the ponds, side of the open roads or in the drain. For that the roads became dirty and the mouth of the drain became bogged. The wet lands were become dirty due to the ignorance of people and for this reason the total environment became much unhealthy and so polluted.

PROBLEMS FACED DURING THE STUDY WORKS

- i. Some respondent did not allow the surveyer to enter their house.
- ii. Some of the respondents were not interested to answer the question properly.
- iii. Some times, the respondent did not allow the surveyer to observe their domestic waste.
- iv. Some respondent's answers were continuously changing, which made the situation confusing.
- v. Few respondents were unable to reply the structured question.
- vi. Sometimes without understanding anything the respondent continuously shouted, probably due to the lack of knowledge regarding domestic waste.

vii. Even some respondent started gossiping without any interest to answer the questions.

Some of the respondents were not willingly to open the door despite repeated request

RESULT AND DISCUSSION

The crux of the problem in the matter of domestic waste management is improper disposal of domestic wastes which has been observed in course of field study and dealt upon in this survey report. There were several problems related to domestic wastes, a few of which is briefly stated as under :-

- i. Drainage system is badly affected due to unscientific disposal of domestic wastes.
- ii. Odour pollution is one of the result of dumping of domestic wastes.
- iii. As carry bags and other domestic wastes sometimes dispose on the road side drain, so drain becomes blocked and during monsoon particular area is faced with water logging problems.
- iv. Due to huge dumping of domestic wastes for long time, there was occurrence of ground water pollution by the leaching process.
- v. Dumping of various types of wastes also attracts insects of various types and rodents rats, moles etc. which invites diseases like Malaria, Plague Dengu etc.
- vi. Fertile land turning to wasteland because of dumping of waste materials, which are harmful to soil fertility.
- vii. Domestic wastes from several householders heaped alongside public thoroughfare for nonavailability of dustbins.
- viii. Foul smell of the rotten domestic rubbish doing air pollution.
- ix. The other major environmental problems associated with dumping of waste that the emission of methane (CH₄) and carbondioxide (CO₂) gases that polluted soil and ground water. Both gases are recognised as major greenhouse gases, which can contribute to global climate change.
- x. There is no conveyance system for the proper convenience in the slum areas. For that reason the people and children regularly uses the drainage system and the residential street for their daily excrement. This is one of the biggest problems in Chatra that has been detected.
- xi. Frankly speaking, the slam areas are quite congested, that's why, the environmental system and the inhabitants were extremely unhealthy and absence of proper conveyance and cleanliness makes atmosphere dirty and bacteria borne and continuously regenerated.
- xii. Slums and rural peoples are mostly used wooden stripes, dung cakes for their fuelling. Through this poisonous gas like carbon dioxide, Sulphur dioxide, Carbon Monoxide, Nitrogen oxide, Hydrocarbons etc. are generated .

xiii. The women of the slum areas mostly making dung cakes and stabled on the wall of the resident of people. Due to their negligence and ignorance they made the other residential wall dirty, which was quite disgusting and harassing.

xiv. Due to this survey it has been ever found that the very few peoples are alert and aware about the cleanliness of the domestic waste only where most of the people are totally ignored.

APPLICATIVE VALUE

Developing literacy and creating awareness programme, people were made conscious about domestic environmental waste.

ii. Developing proper cover for the garbage bin for avoiding the uncleanness.

iii. Keep continuously monitoring the garbage's of the municipality, who was mostly, ignored their profession.

iv. To avoid pollution from domestic environmental and water waste, rural and urban inhabitants and also the municipal corporation were energized to exert effectiveness the purpose of cleansing.

v. Increasing proper garbage system all over the areas specially to avoid the environmental pollution.

vi. Developing over lay for the open drainage system, to avoid the bio-degradable and non biodegradable items got stacked on the mouth of the drain.

vii. Making alert the people for using the bin for bio-degradable and non-bio-degradable items separately, where the municipality was already provided different bins for this purpose.

viii. Encouraging the inhabitants for using different bins for bio-degradable and non-bio degradable items separately ordered by the municipal authority by continuous campaigning.

ix. People were convinced to dispose their waste in the dustbin so that no waste elements were overflowed and the dirt's were not spreading on the road.

x. To keep the city neat and clean, the common people were motivated to participate directly and indirectly whatever steps were taken by the municipality.

CONCLUSION

It revealed a deplorable state of domestic wastes posing serious threats to public health and hygiene. So Municipal authorities were convinced to introduce a regular system of collecting domestic wastes in 2 separate containers from each and every households in the locality. Containers for disposal of domestic waste one for bio-degradable and other for non bio-degradable were provided by the municipal authorities. Simultaneously, intensive campaign for creating public awareness for scientific domestic waste management were launched in order to achieve success in this matter.

FURTHER RECOMMENDATION

- 100% waste collection, Segregation of waste at source,

- No accumulation of waste in the streets and lanes,
- Accessibility of service to every citizen,
- Elimination of road side open dumps, Economic eco-friendly transport system,
- Elimination of multiple handling of waste, Institutionalization of recycling system, category wise treatment and disposal,
- Immediate introduction of containerization of solid waste from storage to disposal,
- Engagement of NGOs for house-to- house collection,
- Popularization of 'Segregation at source' practice through proper awareness campaign with effective IEC materials and group discussions,
- Introduction of Skip carrier Prime mover (trucks), Frequency of collection for organic waste daily or twice in a week,
- Using of most organic waste including market for composting, Location of Compost plant outside residential areas,
- Introduction of separate community bin for the slum dwellers,
- Training of all level of staff associated with SWM by recognised Institute/Personnel,
- Market mechanism for segregated recyclable wastes and used for welfare purposes,
- Proper monitoring of the system from the authority side with proper recording system,
- Awareness and motivation campaign with adequate emphasis to get support from the community for effective operation of the system.

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ANNEXURE- SURVEY MODEL USED

SECTION - 1

General information about the household

1.1 Postal address of the household:

1.2 How many members are there in your family?

(Put a tick against the appropriate box below)

- Two or less
- Three
- Four
- Five
- More than five

1.3 Nature of the household: (Put a tick against the appropriate box below)

- Joint family
- Nuclear family

1.4 Educational status of the family:

Seniormost male member: Literate Illiterate

Seniormost female member: Literate Illiterate

Number of family members with education: below class V: No. ____

above class X: No. ____

SECTION - 2

Economic Profile of the household

2.1 How many earning member do you have in the family?

- One
- Two
- More (specify the number)

2.2 What is the total monthly income of the household ?

- Below Rs. 1000/-
- Rs. 1001/- to 3000/-
- Rs. 3001/- to 5000/-
- Rs. 5001/- to 10,000/-
- Rs. 10,001/- to 20,000/-
- Above Rs. 20,000/-

2.3 The earning members engaged in:

- Service (salary earning)
- Business (profit earning)
- Farming (agriculture)
- Daily wage earning (agricultural/industry/construction etc.)
- Any other (specify)

SECTION - 3

Various types of Domestic Waste, their Storage, Treatment and Disposal in a particular area.

- Put a tick in the box of the answer given.
- You may add any other relevant question in any of the sections below.

Part - 1: Types of Domestic Waste

3.1.1 What are the different types of domestic waste materials in your house that need to be disposed of on a daily basis?

- Food Wastes (e.g. from lunch and dinner)
- Vegetable Wastes (vegetable and fruit skins etc.)
- Waste paper, cartoons and plastic carrybags, plastic milk packets etc.
- Fuel and Oven Wastes (ash etc.)
- Wastes coming from pet animals and birds
- Medical waste
- Garbage accumulated in the courtyard, staircase etc.
- Any other (please specify)

3.1.2 What is the approximate amount of domestic waste that need to be disposed of daily?

- below 500 gm. 500- 750 gm. 750- 1000 gm. 1000 gm. +

3.1.3 What is the approximate proportion of Wet and Dry daily wastes?

- mostly wet mostly dry more or less in equal amount

3.1.4 What is the approximate number of plastic carry-bags (small, medium, large) plastic milk packets that are disposed of in a week?

- Number _____

3.1.5 What are the different types of domestic wastes that you have to dispose of occasionally?

- Newspaper, magazines etc. Glass bottles, metal / plastic containers etc.
- Other miscellaneous items.

3.1.6 What is the approximate amount of such wastes sold occasionally?

- below 5 Kgs. 5- 10 Kgs. above 10 Kgs.

3.1.7 Any other observation made by the respondent household regarding the types of domestic waste accumulated.

Part - 2: Storage of Domestic Waste

3.2.1 Do you have a waste bin in or near your kitchen?

- Yes No

3.2.2 What type of bin?

- Plastic container Metal can Any other (specify)

3.2.3 Is it a covered bin?

- Yes No

3.2.4 Is there any other waste bin placed in the house/flat or in the courtyard?

- Yes No

3.2.5 How the animal wastes (from cow, buffallow, goat, pig, duck, chicken, pet birds) are kept/stored in the house?

- Swapped/Collected and stored in an open space
 Kept/stored in a bin

3.2.6 Any other observation by the respondent household regarding the storage of domestic waste:

Part - 3: Disposal/Treatment of Domestic Waste

3.3.1 How frequently the daily domestic wastes are disposed of?

- Daily Infrequently

3.3.2 Who disposes of the daily wastes?

- Any family member Some other person without payment
 Some other person against payment

3.3.3 Whether the daily food and vegetable wastes are eaten up by the pet animals and birds in the house?

- Yes No

3.3.4 Is there any arrangement for regular collection of daily wastes from home?

- Yes No

3.3.5 If yes, What is the arrangement?

- Daily morning collection by sweeper from the Corporation/Municipality
 Daily morning collection by privately engaged sweeper
 Any other (please specify)

3.3.6 How frequently you dispose of/sell out the dry domestic wastes (newspapers, grass, metal and some other unusable waste materials)?

Arrangements For Regular Collection Of Daily Domestic Wastes

	Municipality	Privately Family engaged member
	47	20 33

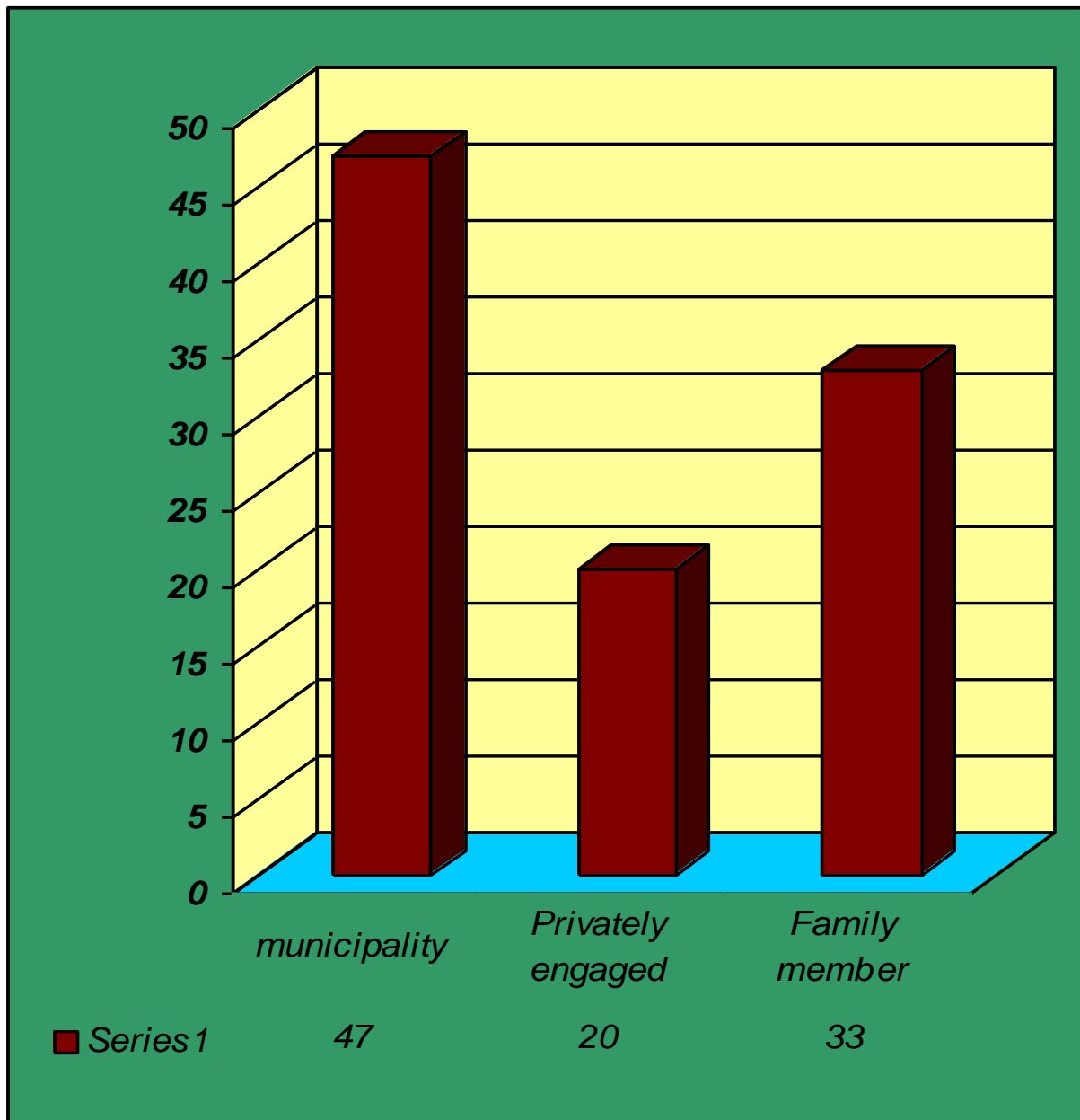


TABLE-I IT WAS REVEALED FROM THE TABLE-I THAT REGARDING THE REGULAR COLLECTION OF DOMESTIC WASTES PER DAY THE RESPONSIBILITY WAS CARRIED OUT BY MUNICIPAL AUTHORITY IN 47% CASES OF COLLECTION, HOUSEHOLD MEMBERS TOOK THIS RESPONSIBILITY IN 33% COLLECTION AND PRIVATELY ENGAGED AGENCY TOOK THIS RESPONSIBILITY IN 20% OF COLLECTION

BIODRGRADABLE WASTES NON-BIODEGRADABLE WASTES HAZARDOUSE WASTES

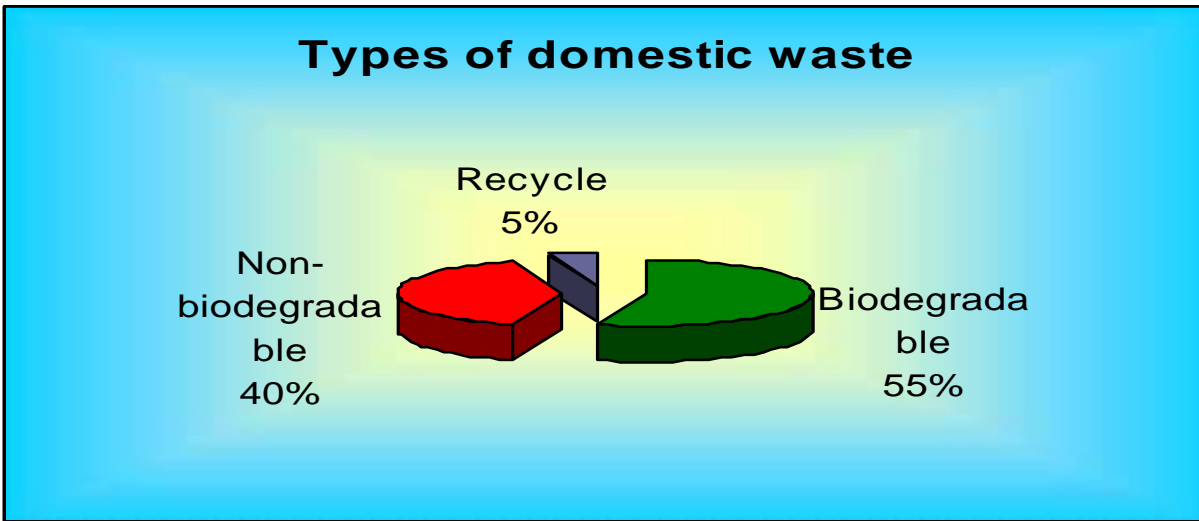


TABLE-II IT WAS EVIDENT FROM THE TABLE-II THAT REGARDING THE CATEGORISATION OF DOMESTIC WASTES, IT WAS REVEALED THAT BIODEGRADABLE WASTES WERE 55% AND NON BIODEGRADABLE WASTES WERE 40% WHEREAS ONLY 5% OF WASTES WERE RECYCLABLE

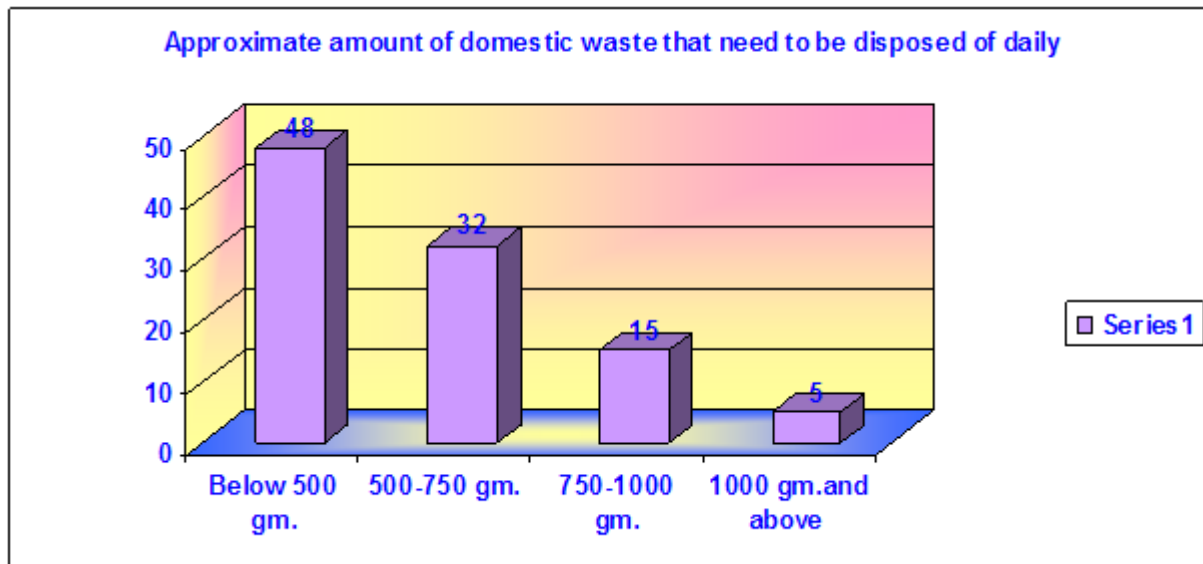


TABLE-III IT WAS REVEALED FROM THE TABLE-III THAT DOMESTIC WASTES WERE PRODUCED BY THE DAILY ACTIVITIES OF THE HOUSEHOLDERS WERE UPTO 500 GM IN CASE OF 48% HOUSEHOLDERS AND THE RANGE BETWEEN 500 TO 750 GM WERE PRODUCED BY 32% HOUSEHOLDERS AND 750-1000 GM OF DOMESTIC WASTES WERE PRODUCED BY 15% HOUSEHOLDERS WHEREAS 1000 GM AND ABOVE WERE PRODUCED BY THE ONLY 5% HOUSEHOLDERS

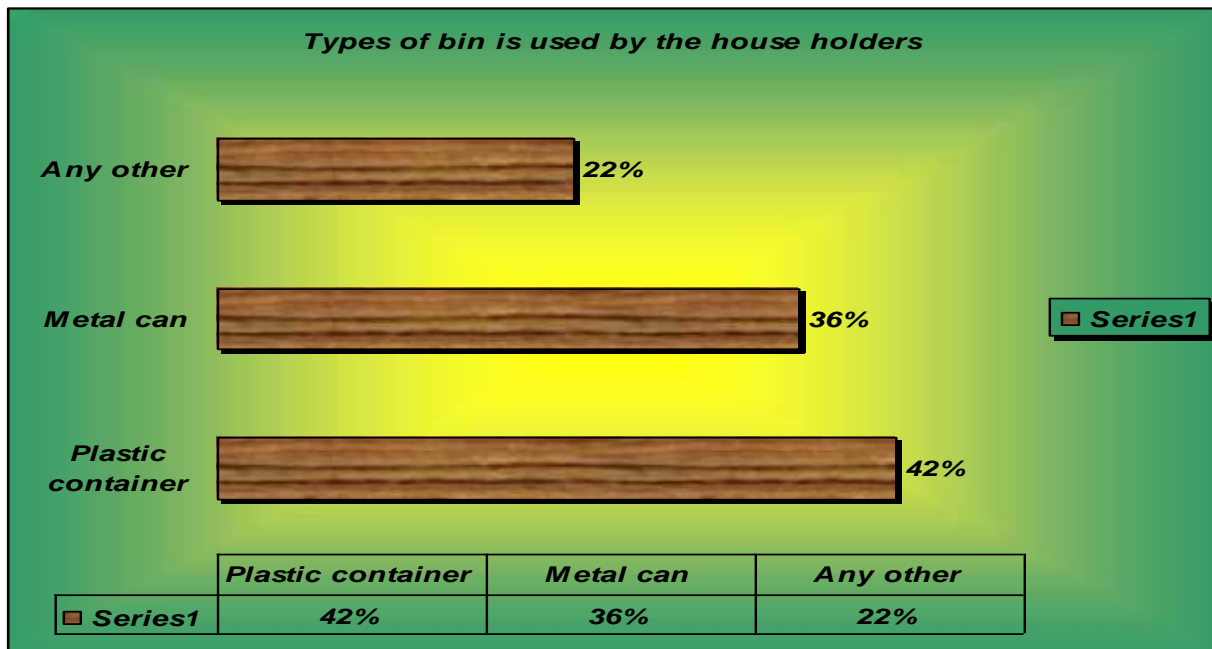


TABLE-IV IT WAS FOUND FROM THE TABLE-IV THAT THE TYPES OF BINS USED BY THE HOUSE HOLDERS SHOWED THAT 42% HOUSEHOLDERS USED PLASTIC CONTAINER, 36% HOUSEHOLDERS USED METAL CAN BUT 22% HOUSEHOLDERS USED OTHER THAN PLASTIC CONTAINER OR METAL CAN

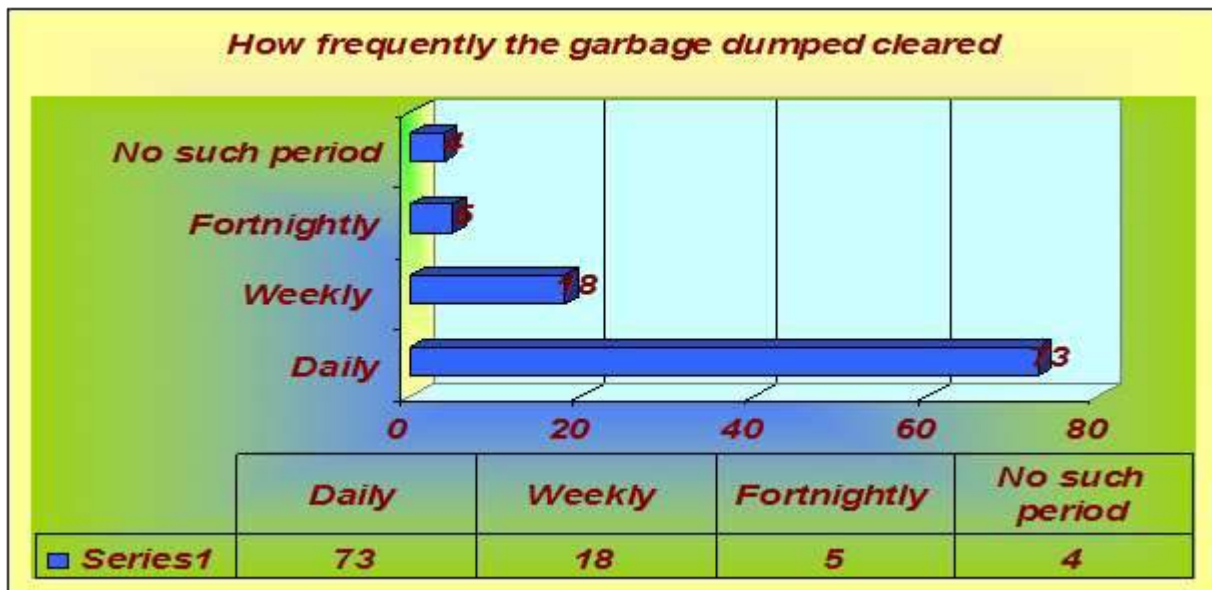


TABLE-V IT WAS EVIDENT FROM THE TABLE-V THAT THE GARBAGE DUMPED ON DUSTBIN OR ON THE SIDE OF THE ROADS WERE CLEARED DAILY IN CASE OF 73%, WEEKLY IN CASE OF 18% AND FORTNIGHTLY IN CASE OF 5% BUT 4% REVEALED FOR NO SUCH PERIODS MENTIONED IN THEIR CASES

FINANCIAL INCLUSION IN ECONOMIC DEVELOPMENT OF INDIA

MONALISA GHOSAL*

ABSTRACT

Banks were invented by Ancient Mesopotamians where the royal palaces or temples would provide a safe place to store valuable commodities and grains. The first Bank in the United States was founded in 1791 in Philadelphia. Recent changes have reformed the Banking Sector worldwide. Commercial Bank answers to those challenges by implementing change program called PEGASUS. The role of Commercial Banks in economic development rests chiefly on their role as financial intermediaries. Banks have become an essential part of economic life in every field. Banks are the best position to lead financial inclusion. They have just got more teeth from the banking correspondent model and the sharper focus on self help groups. The nationalization of major commercial banks in 1969 was an important landmark in the history of financial inclusion it was felt that the nationalized banks can make a big push into the rural areas. To some extent, this has happened. But the fact remains that despite a very focused expansion of branches in the rural and semi_urban they have not been able to reach out to the poor farm households and therefore a rethink has started now as to what more can be done.

KEYWORDS: financial inclusion, function of commercial bank.

INTRODUCTION

Commercial Banks play a crucial role in the development of countries. It is no exaggeration to say that without the evolution commercial banking (in 18th and 19th centuries) industrial revolution would not have taken place in England. It is also true to say that without the sound commercial banking under developed countries would not have joined the ranks of advanced countries. Commercial Banks provide capital to be used for industrial development. The outcome of industrial development is extended market. Services of commercial Banks have helped in expansion of markets of goods and services. One of the most significant roles of commercial Banks in economic development is as arbiters of risk. This occurs primarily when banks make loans to business or individuals. For instance, when individuals apply to borrow money from a bank, the bank examines the borrower's finances, including income, credit score and debt level, among other factors. The outcome of this analysis helps the bank gauge the likelihood of borrower default. By weeding out riskily borrowers, commercial banks lessen the risk of financial losses. As a result loans that mature without any problems generate a larger pool of funds for the bank to lend, further supporting economic development.

The banking has become the foundation of modern economic development. According to dictionary the term bank means the side of the sea a little hill, shoal in the sea or a repository for money. In economics a bank means repository of the whole economy. The term banking is being used for pretty long time but its beginning is shrouded in mystery.

Banking is an important segment of the tertiary Sector and acts as a backbone of economic progress. The banks render vital services to the masses belonging to the various sectors of the economy like agriculture industry whether small scale or large scale. The banking system is one of the few institutions that impinge on the economy and affect its performance for better or worse. They act as a development agency and are the source of hope and aspiration of the masses. A developing economy faces many problems like poverty scarcity of capital lack of entrepreneurship etc.

Financial inclusion is emerging as a global hot topic. Poor people save borrow and make payments throughout their lives. But to use these services to their full potential-to protect their families and improve their lives they need well suited products delivered responsibly. There are multiple institutions involved in financial inclusion. There are the rural branches of commercial banks, rural branches of regional rural bank, the micro finance institutions and some not-for-profit societies. We should encourage all types of institutions in this mission, but the banking – linked programme would be the most important, because banks have the resources. If the banking system can find the appropriate delivery system, then that would be the most ideal thing. It is in this context that the scheme of business correspondents becomes extremely important.

OBJECTIVES AND METHODOLOGY

This paper examines the role of commercial banks with financial inclusion in economic development of India. As we know that financial inclusion are a burning issue and also one of the hot topics of today's. The objective of this paper is to find out how financial inclusion helps our economic development. For this we have used different graphs. We have used secondary data, the sources of which have been compiled from different government records, publication books etc.

FINANCIAL INCLUSION

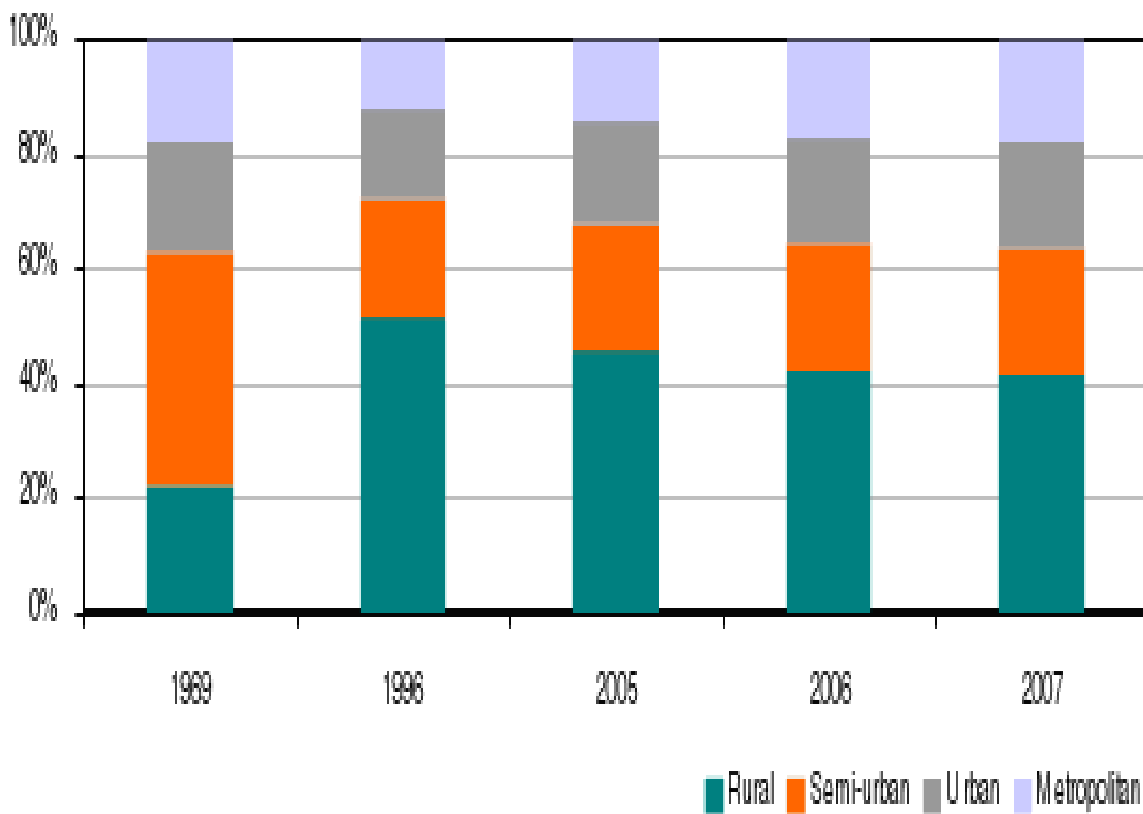
Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development. Initiatives for financial inclusion have come from financial regulators, government and the banking industry. The banking sector has taken a lead role in promoting financial inclusion.

India has for long time recognized the social and economic imperative for broader financial inclusion and has made an enormous contribution to economic development by finding innovative ways to empower the poor. In India the term financial inclusion has been both a national commitment as well as a public policy priority for our country. To achieve the ultimate objective of reaching banking services to all the 600000 villages financial inclusion has to become a viable business proposition for the banks.

The main reason for financial exclusion is the lack of a regular or substantial income. In most of the cases people with low income do not qualify for loan. Financial inclusion mainly focuses on the poor who do not have formal financial institutional support and getting them out of the clutches of local money lenders.

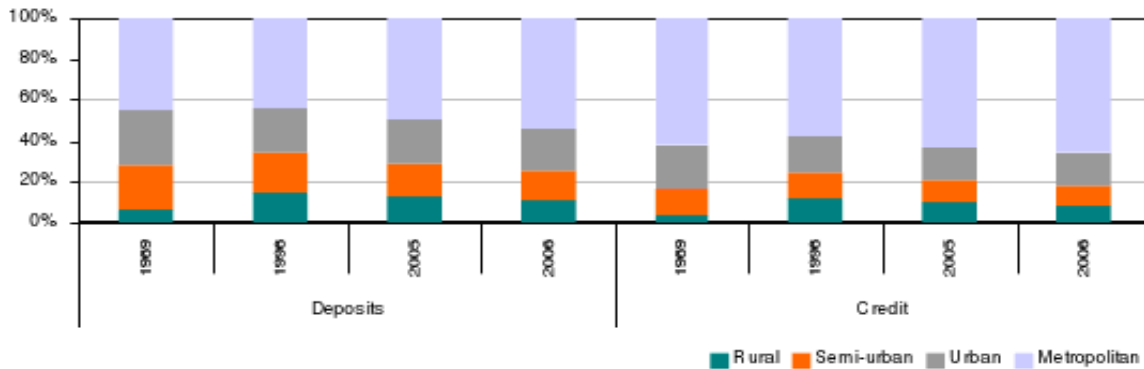
Financial inclusion in developing economies is different than that of developed economies. In latter where inclusion is a minority in former it could be a majority. Fig 1 shows that rural and semi-urban offices constitute a majority of the commercial bank offices in India. Rural bank offices as a% of total have increased from 22% in 1969 to 41% in 2007. If we look at fig 2 it can be seen that bulk of the deposits received and credit allocated is to the urban and metropolitan areas. Infact the share of rural and semi urban in deposits and credit has been declining. Figure 1 provides further clarity providing a break-up of the deposit and credit accounts are lower in rural –push the rural population has not come forward and avail even basic banking services.

Figure 1: Distribution of Bank offices in India



Source: Rakesh Mohan, RBI, IDBI/Gits Ltd.

Figure 2: Sources of Deposits and Credit in India (in %)



Source: Rakesh Mohan, RBI, IDBI Gits Ltd.

CONSEQUENCES AND BENEFITS OF FINANCIAL INCLUSION

There are two obstacles to greater financial inclusion. The first is simply commercial transaction cost for both banks and clients remain high, particularly in disbursing credit which is essentially a high cost distributed business. Further, interest rates remain high in the absence of structured credit assessment. The second obstacle is policy requirements such as know your customer (kyc) procedures that limit the geographical reach of financial services beyond physical bank branches.

Yet, the importance of financial inclusion become important, particularly in the context of doubling agricultural productivity, targeted for India's 11th five year plan. Consequently, the RBI has moved to enforce multiply policy and industry changes.

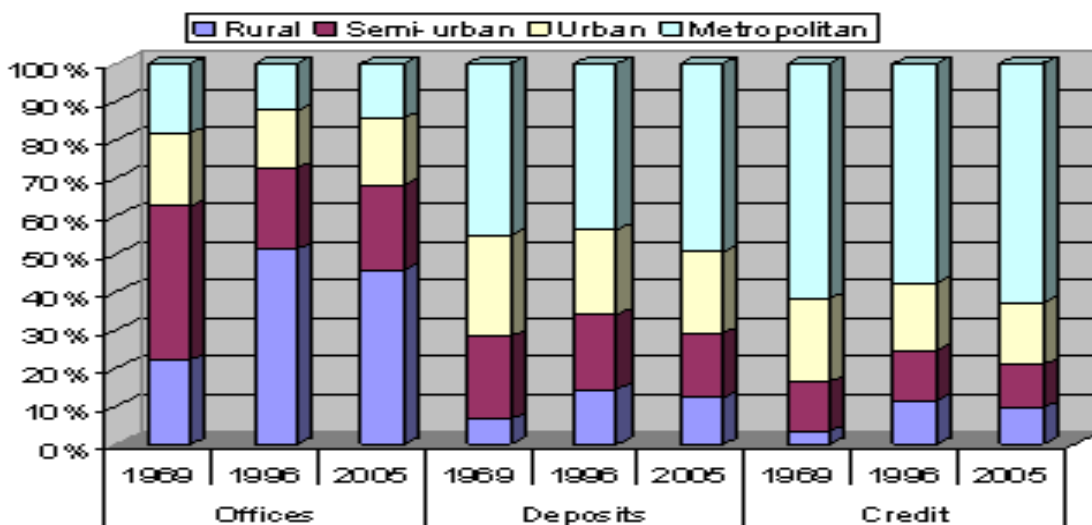


FIG 3

1. Banks have been asked to voluntarily make available a "no-frills" account and all printed bank material has to be made available in regional languages.
2. KYC procedures have been simplified for low income.
3. The credit information Bureau Act, 2006 will eventually establish a credit Bureau that makes available credit histories of individuals and small business. This should lower risk for banks in extending credit further.

ROLE OF SELF HELP GROUP

Self help groups are playing a very important role in the process of financial inclusion. SHGs are usually groups of women who get together and pool money from their savings and lend money among them. Usually they are working with the support of an NGO. The SHGs is given loans against the group member's guarantee. Peer pressure within the group helps in improving recoveries, through SHGs nearly 40 million households are linking with the banks.

Banks are now using new technologies like mobile phones to reach low income consumers. It is possible that the telephone providers themselves will start basic banking services like savings and payments.

Financial inclusion is a great step to alleviate poverty in India. But to achieve this government should provide a less perspective environment in which banks are free to pursue the innovations necessary to reach low income consumer and still make a profit. Financial service providers should learn more about consumers and new business models to reach them.

In India Financial inclusion will be good business ground in which the majority of her people will decide the winners and losers.

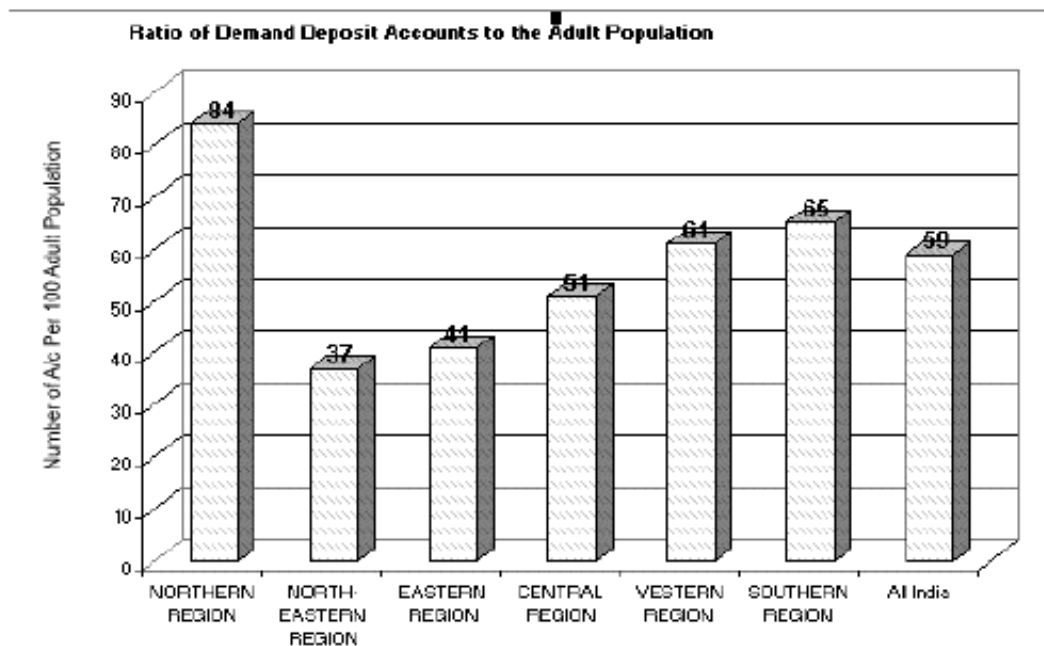
FINANCIAL INCLUSION AND ECONOMIC DEVELOPMENT

Financial inclusion helps to increase economic growth and also crucially to ensure that the growth is pro-poor. How does it do this? Through having access to financial services the poor are better able to participate in the economy and can invest to stabilize grow or diversify their business-or some combination of these strengthened business in turn provide products services, jobs and other linkages in the local community.

Economic growth is undoubtedly desirable but it is meaningful only if benefits of growth percolate to all sections of the population. An equitable economic development means increase in standard of living of the people of the lowest strata-the 'bottom of the pyramid'. Financial inclusion is the term coined towards the various endeavors and methods adopted to make basic financial services available to the vulnerable excluded segment of the population. It is considered a necessary condition towards the realization of the objective of inclusive economic growth. The importance of financial inclusion for inclusive economic growth is widely accepted now.

Though focus is on financial inclusion the ultimate aim is an all inclusive economic growth. Inclusive growth cannot take place without financial inclusion. Inclusive growth means that all members of the community/society are able to participate in the growth process and every individual stand to benefit from the development.

Financial inclusion is based on the principle of equity. It denotes access to affordable banking services for the entire population. In India, this requires a high level of penetration by the formal financial system dominated by the banking sector. Even in areas covered by banks, there are large sections of society excluded from the banking system. Also financial inclusion and inclusive economic growth are now considered essential for the long term political and social stability of the country.



Graph 1

FIG.4

Source conference on global competition and competitiveness of Indian corporate.

In the Indian context, taking in to account the census of 2001(ignoring the incremental growth of population thereafter) the ratio of demand deposit accounts (data available as on March, 31 2004) to the total adult population was only 59% as is evident in coverage of banking services. For instance the ratio for the state of kerela is as high as 89% while Bihar is marked by a low coverage of 33%.In the North Eastern States like Nagaland and Manipur the coverage was a meager 21% and 27% respectively. The Northern Region comprising the states of Haryana, Chandigarh and Delhi has a high coverage ratio of 84%.

THE MODEL OF FINANCIAL INCLUSION

Deepening the financial system and widening its reach is crucial for both accelerating growth and for equitable distribution, given the present State of development of our country. After analyzing in depth the underpinning reasons of financial exclusion in India and going through the success stories of UK and USA and interacting with NGOs mainly operating in different States of Central India, its tireless endeavor to combat monsters like illiteracy, poverty, ignorance cultural, and psychological hurdles and simultaneously design innovative lucrative and low cost banking products and services to lure public to join mainstream.

The model below will be instrumental in bringing hundred percent financial inclusion in our country.

CREATE AWARENESS & FINANCIAL LITERACY

Intensive awareness, education and promotion drive to create an in depth impact on the masses.

Government should promote introduction of basic banking relevance services merits as a topic in secondary and higher secondary classes in all education institutions.

Government sponsored publicity campaign through all Media –radio; television; newspaper; e-Choupal; village panchayat; movies; local stage; shows etc.

Bank should design and organize aggressive education cum promotion campaign in unbanked parts of urban semi-urban and rural areas to enhance financial literacy and awareness as well as to remove the doubts and apprehensions that the masses have towards the banking sector.

BASIC BANKING

Basic banking itself needs to be supported by innovative strategies in order to improve the reach and reduce the operating cost of the banks.

Infrastructure sharing amongst banks and other organizations will help in lowering the operating cost and thus the cost benefits can be transferred to customers.

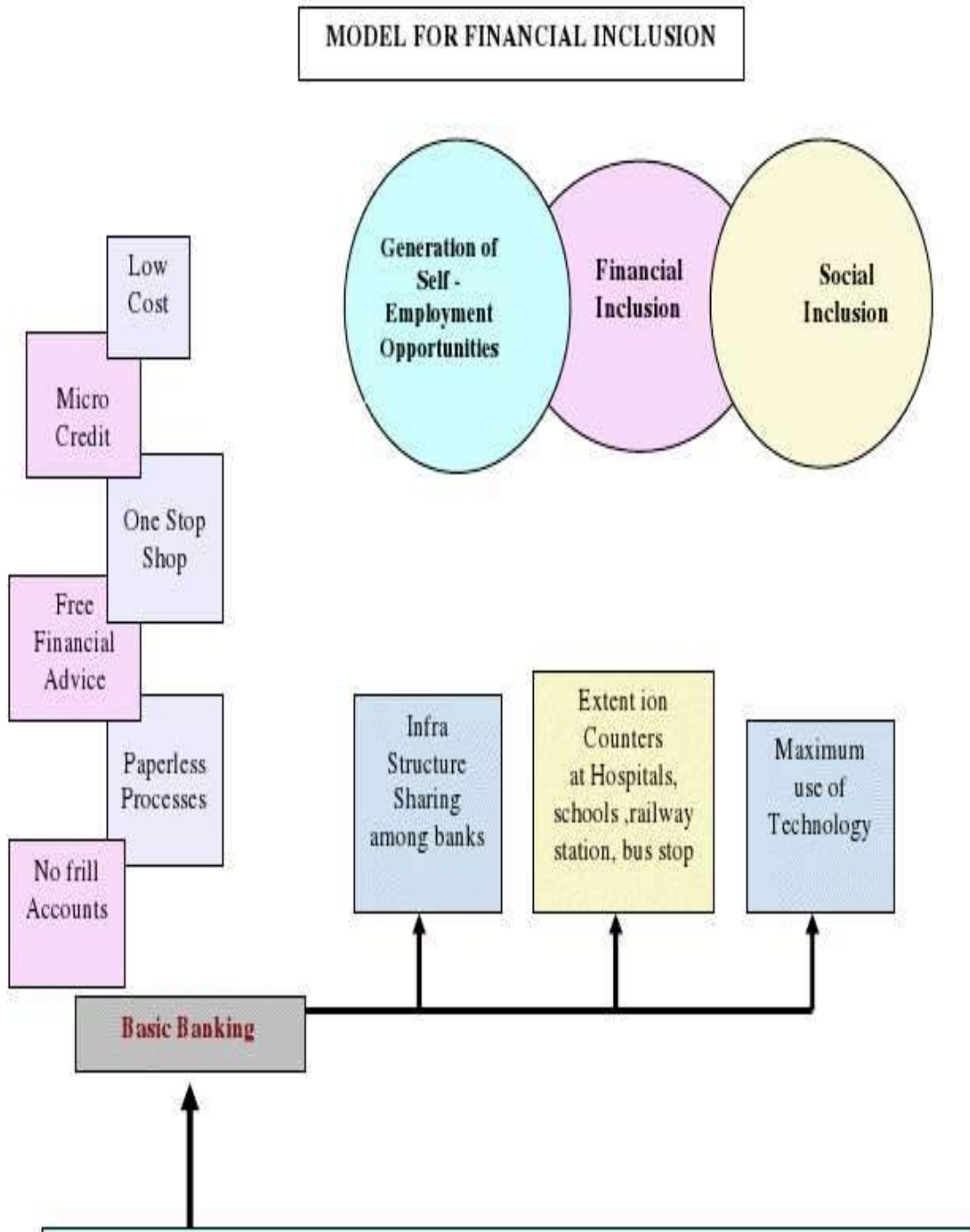
Bank should open small extension counters at organizations providing public utility services such as local schools primary health care centres, village mandies farmer's associations cold storage and warehouse railway station bus stops etc.

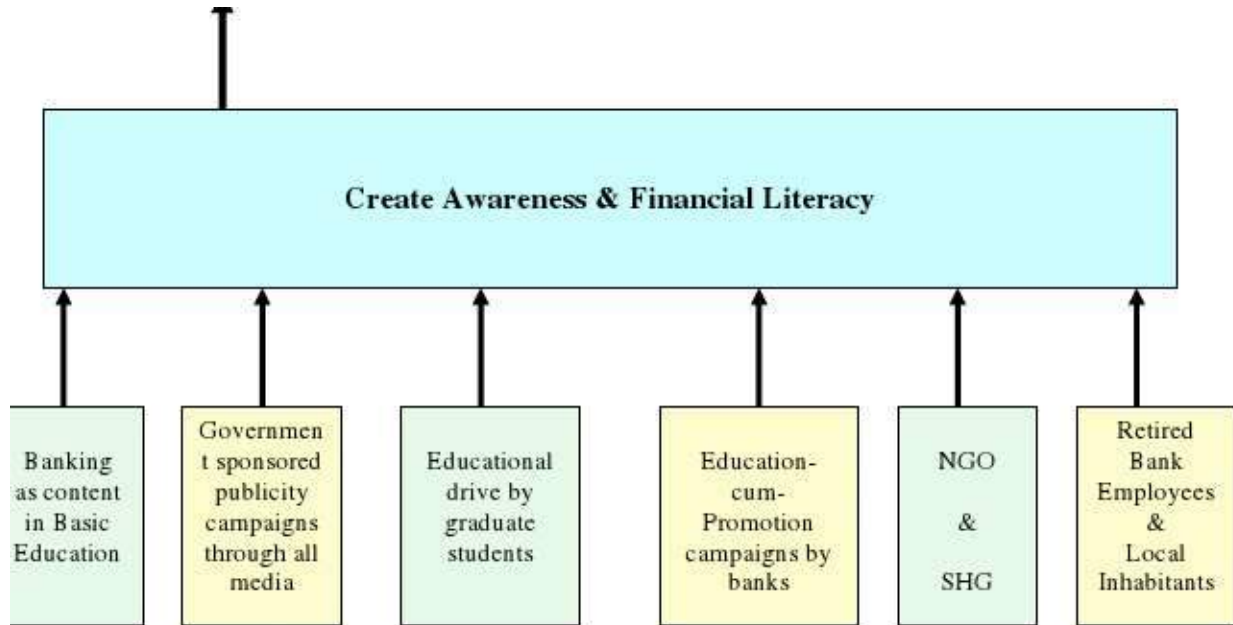
This should simultaneously be supplemented by mobile banks wherever it is not economical to set up a branch credit camps/loans melas must be organized on weekly basis to disburse small loans on easy terms.

Greater use of technology should be made by the banks to improve their reach speed of processing as well as to cut down the operating cost.

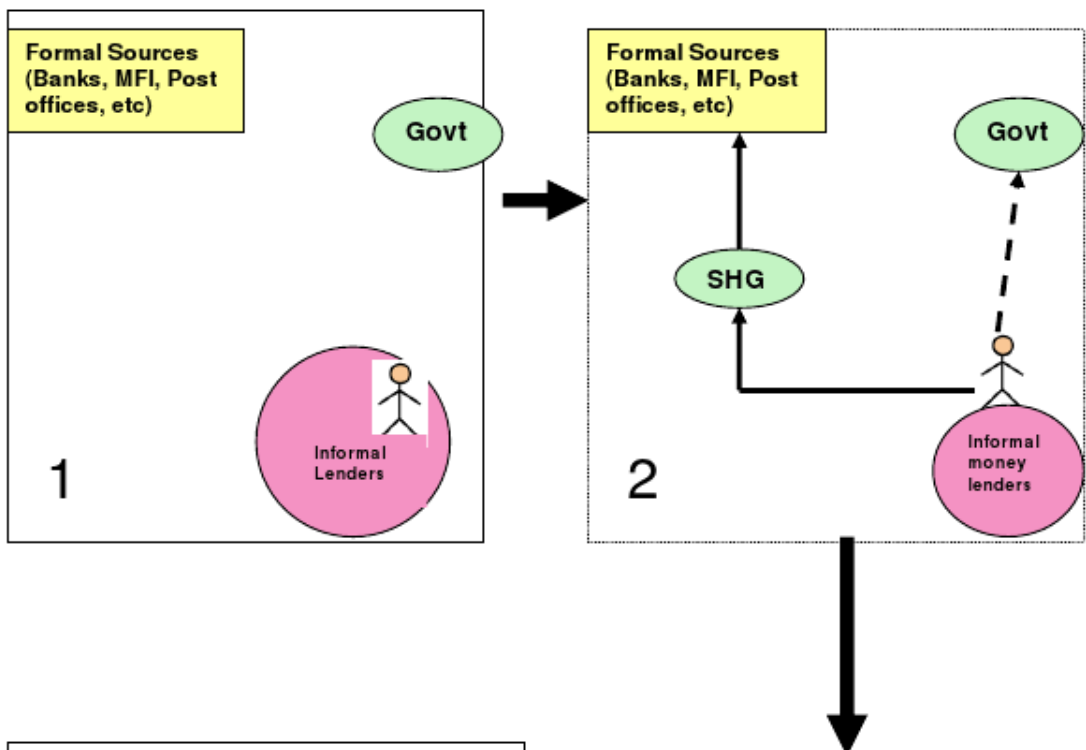
Last but not the least the government of India should initiate a civil rights law prohibiting discrimination by banks against low and moderate income neighbourhoods. This will create a pressure on the banks to play an important role in bringing financial inclusion in the country.

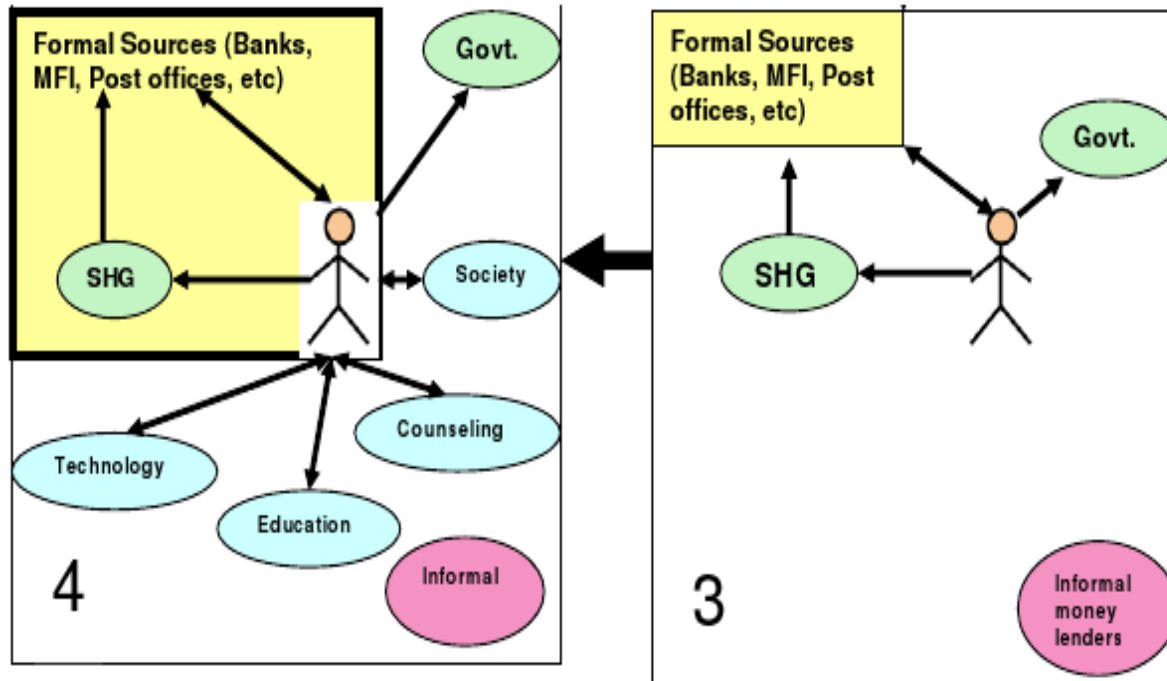
Source conference on global competition and competitiveness of Indian corporate





Objective towards Inclusive growth - Informal to Formal





CONCLUSION

To conclude I would like to say that the topic of financial inclusion is at the centre stage of policy agenda. Both the RBI and the ministry of Finance have taken it up as a priority setting aside other things such as consolidation in the industry. Financial inclusion will encourage the first generation entrepreneur to initiate new venture aggravate the capital formation in the society, create new employment opportunities and thus will help in escalating the economic development of the country. Financial inclusion will strengthen financial deepening and provide resources to the banks to expand credit delivery.

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